

TOWN OF PULASKI, VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF PULASKI, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF PULASKI, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

TOWN OF PULASKI, VIRGINIA

TOWN COUNCIL

Greg East
Michael Reis
Tyler Clontz
Lane Penn
James Radcliffe

OTHER OFFICIALS

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

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Pulaski, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Pulaski, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Restatement of Beginning Balances

As described in Note 17 to the financial statements, in 2022, the Town of Pulaski, Virginia restated beginning balances for a correction of error related to construction in progress. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Pulaski, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Pulaski, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Pulaski, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Pulaski, Virginia's basic financial statements. The accompanying combining fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of Town of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Pulaski, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Pulaski, Virginia's internal control over financial reporting and compliance.

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
December 2, 2022

Basic Financial Statements

Town of Pulaski, Virginia
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,729,671	\$ 1,604,158	\$ 6,333,829
Investments	327,223	-	327,223
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,528,946	-	2,528,946
Other local taxes receivable	122,786	-	122,786
Accounts receivable	53,906	881,521	935,427
Loans receivable	120,614	-	120,614
Internal balances	(25,915)	25,915	-
Due from other governmental units	295,169	147,493	442,662
Inventories	37,318	-	37,318
Prepaid items	127,166	15,516	142,682
Net pension asset	1,447,618	288,973	1,736,591
Capital assets (net of accumulated depreciation):			
Land	325,732	-	325,732
Buildings and improvements	2,129,427	3,534,822	5,664,249
Improvements other than buildings	708,354	-	708,354
Machinery and equipment	1,137,019	407,526	1,544,545
Infrastructure	-	6,025,087	6,025,087
Construction in progress	595,485	1,685,904	2,281,389
Total assets	<u>\$ 14,660,519</u>	<u>\$ 14,616,915</u>	<u>\$ 29,277,434</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 958,517	\$ 255,777	\$ 1,214,294
OPEB related items	55,631	10,622	66,253
Total deferred outflows of resources	<u>\$ 1,014,148</u>	<u>\$ 266,399</u>	<u>\$ 1,280,547</u>
LIABILITIES			
Accounts payable - operations	\$ 405,108	\$ 286,934	\$ 692,042
Accounts payable - capital related	27,960	282,888	310,848
Accrued liabilities	194,670	44,447	239,117
Customer deposits	-	68,402	68,402
Accrued interest payable	9,085	33,124	42,209
Unearned revenue	1,602,107	-	1,602,107
Due within one year	611,794	434,239	1,046,033
Due in more than one year	1,234,097	4,257,894	5,491,991
Total liabilities	<u>\$ 4,084,821</u>	<u>\$ 5,407,928</u>	<u>\$ 9,492,749</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 2,194,877	\$ -	\$ 2,194,877
Pension related items	3,203,810	632,456	3,836,266
OPEB related items	93,461	18,657	112,118
Total deferred inflows of resources	<u>\$ 5,492,148</u>	<u>\$ 651,113</u>	<u>\$ 6,143,261</u>
NET POSITION			
Net investment in capital assets	\$ 3,946,364	\$ 6,798,544	\$ 10,744,908
Restricted:			
Principal Cemetery Maintenance	549,603	-	549,603
Community and Economic Development	290,784	-	290,784
Net pension asset	1,447,618	288,973	1,736,591
Unrestricted (deficit)	(136,671)	1,736,756	1,600,085
Total net position	<u>\$ 6,097,698</u>	<u>\$ 8,824,273</u>	<u>\$ 14,921,971</u>

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

Town of Pulaski, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		Total
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,519,371	\$ 40,804	\$ 91,722	\$ -	\$ (1,386,845)	\$ -	\$ (1,386,845)
Public safety	3,546,345	73,759	575,335	-	(2,897,251)	-	(2,897,251)
Public works	2,612,056	112,488	2,346,672	-	(152,896)	-	(152,896)
Health and welfare	8,000	-	-	-	(8,000)	-	(8,000)
Parks, recreation, and cultural	238,538	35,428	682,487	-	479,377	-	479,377
Community development	1,032,458	-	758,921	-	(273,537)	-	(273,537)
Interest and other fiscal charges	26,125	-	-	-	(26,125)	-	(26,125)
Total governmental activities	\$ 8,982,893	\$ 262,479	\$ 4,455,137	\$ -	\$ (4,265,277)	\$ -	\$ (4,265,277)
Business-type activities:							
Water	\$ 1,793,860	\$ 2,122,965	\$ 1,072,631	\$ 717,753	\$ -	\$ 2,119,489	\$ 2,119,489
Sewer	3,196,489	3,984,265	11,996	-	-	799,772	799,772
Total business-type activities	\$ 4,990,349	\$ 6,107,230	\$ 1,084,627	\$ 717,753	\$ -	\$ 2,919,261	\$ 2,919,261
Total primary government	\$ 13,973,242	\$ 6,369,709	\$ 5,539,764	\$ 717,753	\$ (4,265,277)	\$ 2,919,261	\$ (1,346,016)
General revenues:							
General property taxes					\$ 3,044,128	\$ -	\$ 3,044,128
Other local taxes:							
Bank stock taxes					202,557	-	202,557
Business license taxes					539,303	-	539,303
Consumers' utility taxes					226,848	-	226,848
Consumption taxes					44,545	-	44,545
Local sales and use taxes					707,754	-	707,754
Lodging taxes					48,280	-	48,280
Motor vehicle licenses					88,858	-	88,858
Restaurant food taxes					1,070,776	-	1,070,776
Tobacco taxes					211,964	-	211,964
Utility franchise taxes					3,623	-	3,623
Unrestricted revenues from the use of money					53,260	-	53,260
Miscellaneous					83,972	130,757	214,729
Grants and contributions not restricted to specific programs					475,826	-	475,826
Total general revenues					\$ 6,801,694	\$ 130,757	\$ 6,932,451
Change in net position					\$ 2,536,417	\$ 3,050,018	\$ 5,586,435
Net position - beginning, as restated					3,561,281	5,774,255	9,335,536
Net position - ending					\$ 6,097,698	\$ 8,824,273	\$ 14,921,971

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

Town of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	UDAG Fund	Grants Fund	Total Nonmajor Funds	Total
ASSETS					
Cash and cash equivalents	\$ 2,849,785	\$ 147,888	\$ 1,463,610	\$ 268,388	\$ 4,729,671
Investments	-	-	-	327,223	327,223
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,528,946	-	-	-	2,528,946
Other local taxes receivable	122,786	-	-	-	122,786
Accounts receivable	53,906	-	-	-	53,906
Loans	41,792	78,822	-	-	120,614
Due from other funds	379,673	174,722	78,448	12,864	645,707
Due from other governmental units	175,920	-	119,249	-	295,169
Inventories	37,318	-	-	-	37,318
Prepaid items	87,166	-	-	40,000	127,166
Total assets	<u>\$ 6,277,292</u>	<u>\$ 401,432</u>	<u>\$ 1,661,307</u>	<u>\$ 648,475</u>	<u>\$ 8,988,506</u>
LIABILITIES					
Accounts payable - operations	\$ 338,453	\$ -	\$ 66,238	\$ 417	\$ 405,108
Accounts payable - capital related	-	-	27,960	-	27,960
Accrued liabilities	194,670	-	-	-	194,670
Due to other funds	323,922	110,648	-	237,052	671,622
Unearned revenue	34,998	-	1,567,109	-	1,602,107
Total liabilities	<u>\$ 892,043</u>	<u>\$ 110,648</u>	<u>\$ 1,661,307</u>	<u>\$ 237,469</u>	<u>\$ 2,901,467</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 2,483,516	\$ -	\$ -	\$ -	\$ 2,483,516
FUND BALANCES					
Nonspendable:					
Prepaid Items	\$ 87,166	\$ -	\$ -	\$ 40,000	\$ 127,166
Inventory	37,318	-	-	-	37,318
Principal Cemetery Maintenance	-	-	-	549,603	549,603
Restricted:					
Community and Economic Development	-	290,784	-	-	290,784
Committed:					
Playground reserve fund	50,000	-	-	-	50,000
Unassigned (deficit)	2,727,249	-	-	(178,597)	2,548,652
Total fund balances	<u>\$ 2,901,733</u>	<u>\$ 290,784</u>	<u>\$ -</u>	<u>\$ 411,006</u>	<u>\$ 3,603,523</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,277,292</u>	<u>\$ 401,432</u>	<u>\$ 1,661,307</u>	<u>\$ 648,475</u>	<u>\$ 8,988,506</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	3,603,523
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	325,732	
Buildings and improvements		2,129,427	
Improvements other than buildings		708,354	
Machinery and equipment		1,137,019	
Construction in progress		595,485	4,896,017

The net pension asset is not an available resource and, therefore, is not reported in the funds.		1,447,618
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue.

