

COUNTY OF PULASKI, VIRGINIA



**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COUNTY OF PULASKI, VIRGINIA

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County of Pulaski, Virginia
Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

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

Andy McCready, Chair

Joseph Guthrie
Dean K. Pratt

Ashley Edmonds, Clerk

County School Board

Timothy Hurst, Vice Chair
Dr. Paige Cash

Michael Barbour, Chair

Bill Benson
Beckie Cox

Heather Freeman, Clerk

Social Services Board

Charles Bopp
Joseph L. Sheffey

Rev. Vicki Houk, Chair

Rev. Randy Winn
Faye Powell

Faith Chumbley, Clerk

Library Board

Laura Walters, Vice Chair
Nancy Hudson
Hattie Haulsee

John Freeman, Chair

Robert Bopp
Meagan Pratt
Margaret Spradlin

Parks Lanier

COUNTY OF PULASKI, VIRGINIA

Other Officials

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors
County of Pulaski, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 19 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 79 Certain External Investment Pools and Pool Participants and 82 Pension Issues - and amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 6-14, 85, and 86-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2017 on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Pulaski, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 12, 2017

COUNTY OF PULASKI, VIRGINIA
Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2016 (FY16) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. In accordance with GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors and the Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA), and Industrial Development Authority of Pulaski County (IDA).

Financial Highlights for Fiscal Year 2015-16

- Total net position value of the primary government was \$40.2 million at the end of FY 16 based on total assets of \$83.2 million, total liabilities of \$35.4 million, deferred outflows of resources of \$1.5 million, and deferred inflows of resources of \$9.1 million (Exhibit 1). As noted in Exhibit 1, liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs, compensated absences, pension liabilities, and other post employment benefits while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 16 combined program and general revenues of \$50.6 million exceeded general expenditures of \$46.1 million by approximately \$4.5 million (Exhibit 2). The increase in net position is explained further in the Statement of Activities analysis of the Financial Analysis of the County as a Whole section below.
- As described in Exhibit 11, total general fund revenues were \$3.1 million or 5.7% less than the budgeted \$53.4 million revenue estimate while expenditures were \$2.4 million, or 4.1% less than the \$57.1 million budgeted expenditures (including transfers). The net change in fund balance was a decrease of \$2.0 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences, landfill monitoring, net pension liability, and other postemployment benefits showed a net increase of \$1.83 million from \$29.76 million on July 1, 2015 to \$31.59 million on June 30, 2016, due, in part, to the issuance of literary loans of \$4.98 million.
- As described in Note 17, the unassigned fund balance as of June 30, 2016 for the general fund was \$11.1 million, or 10.74% of budgeted FY 16 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$103.75 million. The Board of Supervisors has historically tried to maintain a reserve of the general fund balance of at least 10% of general, special revenue and component unit fund expenditures in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the general fund balance increased by approximately \$1.1 million. That amount is explained further in the Analysis of the County Funds section below.

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Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Pulaski's basic financial statements which are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the County is improving or deteriorating when considering both financial condition and physical assets.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. Business-type activities include the operation of the water, sewer, and refuse services by the Public Service Authority; and leasing of industrial buildings by the Industrial Development Authority.

The government-wide financial statements include the County (known as the *primary government*), as well as funds of the Pulaski County School Board, the Pulaski County Public Service Authority, and the Industrial Development Authority of Pulaski County (known as the *component units*). Financial information for component units are reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find this portion of the audit report more familiar. The focus of this section of the audit report is on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets, that can readily be converted to cash, flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in separate exhibits (4&6) that explains the relationship (or difference) between them.

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported utilizing the full accrual accounting method as are all activities reported in the Statement of Net Position and Statement of Activities. The County's proprietary funds consist of two internal service funds, the Health Insurance Premiums Fund and the Information Technology, Garage, and Communication Service Fund. The assets, deferred outflows of

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

resources, liabilities, deferred inflows of resources, and net revenue of certain activities of internal service funds are reported in the governmental activities on the Statement of Net Position and Statement of Activities.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Assets and Liabilities – Agency Funds. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The County's fiduciary funds include Special Welfare, Performance Bond, and the Employee Flexible Benefits.

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

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparisons and progress in funding its obligation to provide pension benefits to its employees.

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

Summary of Net Position:

Details in the government-wide financial statements for FY 16 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 15 to FY 16.