Unavailable revenue - property taxes		288,639
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	958,517	
OPEB related items		55,631	1,014,148

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	\$	(800,812)	
Loans payable		(120,881)	
Accrued interest payable		(9,085)	
Net OPEB liabilities		(368,488)	
Compensated absences		(555,710)	(1,854,976)

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

Pension related items	\$	(3,203,810)	
OPEB related items		(93,461)	(3,297,271)

Net position of governmental activities	\$	6,097,698
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The notes to the financial statements are an integral part of this statement.

Town of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	UDAG Fund	Grants Fund	Total Nonmajor Funds	Total
REVENUES					
General property taxes	\$ 3,020,035	\$ -	\$ -	\$ -	\$ 3,020,035
Other local taxes	3,144,508	-	-	-	3,144,508
Permits, privilege fees, and regulatory licenses	36,024	-	-	-	36,024
Fines and forfeitures	10,100	-	-	-	10,100
Revenue from the use of money and property	68,471	369	-	2,854	71,694
Charges for services	197,921	-	-	-	197,921
Miscellaneous	67,523	9,849	-	6,600	83,972
Recovered costs	60,354	-	-	-	60,354
Intergovernmental	4,379,405	-	551,558	-	4,930,963
Total revenues	\$ 10,984,341	\$ 10,218	\$ 551,558	\$ 9,454	\$ 11,555,571
EXPENDITURES					
Current:					
General government administration	\$ 1,587,704	\$ -	\$ -	\$ -	\$ 1,587,704
Public safety	3,986,802	-	-	-	3,986,802
Public works	2,688,809	-	-	-	2,688,809
Health and welfare	8,000	-	-	-	8,000
Parks, recreation, and cultural	180,663	-	-	11,783	192,446
Community development	827,458	25,564	555,473	6,449	1,414,944
Capital projects	774,141	-	-	-	774,141
Debt service:					
Principal retirement	234,099	-	-	-	234,099
Interest and other fiscal charges	26,547	-	-	-	26,547
Total expenditures	\$ 10,314,223	\$ 25,564	\$ 555,473	\$ 18,232	\$ 10,913,492
Excess (deficiency) of revenues over (under) expenditures	\$ 670,118	\$ (15,346)	\$ (3,915)	\$ (8,778)	\$ 642,079
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 3,915	\$ -	\$ 3,915
Transfers out	(3,915)	-	-	-	(3,915)
Total other financing sources (uses)	\$ (3,915)	\$ -	\$ 3,915	\$ -	\$ -
Change in fund balances	\$ 666,203	\$ (15,346)	\$ -	\$ (8,778)	\$ 642,079
Fund balances - beginning	2,235,530	306,130	-	419,784	2,961,444
Fund balances - ending	\$ 2,901,733	\$ 290,784	\$ -	\$ 411,006	\$ 3,603,523

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, 2022

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

Net change in fund balances - total governmental funds	\$	642,079
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays	\$ 1,332,509	
Depreciation expense	<u>(414,316)</u>	918,193

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		24,093
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:		
General obligation bonds	\$ 198,324	
Loans payable	32,562	
Note payable	<u>3,213</u>	234,099

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

Changes in pension related items	\$ 725,371	
Changes in OPEB related items	73,200	
Decrease (increase) in accrued interest payable	422	
Decrease (increase) in compensated absences	<u>(81,040)</u>	717,953

Change in net position of governmental activities	\$	<u><u>2,536,417</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Pulaski, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 695,036	\$ 909,122	\$ 1,604,158
Accounts receivable, net of allowances for uncollectibles	304,039	577,482	881,521
Due from other funds	338,542	-	338,542
Due from other governments	147,493	-	147,493
Prepaid items	12,306	3,210	15,516
Total current assets	\$ 1,497,416	\$ 1,489,814	\$ 2,987,230
Noncurrent assets:			
Net Pension Asset	\$ 237,417	\$ 51,556	\$ 288,973
Capital assets:			
Construction in progress	1,511,934	173,970	1,685,904
Infrastructure	5,227,742	7,718,307	12,946,049
Buildings	6,095,030	514,672	6,609,702
Machinery and equipment	3,357,893	2,814,693	6,172,586
Accumulated depreciation	(8,679,091)	(7,081,811)	(15,760,902)
Total capital assets	\$ 7,513,508	\$ 4,139,831	\$ 11,653,339
Total noncurrent assets	\$ 7,750,925	\$ 4,191,387	\$ 11,942,312
Total assets	\$ 9,248,341	\$ 5,681,201	\$ 14,929,542
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 198,830	\$ 56,947	\$ 255,777
OPEB related items	8,749	1,873	10,622
Total deferred outflows of resources	\$ 207,579	\$ 58,820	\$ 266,399
LIABILITIES			
Current liabilities:			
Accounts payable - operations	\$ 70,596	\$ 216,338	\$ 286,934
Accounts payable - capital related	273,783	9,105	282,888
Accrued liabilities	38,073	6,374	44,447
Customer deposits	68,402	-	68,402
Accrued interest payable	28,261	4,863	33,124
Due to other funds	-	312,627	312,627
Compensated absences - current portion	34,866	3,430	38,296
Bonds payable - current portion	199,150	196,793	395,943
Total current liabilities	\$ 713,131	\$ 749,530	\$ 1,462,661
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 11,622	\$ 1,143	\$ 12,765
Bonds payable - net of current portion	2,623,079	1,552,885	4,175,964
Net OPEB liabilities	57,033	12,132	69,165
Total noncurrent liabilities	\$ 2,691,734	\$ 1,566,160	\$ 4,257,894
Total liabilities	\$ 3,404,865	\$ 2,315,690	\$ 5,720,555
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 518,624	\$ 113,832	\$ 632,456
OPEB related items	15,328	3,329	18,657
Total deferred inflows of resources	\$ 533,952	\$ 117,161	\$ 651,113
NET POSITION			
Net investment in capital assets	\$ 4,417,496	\$ 2,381,048	\$ 6,798,544
Restricted - net pension asset	237,417	51,556	288,973
Unrestricted	862,190	874,566	1,736,756
Total net position	\$ 5,517,103	\$ 3,307,170	\$ 8,824,273

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, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 2,122,965	\$ 3,984,265	\$ 6,107,230
OPERATING EXPENSES			
Personnel services	\$ 654,239	\$ 127,827	\$ 782,066
Fringe benefits	24,496	31,066	55,562
Contractual services	205,694	2,269,887	2,475,581
Utilities	209,053	590	209,643
Materials and supplies	205,256	391,431	596,687
Repairs and maintenance	132,765	44,665	177,430
Capital outlay	25,000	8,000	33,000
Depreciation	258,819	302,407	561,226
Miscellaneous	-	5,000	5,000
Total operating expenses	\$ 1,715,322	\$ 3,180,873	\$ 4,896,195
Operating income (loss)	\$ 407,643	\$ 803,392	\$ 1,211,035
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 89,525	\$ 5,240	\$ 94,765
Interest expense	(78,538)	(15,616)	(94,154)
Federal and state grants	1,072,631	11,996	1,084,627
Miscellaneous	3	35,989	35,992
Total nonoperating revenues (expenses)	\$ 1,083,621	\$ 37,609	\$ 1,121,230
Income (loss) before capital contributions	\$ 1,491,264	\$ 841,001	\$ 2,332,265
Capital contributions - Federal grants	\$ 717,753	-	\$ 717,753
Change in net position	\$ 2,209,017	\$ 841,001	\$ 3,050,018
Total net position - beginning, as restated	3,308,086	2,466,169	5,774,255
Total net position - ending	\$ 5,517,103	\$ 3,307,170	\$ 8,824,273

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, 2022

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,094,545	\$ 3,911,167	\$ 6,005,712
Payments to suppliers	(741,213)	(2,677,114)	(3,418,327)
Payments to employees	(791,312)	(164,488)	(955,800)
Net cash provided by (used for) operating activities	<u>\$ 562,020</u>	<u>\$ 1,069,565</u>	<u>\$ 1,631,585</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	\$ 3,911	\$ 142,839	\$ 146,750
Contributions from other governments	925,138	11,996	937,134
Miscellaneous	3	35,989	35,992
Net cash provided by (used for) noncapital financing activities	<u>\$ 929,052</u>	<u>\$ 190,824</u>	<u>\$ 1,119,876</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (1,607,684)	\$ (149,991)	\$ (1,757,675)
Principal payments on bonds	(196,732)	(196,200)	(392,932)
Connection fees	89,525	5,240	94,765
Contributions from other governments	717,753	-	717,753
Interest expense	(78,917)	(15,718)	(94,635)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,076,055)</u>	<u>\$ (356,669)</u>	<u>\$ (1,432,724)</u>
Net increase (decrease) in cash and cash equivalents	\$ 415,017	\$ 903,720	\$ 1,318,737
Cash and cash equivalents - beginning	280,019	5,402	285,421
Cash and cash equivalents - ending	<u>\$ 695,036</u>	<u>\$ 909,122</u>	<u>\$ 1,604,158</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 407,643	\$ 803,392	\$ 1,211,035
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 258,819	\$ 302,407	\$ 561,226
(Increase) decrease in accounts receivable	(33,739)	(73,098)	(106,837)
(Increase) decrease in prepaid expenses	(5,889)	(3,210)	(9,099)
(Increase) decrease in deferred outflows of resources	35,792	5,758	41,550
(Increase) decrease in net pension asset	(237,417)	(51,556)	(288,973)
Increase (decrease) in customer deposits	5,319	-	5,319
Increase (decrease) in accounts payable - operations	42,444	45,669	88,113
Increase (decrease) in accrued liabilities	5,009	818	5,827
Increase (decrease) in compensated absences	(15,530)	3,247	(12,283)
Increase (decrease) in net pension liability	(337,660)	(67,269)	(404,929)
Increase (decrease) in net OPEB liabilities	(22,004)	725	(21,279)
Increase (decrease) in deferred inflows of resources	459,233	102,682	561,915
Total adjustments	<u>\$ 154,377</u>	<u>\$ 266,173</u>	<u>\$ 420,550</u>
Net cash provided by (used for) operating activities	<u>\$ 562,020</u>	<u>\$ 1,069,565</u>	<u>\$ 1,631,585</u>
Noncash investing, capital, or financing activities:			
Construction payables	<u>\$ 273,783</u>	<u>\$ 9,105</u>	<u>\$ 282,888</u>

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

Town of Pulaski, Virginia
Statement of Net Position
Fiduciary Fund - PSA Fund
June 30, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 283,020
Accounts receivable	122,289
Total assets	<u>\$ 405,309</u>
LIABILITIES	
Accounts payable	\$ 164,037
Utility deposits	21,484
Total liabilities	<u>\$ 185,521</u>
NET POSITION	
Restricted for PSA operations	\$ 219,788
Total net position	<u>\$ 219,788</u>

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

Town of Pulaski, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - PSA Fund
For the Year Ended June 30, 2022

	<u>Custodial Fund</u>
Additions	
Garbage collections for other governments	\$ 936,599
Total additions	<u>\$ 936,599</u>
 Deductions	
Payments to other governments	\$ 923,288
Total deductions	<u>\$ 923,288</u>
 Net increase (decrease) in fiduciary net position	 \$ 13,311
 Net position, beginning	 <u>206,477</u>
Net position, ending	<u>\$ 219,788</u>

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

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

A. Financial reporting entity:

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

Blended Component Units:

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

Discretely Presented Component Units - None

Related Organizations - None

Jointly Governed Organizations - None

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

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

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

The Town reports the following major governmental funds:

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

The Town reports the following major proprietary funds:

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

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

The Town reports the following nonmajor governmental funds:

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

Additionally, the Town reports the following fund types:

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

2. Investments

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

3. Prepaid Items

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

4. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

5. Inventory

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

6. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on the property as of January 1. Real estate taxes are payable June 5 and December 5. Personal property taxes are due and collectible annually on October 15th and decals for vehicles are due on April 1. The Town bills and collects its own property taxes.

7. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$386,706 for property taxes and \$143,705 for water, sewer, and garbage receivables at June 30, 2022.

8. Use of Estimates

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

9. Capital Assets

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

9. Capital Assets (continued)

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

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

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

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

10. Compensated Absences

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

11. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Fund Balance

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

12. Fund Balance (continued)

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

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

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

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

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

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

13. Net Position

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 (continued)

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 includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

15. Pensions

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

16. Other Postemployment Benefits (OPEB)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General fund and the Grants Fund have a legally adopted budget. The UDAG Fund does not have a legally adopted budget.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Town Council can revise the appropriation for each department or category. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed by the Water and Sewer Funds as well as the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.
9. For fiscal year ended June 30, 2022, no expenditures exceeded appropriations.

B. Deficit fund balance

1. At June 30, 2022, the CDBG Housing Rehabilitation and the Neighborhood Revitalization funds had deficit fund balances.

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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 3-Deposits and Investments: (continued)

Investments

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

Custodial Credit Risk (Investments)

The Town's investments at June 30, 2022 were held in the Town's name by the Town's custodial banks.

At June 30, 2022, the Town had \$327,223 in investments comprised of non-negotiable certificates of deposit with a maturity of less than one year.

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

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,915
Grants Fund	3,915	-
Total	\$ 3,915	\$ 3,915

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, 2022 consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 379,673	\$ 323,922
UDAG Fund	174,722	110,648
CDBG Fund	-	100,820
Grants Fund	78,448	-
Neighborhood Revitalization Fund	-	136,232
Water Fund	338,542	-
Sewer Fund	-	312,627
Cemetery Fund	12,864	-
Total	\$ 984,249	\$ 984,249

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5-Due from Other Governmental Units:

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

	Primary Government	
	Governmental Activities	Business-type Activities
Local Government:		
Pulaski County	\$ 124,035	\$ -
Commonwealth of Virginia:		
Communications Tax	51,885	-
Categorical Aid	43,313	147,493
Federal Government:		
Categorical Aid	75,936	-
Total	<u>\$ 295,169</u>	<u>\$ 147,493</u>

Note 6-Long-term Obligations:

Governmental Activities Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2022:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 999,136	\$ -	\$ (198,324)	\$ 800,812
Note payable	3,213	-	(3,213)	-
Loans payable	153,443	-	(32,562)	120,881
Net pension liability (A)	2,201,591	2,848,796	(5,050,387)	-
Net OPEB liabilities	523,395	156,394	(311,301)	368,488
Compensated absences	474,670	437,043	(356,003)	555,710
Total	<u>\$ 4,355,448</u>	<u>\$ 3,442,233</u>	<u>\$ (5,951,790)</u>	<u>\$ 1,845,891</u>

(A) Net pension asset as of June 30, 2022; therefore, ending balance is not reported above.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 195,011	\$ 21,243
2024	142,864	16,914
2025	112,287	13,407
2026	96,045	10,579
2027	80,138	8,403
2028-2032	295,348	15,622
Totals	<u>\$ 921,693</u>	<u>\$ 86,168</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Long-term Obligations:

Governmental Activities Long-term Obligations: (continued)

Details of long-term obligations are as follows:

	Interest Rates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:					
General Obligation Bonds:					
GO bond - 2012	4.34%	2032	\$ 3,000,000	\$ 407,928	\$ 96,953
GO bond - 2014B	2.47%	2024	225,971	49,884	24,637
GO bond - 2019 (a)	2.11%	2029	420,000	343,000	40,000
Subtotal General Obligation Bonds				<u>\$ 800,812</u>	<u>\$ 161,590</u>
Loans Payable					
Backhoe and Streetsweeper	2.02%	n/a	n/a	\$ 120,881	\$ 33,421
Subtotal Direct Borrowings and Placements				<u>\$ 921,693</u>	<u>\$ 195,011</u>
Other Obligations:					
Net OPEB liabilities	n/a	n/a	n/a	\$ 368,488	\$ -
Compensated absences	n/a	n/a	n/a	555,710	416,783
Total Other Obligations				<u>\$ 924,198</u>	<u>\$ 416,783</u>
Totals				<u><u>\$ 1,845,891</u></u>	<u><u>\$ 611,794</u></u>

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

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, 2022:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 4,964,839	\$ -	\$ (392,932)	\$ 4,571,907
Net pension liability (A)	404,929	597,476	(1,002,405)	-
Net OPEB liabilities	90,444	39,769	(61,048)	69,165
Compensated absences	63,344	35,225	(47,508)	51,061
Total	<u>\$ 5,523,556</u>	<u>\$ 672,470</u>	<u>\$ (1,503,893)</u>	<u>\$ 4,692,133</u>

(A) Net pension asset as of June 30, 2022; therefore, ending balance is not reported above.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Long-term Obligations: (continued)

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

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 395,943	\$ 86,882
2024	291,713	80,266
2025	280,356	75,300
2026	285,229	70,423
2027	290,249	65,406
2028-2032	1,449,346	251,531
2033-2037	724,678	144,739
2038-2042	520,455	78,185
2042-2045	333,938	14,426
Totals	<u>\$ 4,571,907</u>	<u>\$ 867,158</u>

Details of long-term obligations are as follows:

	Interest Rates	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:					
General obligation bonds:					
GO bond 2012 (a)	2.85%	2032	\$ 2,567,830	\$ 798,602	\$ 189,806
GO bond 2014B	2.68%	2034	304,293	201,080	14,428
GO bond 2012 (b)	0.00%	2033	2,156,159	1,234,900	107,808
GO bond 2014 (b)	2.50%	2045	2,487,968	2,078,543	68,189
GO bond 2020 (b)	3.93%	2035	290,000	258,782	15,712
Subtotal Direct Borrowings and Placements				<u>\$ 4,571,907</u>	<u>\$ 395,943</u>
Other obligations:					
Net OPEB liabilities	n/a	n/a	n/a	\$ 69,165	\$ -
Compensated absences	n/a	n/a	n/a	51,061	38,296
Total other obligations				<u>\$ 120,226</u>	<u>\$ 38,296</u>
Totals				<u>\$ 4,692,133</u>	<u>\$ 434,239</u>

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. These amounts consist of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 288,639
Tax assessments due after June 30	2,173,381	2,173,381
Prepaid property taxes due after June 30 but paid in advance by taxpayers	21,496	21,496
Total	\$ 2,194,877	\$ 2,483,516

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town of Pulaski, Virginia are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

Benefit Structures (continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	93
Inactive members:	
Vested inactive members	24
Non-vested inactive members	50
Inactive members active elsewhere in VRS	78
Total inactive members	152
Active members	89
Total covered employees	334

Contributions

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

The Town of Pulaski, Virginia's contractually required employer contribution rate for the year ended June 30, 2022 was 11.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$454,043 and \$461,201 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPLA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town of Pulaski, Virginia's net pension liability (asset) was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town of Pulaski, Virginia's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town of Pulaski, Virginia's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

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

Mortality rates: (continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 8-Pension Plan: (continued)****Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 25,646,599	\$ 23,040,079	\$ 2,606,520
Changes for the year:			
Service cost	\$ 549,234	\$ -	\$ 549,234
Interest	1,683,226	-	1,683,226
Differences between expected and actual experience	1,169,104	-	1,169,104
Impact in change of proportion	(839,269)	-	(839,269)
Contributions - employer	-	461,201	(461,201)
Contributions - employee	-	203,503	(203,503)
Net investment income	-	6,256,022	(6,256,022)
Benefit payments, including refunds	(1,419,844)	(1,419,844)	-
Administrative expenses	-	(15,905)	15,905
Other changes	-	585	(585)
Net changes	\$ 1,142,451	\$ 5,485,562	\$ (4,343,111)
Balances at June 30, 2021	\$ 26,789,050	\$ 28,525,641	\$ (1,736,591)

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 8-Pension Plan:** (continued)***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town of Pulaski			
Net Pension Liability (Asset)	\$ 1,865,060	\$ (1,736,591)	\$ (4,695,829)

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

For the year ended June 30, 2022, the Town of Pulaski, Virginia recognized pension expense of \$(377,390). At June 30, 2022, the Town of Pulaski, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 652,380
Change in assumptions	686,003	-
Net difference between projected and actual earnings on pension plan investments	-	3,109,638
Changes in proportion and differences between employer contributions and proportionate share of contributions	74,248	74,248
Employer contributions subsequent to the measurement date	454,043	-
Total	\$ 1,214,294	\$ 3,836,266

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (continued)

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

\$454,043 reported as deferred outflows of resources related to pensions resulting from the Town of Pulaski, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (752,461)
2024	(653,611)
2025	(724,581)
2026	(945,362)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$22,365 and \$22,406 for the years ended June 30, 2022 and June 30, 2021, respectively.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

At June 30, 2022, the entity reported a liability of \$234,368 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.02010% as compared to 0.02087% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$5,874. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,730	\$ 1,786
Net difference between projected and actual earnings on GLI OPEB plan investments	-	55,939
Change in assumptions	12,921	32,067
Changes in proportionate share	4,237	22,326
Employer contributions subsequent to the measurement date	22,365	-
Total	\$ 66,253	\$ 112,118

\$22,365 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	\$ (15,274)
2024	(14,278)
2025	(13,866)
2026	(19,752)
2027	(5,060)

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	\$ <u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town of Pulaski's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 342,420	\$ 234,368	\$ 147,111

GLI Plan Fiduciary Net Position

Detailed information about GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10-Other Postemployment Benefits-Health Insurance:

Plan Description

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

Benefits Provided

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Active	72
Retired	10
Terminated	12
Total	<u>94</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town of Pulaski Board. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2022 was \$27,642.