Summary of Net Position:

	Total Primary Government		Component Unit School Board	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 32.2	\$ 29.5	\$ 5.5	\$ 5.7
Capital assets, net	51.0	48.9	8.7	7.9
Total assets	<u>\$ 83.2</u>	<u>\$ 78.4</u>	<u>\$ 14.2</u>	<u>\$ 13.6</u>
Deferred Outflows of Resources	<u>\$ 1.5</u>	<u>\$ 1.4</u>	<u>\$ 3.2</u>	<u>\$ 3.3</u>
Other liabilities	\$ 3.9	\$ 4.2	\$ 4.4	\$ 4.3
Long term liabilities	31.6	29.8	39.7	39.4
Total liabilities	<u>\$ 35.5</u>	<u>\$ 34.0</u>	<u>\$ 44.1</u>	<u>\$ 43.7</u>
Deferred Inflows of Resources	<u>\$ 9.1</u>	<u>\$ 10.4</u>	<u>\$ 5.0</u>	<u>\$ 6.7</u>
Net Position:				
Net investment in capital assets	\$ 25.6	\$ 25.0	\$ 8.7	\$ 7.9
Restricted	0.8	(0.4)	0.0	0.0
Unrestricted	13.7	10.9	(40.4)	(41.4)
Total net position	<u>\$ 40.1</u>	<u>\$ 35.5</u>	<u>\$ (31.7)</u>	<u>\$ (33.5)</u>

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

The County's combined net position increased from \$35.5 million to \$40.1 million, as explained in the Statement of Activities section below. Unrestricted net position, the portion of net position that can be used to finance the day-to-day activities of the County, totaled \$13.7 million. The County's net investment in capital assets represents the amount of capital assets owned by the County totaling \$25.6 million. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. For example, seized asset funds are restricted so that they can be used for specific law enforcement purposes. The Component Unit School Board net position increased by \$1.8 million, from \$(33.5) million in FY15 to \$(31.7) million in FY 16. The School Board net investment in capital assets totaled \$8.7 million.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2016, as well as the change in capital assets for FY 16 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Non-Depreciable Assets:				
Land	\$ 2.5	\$ 2.5	\$ 0.5	\$ 0.5
Construction in Progress	4.7	3.5	0.5	0.6
Other Capital Assets:				
Buildings and systems	57.1	55.2	20.9	19.9
Machinery and Equipment	14.4	13.6	9.2	8.6
Accumulated Depreciation	(27.7)	(25.9)	(22.4)	(21.7)
Totals	<u>\$ 51.0</u>	<u>\$ 48.9</u>	<u>\$ 8.7</u>	<u>\$ 7.9</u>

Primary Government:

Changes in Capital Assets:

	Balance, June 30, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
	Non-Depreciable Assets:			
Land	\$ 2.5	\$ -	\$ -	\$ 2.5
Construction in Progress	3.5	3.1	(1.9)	4.7
Other Capital Assets:				
Buildings and systems	55.2	1.9	0.0	57.1
Machinery and Equipment	13.6	1.2	(0.4)	14.4
Accumulated Depreciation	(25.9)	(2.2)	0.4	(27.7)
Totals	<u>\$ 48.9</u>	<u>\$ 4.0</u>	<u>\$ (1.9)</u>	<u>\$ 51.0</u>

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

	Balance, June 30, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
Non-Depreciable Assets:				
Land	\$ 0.5	\$ -	\$ -	\$ 0.5
Construction in Progress	0.6	0.4	(0.5)	0.5
Other Capital Assets:				
Buildings and systems	19.9	1.1	(0.1)	20.9
Machinery and Equipment	8.6	0.7	(0.1)	9.2
Accumulated Depreciation	(21.7)	(0.9)	0.2	(22.4)
Totals	\$ 7.9	\$ 1.3	\$ (0.5)	\$ 8.7

These amounts include School Board assets presented as part of the Primary Government's capital assets because they are financed through long-term debt. Additional detailed capital asset information can be found in Note 11 in the "Notes to Financial Statements" section of the report.

Long-Term Obligations

The following table displays the County and Component Unit – School Board's outstanding long-term obligations at June 30, 2016, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$ 10.5	\$ 11.5	\$ -	\$ -
Literary Loans	5.0	-	-	-
Lease Revenue Note	9.6	12.1	-	-
Notes Payable	0.2	0.2	-	-
Unamortized Bond Premium	0.4	0.4	-	-
Landfill Post Closure Liability	0.3	0.3	-	-
Net OPEB Obligation	0.4	0.4	1.2	1.0
Net Pension Liability	4.2	3.8	36.9	36.9
Compensated Absences	1.0	1.0	1.6	1.5
Total	\$ 31.6	\$ 29.7	\$ 39.7	\$ 39.4

Long-term obligations decreased by \$2.1 million in FY16. Additional detailed information on long-term obligations activity can be found in Note 6, Note 7, Note 8, and Note 9 in the "Notes to Financial Statements".