Total OPEB Liability

The Town of Pulaski's total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was prepared using the alternative measurement method and used the following actuarial assumptions (as provided by the GASBHelp tool utilized) applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.70%
Salary Increases	1.70%
Discount Rate	4.139%

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

Discount Rate

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 265,553
Changes for the year:	
Service cost	93,958
Interest	7,642
Effect of Economic/Demographic Gains or Losses	(121,747)
Effect of Assumption Changes or Inputs	(14,479)
Contributions - employer	(27,642)
Net changes	<u>(62,268)</u>
Balances at June 30, 2022	<u>\$ 203,285</u>

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

The following amounts present the total OPEB liability of the Town of Pulaski, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.139%) or one percentage point higher (5.139%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (3.139%)</u>	<u>Current Discount Rate (4.139%)</u>	<u>1% Increase (5.139%)</u>
\$ 210,576	\$ 203,285	\$ 196,423

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

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

<u>Rate</u>		
<u>Healthcare Cost</u>		
<u>1% Decrease (3.70%)</u>	<u>Trend Rate (4.70%)</u>	<u>1% Increase (5.70%)</u>
\$ 189,882	\$ 203,285	\$ 217,610

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

For the year ended June 30, 2022, the Town of Pulaski recognized OPEB expense in the amount of \$(34,626). At June 30, 2022, the Town of Pulaski reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11-Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Plan	\$ 66,253	\$ 112,118	\$ 234,368	\$ 5,874
Town Stand-Alone Plan	-	-	203,285	(34,626)
Totals	<u>\$ 66,253</u>	<u>\$ 112,118</u>	<u>\$ 437,653</u>	<u>\$ (28,752)</u>

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 202,697	\$ 123,035	\$ -	\$ 325,732
Construction in progress	199,200	396,285	-	595,485
Total capital assets not being depreciated	<u>\$ 401,897</u>	<u>\$ 519,320</u>	<u>\$ -</u>	<u>\$ 921,217</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,741,820	\$ 155,293	\$ -	\$ 4,897,113
Improvements other than buildings	1,145,760	121,622	-	1,267,382
Machinery and equipment	7,793,718	536,274	(161,381)	8,168,611
Total capital assets, being depreciated	<u>\$ 13,681,298</u>	<u>\$ 813,189</u>	<u>\$ (161,381)</u>	<u>\$ 14,333,106</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,672,746)	\$ (94,940)	\$ -	\$ (2,767,686)
Improvements other than buildings	(522,691)	(36,337)	-	(559,028)
Machinery and equipment	(6,909,934)	(283,039)	161,381	(7,031,592)
Total accumulated depreciation	<u>\$ (10,105,371)</u>	<u>\$ (414,316)</u>	<u>\$ 161,381</u>	<u>\$ (10,358,306)</u>
Total capital assets being depreciated, net	<u>\$ 3,575,927</u>	<u>\$ 398,873</u>	<u>\$ -</u>	<u>\$ 3,974,800</u>
Governmental activities capital assets, net	<u>\$ 3,977,824</u>	<u>\$ 918,193</u>	<u>\$ -</u>	<u>\$ 4,896,017</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12-Capital Assets: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 226,228	\$ 1,914,676	\$ (455,000)	\$ 1,685,904
Capital assets, being depreciated:				
Infrastructure	\$ 12,491,049	\$ 455,000	\$ -	\$ 12,946,049
Buildings	6,609,702	-	-	6,609,702
Machinery and equipment	6,046,699	125,887	-	6,172,586
Total capital assets, being depreciated	\$ 25,147,450	\$ 580,887	\$ -	\$ 25,728,337
Accumulated depreciation:				
Infrastructure	\$ (6,603,210)	\$ (317,752)	\$ -	\$ (6,920,962)
Buildings	(2,951,413)	(123,467)	-	(3,074,880)
Machinery and equipment	(5,645,053)	(120,007)	-	(5,765,060)
Total accumulated depreciation	\$ (15,199,676)	\$ (561,226)	\$ -	\$ (15,760,902)
Total capital assets being depreciated, net	\$ 9,947,774	\$ 19,661	\$ -	\$ 9,967,435
Business-type activities capital assets, net	\$ 10,174,002	\$ 1,934,337	\$ (455,000)	\$ 11,653,339

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

Governmental activities:	
General government administration	\$ 43,683
Public safety	191,570
Public works	96,279
Parks, recreation and cultural	71,351
Community development	11,433
Total depreciation expense-governmental activities	\$ 414,316
Business-type activities:	
Water	\$ 258,819
Sewer	302,407
Total depreciation expense-business-type activities	\$ 561,226

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13-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 14-Surety Bonds:

Traveler's Insurance

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

Fire Department - Fire Marshall and Volunteer Fire Department Officers	\$	1,000
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Note 15-COVID-19 Pandemic Funding and Subsequent Event:

ARPA Funding

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

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds. The Town received its second half of the CSLFRF funds on July 22, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. The Town does not have any unspent funds from the initial allocation as of June 30, 2022.

Note 16-Contingent Liabilities:

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Restatement of Beginning Balances:

Beginning net position and fund balance for business-type activities was restated for a correction of error as noted below:

	Net Position
	Business-type Activities
Beginning Balance, as previously stated	\$ 3,362,081
Construction in progress adjustment	199,200
Beginning balance, as restated	<u>\$ 3,561,281</u>

Note 18-Litigation:

As of June 30, 2022, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions pending matters not be favorable.

Note 19-Commitments and Contingencies:

The Town was involved in major construction projects during the fiscal year as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30,
Pedestrian IMP-Main St North	\$ 96,625	\$ 76,933
Pedestrian IMP-Main St South	80,625	64,633
Air Scour System	535,000	213,425
Water Storage Tank Rehab	1,383,100	749,895
West Main Water Lines	23,000	11,000
J Hardie Sewer Connection	195,100	52,469

Note 20-Upcoming Pronouncements:

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 20-Upcoming Pronouncements: (continued)

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

Required Supplementary Information

Town of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 2,807,600	\$ 2,807,600	\$ 3,020,035	\$ 212,435
Other local taxes	3,047,000	3,047,000	3,144,508	97,508
Permits, privilege fees, and regulatory licenses	28,700	28,700	36,024	7,324
Fines and forfeitures	12,500	12,500	10,100	(2,400)
Revenue from the use of money and property	40,000	40,000	68,471	28,471
Charges for services	124,000	124,000	197,921	73,921
Miscellaneous	17,840	17,840	67,523	49,683
Recovered costs	83,500	83,500	60,354	(23,146)
Intergovernmental	2,884,635	4,227,864	4,379,405	151,541
Total revenues	\$ 9,045,775	\$ 10,389,004	\$ 10,984,341	\$ 595,337
EXPENDITURES				
Current:				
General government administration	\$ 1,779,329	\$ 1,871,051	\$ 1,587,704	\$ 283,347
Public safety	3,775,243	4,072,390	3,986,802	85,588
Public works	2,458,439	2,725,045	2,688,809	36,236
Health and welfare	8,000	8,000	8,000	-
Parks, recreation, and cultural	149,473	170,131	180,663	(10,532)
Community development	482,651	942,079	827,458	114,621
Capital projects	127,000	785,431	774,141	11,290
Debt service:				
Principal retirement	238,641	238,641	234,099	4,542
Interest and other fiscal charges	27,000	27,000	26,547	453
Total expenditures	\$ 9,045,776	\$ 10,839,768	\$ 10,314,223	\$ 525,545
Excess (deficiency) of revenues over (under) expenditures				
	\$ (1)	\$ (450,764)	\$ 670,118	\$ 1,120,882
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (3,915)	\$ (3,915)
Total other financing sources (uses)	\$ -	\$ -	\$ (3,915)	\$ (3,915)
Net change in fund balances				
	\$ (1)	\$ (450,764)	\$ 666,203	\$ 1,116,967
Fund balances - beginning	1	450,764	2,235,530	1,784,766
Fund balances - ending	\$ -	\$ -	\$ 2,901,733	\$ 2,901,733

Note 1: GAAP serves as the budgetary basis of accounting

Town of Pulaski, Virginia
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>				Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>Actual Amounts</u>	
REVENUES					
Intergovernmental:					
Commonwealth	\$ -	\$ -	\$	309,475	\$ 309,475
Federal	-	1,466,561		242,083	(1,224,478)
Total revenues	<u>\$ -</u>	<u>\$ 1,466,561</u>	<u>\$</u>	<u>551,558</u>	<u>\$ (915,003)</u>
EXPENDITURES					
Current:					
Community development	\$ -	\$ 7,339,082	\$	555,473	\$ 6,783,609
Total expenditures	<u>\$ -</u>	<u>\$ 7,339,082</u>	<u>\$</u>	<u>555,473</u>	<u>\$ 6,783,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (5,872,521)</u>	<u>\$</u>	<u>(3,915)</u>	<u>\$ 5,868,606</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$	3,915	\$ 3,915
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>3,915</u>	<u>\$ 3,915</u>
Net change in fund balances	\$ -	\$ (5,872,521)	\$	-	\$ 5,872,521
Fund balances - beginning	-	5,872,521		-	(5,872,521)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$ -</u>

Note 1: GAAP serves as the budgetary basis of accounting

Town of Pulaski, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 549,234	\$ 547,648	\$ 536,213	\$ 550,896	\$ 525,270	\$ 497,436	\$ 512,800	\$ 496,528
Interest	1,683,226	1,683,265	1,579,107	1,529,944	1,470,741	1,411,894	1,354,591	1,291,245
Change in benefit terms	1,169,104	-	732,801	-	(54,234)	-	-	-
Change of assumptions	(839,669)	(939,998)	687,461	(273,749)	(91,914)	(138,731)	(135,253)	-
Differences between expected and actual experience	(1,419,844)	(1,163,140)	(1,150,867)	(1,058,686)	(949,496)	(910,350)	(916,714)	-
Benefit payments	1,142,451	1,277,775	2,384,715	748,405	900,367	860,249	815,424	938,830
Net change in total pension liability	25,646,599	25,518,824	23,134,109	22,385,704	21,485,337	20,625,088	19,809,664	18,870,834
Total pension liability - beginning	26,789,050	25,646,599	25,518,824	23,134,109	22,385,704	21,485,337	20,625,088	19,809,664
Total pension liability - ending (a)								
Plan fiduciary net position								
Contributions - employer	\$ 461,201	\$ 427,748	\$ 408,818	\$ 438,826	\$ 448,415	\$ 506,268	\$ 510,626	\$ 496,437
Contributions - employee	203,503	211,447	201,506	202,655	208,261	205,435	210,833	191,112
Net investment income	6,256,022	439,808	1,467,879	1,552,350	2,318,353	327,439	839,378	2,516,703
Benefit payments	(1,419,844)	(1,163,140)	(1,150,867)	(1,058,686)	(949,496)	(910,350)	(916,714)	(848,943)
Administrator charges	(15,905)	(15,123)	(14,724)	(13,489)	(13,408)	(11,785)	(11,496)	(13,544)
Other	585	(519)	(922)	(1,382)	(2,063)	(140)	(178)	133
Net change in plan fiduciary net position	5,485,562	(99,779)	911,690	1,120,274	2,010,062	116,867	632,449	2,341,898
Plan fiduciary net position - beginning	23,040,079	23,139,858	22,228,168	21,107,894	19,097,832	18,980,965	18,348,516	16,006,618
Plan fiduciary net position - ending (b)	28,525,641	23,040,079	23,139,858	22,228,168	21,107,894	19,097,832	18,980,965	18,348,516
Town's net pension liability (asset) - ending (a) - (b)	\$ (1,736,591)	\$ 2,606,520	\$ 2,378,966	\$ 905,941	\$ 1,277,810	\$ 2,387,505	\$ 1,644,123	\$ 1,461,148
Plan fiduciary net position as a percentage of the total pension liability	106.48%	89.84%	90.68%	96.08%	94.29%	88.89%	92.03%	92.62%
Covered payroll	\$ 4,159,054	\$ 4,286,122	\$ 4,084,885	\$ 4,157,222	\$ 4,190,931	\$ 3,889,933	\$ 3,877,452	\$ 3,780,308
Town's net pension liability (asset) as a percentage of covered payroll	-41.75%	60.81%	58.24%	21.79%	30.49%	61.38%	42.40%	38.65%

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

Town of Pulaski, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 454,043	\$ 454,043	\$ -	\$ 4,137,010	10.98%
2021	461,201	461,201	-	4,159,054	11.09%
2020	427,748	427,748	-	4,286,122	9.98%
2019	408,833	408,833	-	4,084,885	10.01%
2018	442,618	442,618	-	4,157,222	10.65%
2017	448,415	448,415	-	4,190,931	10.70%
2016	506,268	506,268	-	3,889,933	13.01%
2015	508,334	508,334	-	3,877,452	13.11%
2014	496,354	496,354	-	3,780,308	13.13%
2013	505,925	505,925	-	3,853,199	13.13%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Town of Pulaski, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Pulaski, Virginia
Schedule of Town of Pulaski's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.02010% \$	234,368 \$	4,156,290	5.64%	67.45%
2020	0.02087%	348,286	4,286,122	8.13%	52.64%
2019	0.02088%	339,773	4,084,915	8.32%	52.00%
2018	0.02171%	330,000	4,157,222	7.94%	51.22%
2017	0.02272%	342,000	4,194,459	8.15%	48.86%

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

Town of Pulaski, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 22,365	\$ 22,365	\$ -	\$ 4,141,581	0.54%
2021	22,406	22,406	-	4,156,290	0.54%
2020	22,375	22,375	-	4,286,122	0.52%
2019	21,242	21,242	-	4,084,915	0.52%
2018	21,618	21,618	-	4,157,222	0.52%
2017	21,793	21,793	-	4,194,459	0.52%
2016	18,671	18,671	-	3,889,932	0.48%
2015	18,611	18,611	-	3,877,451	0.48%
2014	18,145	18,145	-	3,780,307	0.48%
2013	18,495	18,495	-	3,853,198	0.48%

Town of Pulaski, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Pulaski, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance
Primary Government
For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 93,958	\$ 93,958	\$ 93,958	\$ 93,958	\$ -
Interest	7,642	8,667	12,744	61,939	-
Effect of Economic/Demographic Gains or Losses	(121,747)	(123,816)	(67,445)	(1,370,064)	1,585,400
Effect of Assumptions Changes or Inputs	(14,479)	2,443	16,474	5,290	(65,427)
Employer Contributions	(27,642)	(27,642)	(27,642)	(27,242)	-
Net change in total OPEB liability	\$ (62,268)	\$ (46,390)	\$ 28,089	\$ (1,236,119)	\$ 1,519,973
Total OPEB liability - beginning	265,553	311,943	283,854	1,519,973	-
Total OPEB liability - ending	\$ 203,285	\$ 265,553	\$ 311,943	\$ 283,854	\$ 1,519,973
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A	 N/A
 Town of Pulaski's total OPEB liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A	 N/A	 N/A	 N/A

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

Town of Pulaski, Virginia
Notes to Required Supplementary Information - Health Insurance
For the Year Ended June 30, 2022

Valuation Date: 6/30/2022
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	4.139%
Inflation	1.70%
Healthcare Trend Rate	The medical trend rate starts at 4.7% for year one and decreases incrementally to an ultimate rate of 4.2% at year 8. The pharmacy trend rate starts at 5.2% for year one, decreasing to 4.8% in year 2 and decreasing incrementally to an ultimate rate of 4.2% in year 8. The dental trend rate starts at 3.5% for years one and two, decreasing to an ultimate rate of 3.0% in year three. The vision trend rate is 3.0% for all years.
Salary Increase Rates	1.70%
Retirement Age	The average age at retirement is 62
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Other Supplementary Information

Town of Pulaski, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds			
	Cemetery	CDBG Housing	Neighborhood	Total
	<u>Care</u>	<u>Rehabilitation</u>	<u>Revitalization</u>	
ASSETS				
Cash and cash equivalents	\$ 209,516	\$ 58,872	\$ -	\$ 268,388
Investments	327,223	-	-	327,223
Due from other funds	12,864	-	-	12,864
Prepaid items	-	40,000	-	40,000
Total assets	<u>\$ 549,603</u>	<u>\$ 98,872</u>	<u>\$ -</u>	<u>\$ 648,475</u>
LIABILITIES				
Accounts payable	\$ -	\$ 270	147	\$ 417
Due to other funds	-	100,820	136,232	237,052
Total liabilities	<u>\$ -</u>	<u>\$ 101,090</u>	<u>\$ 136,379</u>	<u>\$ 237,469</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Principal Cemetery Maintenance	\$ 549,603	\$ -	\$ -	\$ 549,603
Prepaid Items	-	40,000	-	40,000
Unassigned (deficit)	-	(42,218)	(136,379)	(178,597)
Total fund balances (deficits)	<u>\$ 549,603</u>	<u>\$ (2,218)</u>	<u>\$ (136,379)</u>	<u>\$ 411,006</u>
Total liabilities and fund balances (deficits)	<u>\$ 549,603</u>	<u>\$ 98,872</u>	<u>\$ -</u>	<u>\$ 648,475</u>