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

Statement of Activities:

The following comparative table shows the revenues and expenses of the governmental activities for FY16 and the fiscal year ended June 30, 2015 (FY15) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	2016	2015	2016	2015
Revenues:				
Program Revenues:				
Charges for services	\$ 0.7	\$ 0.8	\$ 1.3	\$ 1.6
Operating grants and contributions	12.0	12.7	30.7	30.9
Capital grants and contributions	1.3	0.1	-	-
General Revenues:				
General property taxes	26.0	25.6	-	-
Other local taxes	7.2	7.1	-	-
Other	0.7	0.7	-	-
Payments from County	-	-	14.0	13.6
Total Revenues	<u>\$ 47.9</u>	<u>\$ 47.0</u>	<u>\$ 46.0</u>	<u>\$ 46.1</u>
Expenses:				
General government	\$ 2.3	\$ 2.3	\$ -	\$ -
Judicial administration	1.8	1.8	-	-
Public safety	9.1	8.9	-	-
Public works	2.2	3.3	-	-
Health and welfare	10.8	10.1	-	-
Education	15.1	15.0	44.8	44.7
Parks, recreation and cultural	1.5	1.6	-	-
Community development	2.4	5.2	-	-
Interest on long term debt	0.9	0.8	-	-
Total Expenses	<u>\$ 46.1</u>	<u>\$ 49.0</u>	<u>\$ 44.8</u>	<u>\$ 44.7</u>
Grants and Contributions (Not related to specific programs)	\$ 2.6	\$ 2.6	\$ 0.6	\$ -
Transfers	-	-	-	-
Net Position, Beginning of Year	35.7	35.1	(33.5)	(34.9)
Net Position, End of Year	<u>\$ 40.1</u>	<u>\$ 35.7</u>	<u>\$ (31.7)</u>	<u>\$ (33.5)</u>

Revenues

For FY16, revenues from governmental funds totaled \$48.0 million. General property tax revenues, the County's largest revenue source, were \$26.0 million, an increase of \$0.4 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$7.2 million, an increase of approximately \$0.1 million over FY15.

The Component Unit School Board revenues totaled \$46.0 million for FY16, a decrease of \$0.1 million from June 30, 2015 to June 30, 2016. Component Unit School Board state and federal revenues decreased by \$0.2 million, while charges for services decreased by \$0.3 million which resulted in an increase of local government transfer of \$0.4 million.

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

Expenses

For FY 16, expenses for primary governmental activities totaled \$46.1 million, a decrease of \$2.9 million over the prior year.

Education is a very high priority in Pulaski County; consequently the Board of Supervisors contributed \$14.0 million to the operation of the Pulaski County schools excluding debt service costs. This accounts for approximately 28% of the County's total budgeted expenditures. It should also be noted that the Board of Supervisors has carried over any unused portion of the FY16 contribution to FY17 to use towards School capital improvements in the amount of \$600,958.

Financial Analysis of the County's Funds

For FY16, the general fund reflects a fund balance of \$14.5 million, an increase of \$1 million from FY15. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2015 to the fiscal year ended June 30, 2016 amounts for the General Fund as shown in Exhibit 5.

Statement of Revenues, Expenditures and Changes in Fund Balance

	General Fund		
	2016	2015	Change
Revenues:			
General Property Taxes	\$ 25.7	\$ 25.2	\$ 0.5
Other Local Taxes	7.2	7.1	0.1
Permits, Fees and Licences	0.1	0.1	-
Fines and Forfeitures	0.1	0.1	-
Revenue from Use of Money/Property	0.3	0.3	-
Charges for Services	0.6	0.6	-
Miscellaneous	0.1	0.4	(0.3)
Recovered Costs	0.9	0.9	-
Revenue from Commonwealth	11.1	11.1	-
Revenue from Federal Government	4.2	3.5	0.7
Total Revenues	<u>\$ 50.3</u>	<u>\$ 49.3</u>	<u>\$ 1.0</u>
Expenditures:			
General Government Administration	\$ 2.4	\$ 2.5	\$ (0.1)
Judicial Administration	1.9	1.9	-
Public Safety	8.8	8.6	0.2
Public Works	1.9	1.7	0.2
Health and Welfare	10.9	10.1	0.8
Education	13.6	13.6	-
Parks, Recreation and Cultural	1.4	1.5	(0.1)
Community Development	2.3	5.1	(2.8)
Non-Departmental	0.1	0.1	-
Principal	7.1	2.1	5.0
Interest	0.9	0.9	-
Total Expenditures	<u>\$ 51.3</u>	<u>\$ 48.1</u>	<u>\$ 3.2</u>
Excess	\$ (1)	\$ 1	\$ (2)
Other Financing Sources (Uses)	2.0	(3.5)	5.5
Net Change in Fund Balance	1.00	(2.30)	3.30
Fund Balance, Beginning of Year	13.5	15.8	(2.3)
Fund Balance, End of Year	<u>\$ 14.5</u>	<u>\$ 13.5</u>	<u>\$ 1.0</u>