Town of Pulaski, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			
	Cemetery <u>Care</u>	CDBG Housing <u>Rehabilitation</u>	Neighborhood <u>Revitalization</u>	<u>Total</u>
REVENUES				
Revenue for the use of money and property	\$ 5,675	\$ (2,821)	\$ -	\$ 2,854
Miscellaneous	6,600	-	-	6,600
Total revenues	<u>\$ 12,275</u>	<u>\$ (2,821)</u>	<u>\$ -</u>	<u>\$ 9,454</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 11,783	\$ -	\$ -	\$ 11,783
Community development	-	6,449	-	6,449
Total expenditures	<u>\$ 11,783</u>	<u>\$ 6,449</u>	<u>\$ -</u>	<u>\$ 18,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 492</u>	<u>\$ (9,270)</u>	<u>\$ -</u>	<u>\$ (8,778)</u>
Net change in fund balances	\$ 492	\$ (9,270)	\$ -	\$ (8,778)
Fund balance (deficit) - beginning	549,111	7,052	(136,379)	419,784
Fund balance (deficit) - ending	<u><u>\$ 549,603</u></u>	<u><u>\$ (2,218)</u></u>	<u><u>\$ (136,379)</u></u>	<u><u>\$ 411,006</u></u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural		Community Development	Interest and Other Fiscal Charges		Water and Sewer	Total					
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$						
2021-22	\$	1,519,371	\$	3,546,345	\$	2,612,056	\$	8,000	\$	238,538	\$	1,032,458	\$	26,125	\$	4,990,349	\$	13,973,242
2020-21		1,328,235		4,883,739		2,277,954		8,410		277,641		1,471,218		32,947		5,744,419		16,024,563
2019-20		1,365,628		4,673,783		2,462,127		4,410		469,090		1,107,514		235,147		5,526,872		15,844,571
2018-19		1,187,829		2,931,796		2,230,771		8,200		464,050		978,947		237,429		5,038,892		13,077,914
2017-18		1,373,793		4,265,918		2,697,926		12,200		751,366		977,461		257,887		4,755,422		15,091,973
2016-17		1,342,342		3,565,753		2,784,428		4,000		774,272		822,034		274,691		4,708,419		14,275,939
2015-16		1,081,694		3,701,094		2,612,142		12,000		795,455		453,688		266,420		4,856,894		13,779,387
2014-15		1,436,241		2,951,823		2,239,236		5,000		809,653		323,191		293,553		4,504,108		12,562,805
2013-14		1,330,825		2,999,517		2,438,856		4,000		804,662		945,993		199,227		4,622,286		13,345,366
2012-13		1,651,582		2,871,557		2,210,606		5,500		801,277		676,456		342,142		4,380,816		12,939,936

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenue from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total (1)
2021-22	\$ 6,369,709	\$ 5,539,764	\$ 717,753		\$ 3,044,128	\$ 3,144,508	\$ 53,260	\$ 214,729	\$ 475,826	\$ 19,559,677
2020-21	5,805,539	4,119,733	-		2,449,363	2,930,393	48,813	130,342	484,390	15,968,573
2019-20	6,215,414	3,055,464	11,176		2,502,520	2,838,767	56,574	245,839	526,661	15,452,415
2018-19	5,422,054	2,702,973	41,453		2,853,230	2,798,148	63,781	120,477	535,836	14,537,952
2017-18	5,035,138	3,045,924	25,025		2,560,703	2,698,612	82,158	108,424	566,226	14,122,210
2016-17	5,284,488	2,882,673	27,795		2,136,912	2,657,200	83,922	124,981	581,808	13,779,779
2015-16	4,926,171	2,435,584	91,694		2,261,922	2,472,338	100,970	106,952	590,939	12,986,570
2014-15	4,869,310	2,301,717	-		2,684,973	2,434,891	47,761	243,681	918,506	13,500,839
2013-14	4,992,588	2,456,491	890,493		2,317,725	2,233,306	174,619	228,926	668,201	13,962,349
2012-13	4,729,776	2,244,198	384,688		2,417,256	2,164,954	44,728	244,300	642,716	12,872,616

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

Table 3

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

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2021-22	\$ 1,587,704	\$ 3,986,802	\$ 2,688,809	\$ 8,000	\$ 180,663	\$ 827,458	\$ -	\$ 260,646	\$ 774,141	\$ 10,314,223
2020-21	1,392,693	4,612,130	2,132,301	8,410	205,201	795,642	-	303,252	100,037	9,549,666
2019-20	1,558,561	4,143,210	2,194,123	4,410	206,464	844,892	-	762,618	600,761	10,315,039
2018-19	1,621,812	3,709,269	2,367,443	8,200	498,846	562,423	111,293	754,572	-	9,633,858
2017-18	1,458,643	3,663,756	2,362,127	12,200	604,632	375,365	70,530	788,004	-	9,335,257
2016-17	1,527,021	3,520,292	2,624,419	4,000	666,725	493,830	-	778,891	262,665	9,877,843
2015-16	1,329,107	3,591,572	2,797,258	12,000	735,789	378,560	-	725,620	97,295	9,667,201
2014-15	1,740,023	2,970,264	2,399,349	5,000	804,700	295,321	-	700,869	239,905	9,155,431
2013-14	1,675,462	2,980,443	2,232,764	4,000	765,160	230,620	-	3,319,152	309,108	11,516,709
2012-13	1,516,366	2,765,291	2,083,753	5,500	632,822	291,808	-	677,056	312,030	8,284,626

Note: (1) Includes only General Fund.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
2021-22	\$ 3,020,035	\$ 3,144,508	\$ 36,024	\$ 10,100	\$ 68,471	\$ 197,921	\$ 67,523	\$ 60,354	\$ 4,379,405	\$ 10,984,341
2020-21	2,709,356	2,930,393	39,068	13,486	39,341	133,654	14,323	82,003	4,032,577	9,994,201
2019-20	2,539,213	2,838,767	26,854	61,335	38,209	207,799	15,072	302,001	3,548,232	9,577,482
2018-19	2,483,414	2,798,148	39,434	30,435	51,378	209,250	21,371	260,203	3,045,806	8,939,439
2017-18	2,540,065	2,698,612	35,655	28,383	70,776	209,116	16,622	318,175	3,060,668	8,978,072
2016-17	2,394,127	2,657,200	22,237	50,449	76,286	230,745	26,465	275,910	3,099,994	8,833,413
2015-16	2,419,000	2,472,338	18,717	36,742	96,615	177,101	18,543	257,859	3,026,523	8,523,438
2014-15	2,439,448	2,434,891	10,573	69,270	95,835	304,975	21,085	307,253	2,908,196	8,591,526
2013-14	2,395,169	2,233,306	28,554	57,344	85,361	304,210	73,449	262,554	3,232,066	8,672,013
2012-13	2,420,085	2,164,954	18,460	51,534	80,627	298,706	21,350	300,835	2,873,783	8,230,334

Note: (1) Includes only General Fund.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1)	Percent of	
						Total Tax Collections	to Tax Levy		Total Tax Collections	to Tax Levy
2021-22	\$ 3,120,022	\$ 2,935,674	94.09%	\$ 143,863	\$ 3,079,537	98.70%	\$ 310,135	9.94%	98.70%	9.94%
2020-21	2,842,522	2,670,505	93.95%	113,018	2,783,523	97.92%	276,911	9.74%	97.92%	9.74%
2019-20	2,660,774	2,514,834	94.52%	104,527	2,619,361	98.44%	524,538	19.71%	98.44%	19.71%
2018-19	2,678,133	2,489,224	92.95%	73,538	2,562,762	95.69%	561,232	20.96%	95.69%	20.96%
2017-18	2,620,671	2,491,648	95.08%	96,068	2,587,716	98.74%	191,417	7.30%	98.74%	7.30%
2016-17	2,550,108	2,442,811	95.79%	57,111	2,499,922	98.03%	171,430	6.72%	98.03%	6.72%
2015-16	2,512,499	2,359,799	93.92%	124,209	2,484,008	98.87%	427,993	17.03%	98.87%	17.03%
2014-15	2,448,453	2,265,908	92.54%	239,316	2,505,224	102.32%	585,071	23.90%	102.32%	23.90%
2013-14	2,435,456	2,381,344	97.78%	112,268	2,493,612	102.39%	850,712	34.93%	102.39%	34.93%
2012-13	2,301,511	2,258,694	98.14%	108,761	2,367,455	102.87%	672,502	29.22%	102.87%	29.22%

(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
2021-22	\$ 509,517,800	\$ 77,332,662	\$ 78,940,628	\$ 24,674,727	\$ 690,465,817
2020-21	480,704,400	70,337,418	72,395,488	20,131,698	643,569,004
2019-20	450,080,387	65,056,500	68,923,133	18,077,105	602,137,125
2018-19	446,750,837	62,807,917	74,539,155	18,508,689	602,606,598
2017-18	444,439,150	61,957,460	68,518,700	19,335,551	594,250,861
2016-17	442,767,941	58,565,226	63,296,177	20,517,705	585,147,049
2015-16	440,226,848	56,582,559	61,949,003	19,831,200	578,589,610
2014-15	455,831,400	55,080,716	61,154,703	18,697,663	590,764,482
2013-14	472,785,450	38,582,813	72,016,366	18,441,141	601,825,770
2012-13	470,522,350	57,892,456	72,007,925	19,922,986	620,345,717

(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
2021-22	\$ 0.36	\$ 0.80	\$ 0.34	\$ 0.80
2020-21	0.34	0.80	0.34	0.80
2019-20	0.34	0.80	0.34	0.80
2018-19	0.34	0.80	0.34	0.80
2017-18	0.34	0.80	0.34	0.80
2016-17	0.34	0.80	0.34	0.80
2015-16	0.34	0.80	0.34	0.80
2014-15	0.32	0.80	0.32	0.80
2013-14	0.30	0.80	0.30	0.80
2012-13	0.30	0.80	0.30	0.80

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021-22	8,985	690,466	\$ 800,812	0.12%	\$ 89
2020-21	8,985	643,569	999,136	0.16%	111
2019-20	9,086	602,137	1,218,606	0.20%	134
2018-19	9,086	602,607	1,419,102	0.24%	156
2017-18	9,086	594,251	2,041,412	0.34%	225
2016-17	9,086	585,147	2,653,802	0.45%	292
2015-16	9,086	578,590	3,193,834	0.55%	352
2014-15	9,086	590,764	3,592,044	0.61%	395
2013-14	9,086	601,826	3,760,744	0.62%	414
2012-13	9,086	620,346	4,251,921	0.69%	468

(1) Source: Bureau of Economic Analysis.

(2) Excludes notes payable, loans payable, and leases.

Table 9

Town of Pulaski, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest and Bond Issuance Costs	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2021-22	\$ 234,099	\$ 26,547	\$ 260,646	\$ 10,314,223	2.53%
2020-21	270,509	32,743	303,252	9,549,666	3.18%
2019-20	704,027	58,591	762,618	10,315,039	7.39%
2018-19	699,886	54,686	754,572	9,633,858	7.83%
2017-18	711,239	76,765	788,004	9,335,257	8.44%
2016-17	684,421	94,470	778,891	9,877,843	7.89%
2015-16	642,081	83,539	725,620	9,667,201	7.51%
2014-15	591,875	108,994	700,869	9,155,431	7.66%
2013-14	3,138,224	180,928	3,319,152	11,516,709	28.82%
2012-13	514,791	162,265	677,056	8,284,626	8.17%

(1) Includes General Fund only.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pulaski, Virginia, as of and for the year ended June 30, 2022, 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 2, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pulaski, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pulaski, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pulaski, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Pulaski, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

Town of Pulaski, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Town of Pulaski, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Pulaski, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Blacksburg, Virginia
December 2, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Pulaski, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Pulaski, Virginia's major federal programs for the year ended June 30, 2022. 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.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Pulaski, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Pulaski, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Pulaski, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Pulaski, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is

a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Pulaski, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Pulaski, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Pulaski, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Pulaski, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Jarmon, Cox, Associates
Blacksburg, Virginia
December 2, 2022

Town of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass-through Payments: Virginia Department of Housing and Community Development: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 65,557
Department of Transportation Pass-through Payments: Virginia Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	Not available	\$ 10,974
Department of the Treasury: Direct Payments: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 2,953,351
Pass-through Payments: County of Pulaski, Virginia COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	26,468 \$ 2,979,819
County of Pulaski, Virginia COVID-19 - Coronavirus Relief Fund	21.019	Not available	65,635
Total Department of Treasury			\$ 3,045,454
Department of Justice: Pass-through Payments: Virginia Department of Criminal Justice Services: Violence Against Women Formula Grants	16.588	20WFAX0011	\$ 160,020
Environmental Protection Agency: Direct Payments: Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	Not applicable	\$ 71,089
Total Expenditures of Federal Awards			\$ 3,353,094

Notes to the Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Pulaski, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Donated Items

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

Note 4 -- Subrecipients

The Town did not have any subrecipients for the year ended June 30, 2022.

Note 5 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:

General Fund total	\$ 4,379,405
Less revenue from the Commonwealth	(2,904,985)
Grants Fund total	551,558
Less revenue from the Commonwealth	(309,475)
Water and Sewer Fund total	1,802,380
Less revenue from the Commonwealth	(165,789)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 3,353,094

Town of Pulaski, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

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

**Federal Assistance
Listing Number**

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

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

Town of Pulaski, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022 (Continued)

Section II - Financial Statement Findings

2022-001	Significant Deficiency
Criteria	Per auditing standards, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.
Condition	Trial balances as presented for audit did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, there were proposed adjustments that were material to the financial statements.
Cause	There was an inadequate review of source documents, and as a result, management failed to identify and record the necessary adjustments. Staff availability is limited and there is not adequate time to devote to compiling modified and full accrual financial statement information.
Effect	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the internal controls over financial reporting.
Recommendation	Management and their consultant should review and incorporate the proposed audit adjustments in the next year's trial balances presented for audit.
Management's Response	Management agrees with this finding and will continue to work with the consultant to ensure information is prepared timely and accurately to complete the audit process.
2022-002	State Compliance Finding
Criteria	The Town should follow state purchasing requirements set forth in the Virginia Public Procurement Act (VPPA).
Condition	The Town failed to follow State procurement requirements for various projects ongoing for the water and sewer filtration systems during the year.
Cause	The Town did not follow section 2.2-4309 relating to contract modifications by neglecting to obtain approval from the governing body for changes to a certain contract that exceeded 25% of the original contract total. Additionally, the Town believed the vendor to be a sole source and did not follow requirements of section 2.2-4303 of the VPPA as the sole source determination was not posted to the Town website.
Effect	The requirements of the VPPA were not met and it is unclear that competition was sought in selecting a vendor to ensure that all qualified bidders had access to bid and to ensure that the Town received the best value.
Recommendation	Requirements of the VPPA should be reviewed and personnel should receive training, as necessary, to ensure that all aspects of the VPPA are followed in the future.
Management's Response	Management has implemented strategies to ensure that staff responsible for procurement are aware of local, state, and federal procurement requirements. The local policy has been reviewed and updated to ensure compliance with state and federal requirements. A Uniform Guidance policy is being implemented to ensure compliance with federal related procurement requirements. Staff responsible for procurement are required to review the policy(ies) and sign a statement of acknowledgment for same. Management is also looking for various procurement training opportunities for staff.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs.

Town of Pulaski, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

There were no prior year audit findings.