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

The General Fund local revenues remained fairly constant from FY15 to FY16 with an overall increase of \$0.3 million due mainly to an increase in the real estate tax collections. There were no increases in property tax rates during FY16.

The General Fund expenditures were increased by \$3.2 million due largely to the refunding of debt. Overall, other expenditure categories remained fairly consistent in FY16 with FY15 figures, aside from a decrease in community development costs resulting from large expenditures in FY15 to increase development in Pulaski County.

All capital and school board unused appropriations from the 2015 fiscal year were carried over by the Board of Supervisors for use in FY 2016 for School capital improvements.

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 16 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 24.9	\$ 25.0	\$ 25.7	0.7
Other Local Taxes	7.2	7.3	7.2	(0.1)
Permits, Fees and Licenses	0.2	0.2	0.1	(0.1)
Fines and Forfeitures	0.1	0.1	0.1	-
Revenue from Use of Money and Property	0.4	0.4	0.3	(0.1)
Charges for Services	0.5	0.5	0.6	0.1
Miscellaneous	0.1	0.1	0.1	-
Recovered Costs	1.4	1.6	0.9	(0.7)
Intergovernmental	16.6	18.2	15.3	(2.9)
Other	0.0	0.0	5.1	5.1
Total	<u>\$ 51.4</u>	<u>\$ 53.4</u>	<u>\$ 55.4</u>	<u>2.0</u>
Expenditures and transfers:				
General Government Administration	\$ 2.2	\$ 2.4	\$ 2.4	0.0
Judicial Administration	1.9	2.3	1.9	0.4
Public Safety	9.2	9.7	8.8	0.9
Public Works	1.9	2.1	1.9	0.2
Health and Welfare	13.1	13.4	10.9	2.5
Education	13.9	14.2	13.6	0.6
Parks, Recreation and Cultural	1.3	1.4	1.4	0.0
Community Development	1.3	2.2	2.3	-0.1
Non-departmental	0.5	0.1	0.1	0.0
Debt Service	3.7	3.7	8.0	-4.3
Transfers	2.4	5.6	3.1	2.5
Total	<u>\$ 51.4</u>	<u>\$ 57.1</u>	<u>\$ 54.4</u>	<u>2.7</u>

It should be noted that this schedule is shown on the budgetary basis. In comparing the original budget to the amended budget both revenues and expenditures increased with the amended budget. Most of this change can be attributed to carry-over appropriations for County construction projects, economic development projects, and unused FY15 local funding for the Component Unit – School Board. This trend will continue until building space needs are met by the renovation of County facilities.

Economic Factors and Future Budgets

The primary factors affecting the financial viability of Pulaski are limited options for revenue increases, continued fluctuations in state and federal revenues, and continued slow recovery in the national economy.

Limited Revenue Options - Community needs and inflationary pressures require that revenues or governmental efficiencies continue to increase in order to maintain and improve the quality of public services currently enjoyed by county residents. Locally generated revenues have historically increased at a rate of approximately 3%. During FY16, the rate of increase in local revenues was 3. There are legal limits placed by the General Assembly on how counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

State Revenues - Currently, state funding is projected to account for 35%, or \$39.4million, of the County and Component Unit School Board FY 2017 total budget, while local real estate taxes account for 38% percent of total County general fund revenues. A one percent change in state revenue results in a \$0.39 million change in the local budget, or the equivalent of a \$0.014 cent change on the real estate tax rate. Changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Other factors that are expected to impact future budgets include:

- 1.
2. Future anticipated GASB Statement #45 increases for currently unfunded other post employment benefits.
3. Future anticipated GASB Statement #68 increases in County and School pension liability through the Virginia Retirement System.
4. Funding for the Capital Improvement Plan will need to address office space needs, funding of joint services, and equipment replacement.
5. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing community services through joint services and other innovations.
6. Funding of increasing healthcare costs and additional healthcare requirements in future budgets with the Affordable Care Act.
7. Funding of continually increasing costs for the regional jail, social services, and State mandated comprehensive services provided to certain County youth.
8. The County will need to invest in additional economic development initiatives including the purchase of the next industrial park and conceptualization of future "shell" buildings making possible rapid response to business and industrial needs for new facilities.
9. There remains a long-term need for reducing operational costs through joint services, initiatives in the provision of public safety services, tax bill collections, and improved property maintenance.
10. The condition of the local, regional, state, and national economies and a resulting increase in demand for services should economic conditions continue their slow improvement.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the County Administrator or the Finance Director at 143 Third Street, NW, Pulaski, Virginia 24301, telephone (540) 980-7705. The County's website address is www.pulaskicounty.org. We welcome the opportunity to present the financial status of the County to citizens, community groups, and state agencies in which the resources of the County have a direct effect on the ability to improve the quality of life, while addressing nationwide economic and social changes impacting the community.

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Position
June 30, 2016

	Primary Government		Component Units		
	Governmental Activities	School Board	Public Service Authority	Industrial Development Authority	
ASSETS					
Cash and Cash Equivalents	\$ 17,465,457	\$ 1,411,011	\$ 2,048,861	\$ 308,306	
Investments	161,706	-	-	-	
Receivables (Net of Allowance for Uncollectibles):					
Taxes	10,533,635	-	-	-	
Accounts Receivable	369,489	-	1,857,441	10,928	
Other Local Taxes and Fees	4,304	-	-	-	
Capital Lease Receivable	-	-	-	7,909,835	
Note Receivable	233,613	-	1,321,031	16,138,823	
Rent Receivable	-	-	-	56,193	
Prepaid Items	-	249,624	-	-	
Due from Primary Government	-	2,258,138	-	-	
Due from Other Governmental Units	2,507,473	1,508,523	-	-	
Due from Component Units	135,345	-	-	-	
Advances to Component Units	500,000	-	-	-	
Restricted Assets:					
Cash and Cash Equivalents (Held for Others)	286,070	-	1,056,559	793,796	
Cash and Cash Equivalents (in Custody of Others)	109,612	-	-	-	
Organization Expense (Net of Accumulated Amortization)	-	-	1,206	-	
Capital Assets:					
Land	2,483,711	528,360	209,854	1,236,827	
Buildings and Improvements	40,136,604	4,882,286	271,101	9,241,983	
Machinery and Equipment	3,585,586	2,792,995	1,593,800	24,906	
Infrastructure	-	-	22,924,743	-	
Construction in Progress	4,697,373	513,755	412,444	-	
Total Assets	<u>\$ 83,209,978</u>	<u>\$ 14,144,692</u>	<u>\$ 31,697,040</u>	<u>\$ 35,721,597</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charges on Refunding	\$ 377,727	\$ -	\$ -	-	
Pension Contributions Subsequent to Measurement Date	1,099,960	3,218,138	169,248	-	
Total Deferred Outflows of Resources	<u>\$ 1,477,687</u>	<u>\$ 3,218,138</u>	<u>\$ 169,248</u>	<u>-</u>	
LIABILITIES					
Accounts Payable	\$ 918,552	\$ 756,130	\$ 663,857	\$ 101,327	
Amounts Held for Others	-	-	-	793,796	
Accrued Wages	-	3,636,060	-	-	
Customer Deposits	-	-	139,483	-	
Accrued Interest Payable	302,252	-	16,258	27,094	
Due to Component Units	2,258,138	-	-	-	
Due to Primary Government	-	-	-	135,345	
Advances Due to Primary Government	-	-	-	500,000	
Unearned Revenue	70,000	-	-	14,594	
Other liabilities	258,713	-	-	-	
Long-Term Liabilities:					
Due Within One Year	3,193,466	1,162,506	577,346	1,482,697	
Due in More Than One Year	28,395,613	38,491,875	11,152,743	14,847,525	
Total Liabilities	<u>\$ 35,396,734</u>	<u>\$ 44,046,571</u>	<u>\$ 12,549,687</u>	<u>\$ 17,902,378</u>	
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 8,055,773	\$ -	\$ -	-	
Items Related to Measurement of Net Pension Liability	1,074,705	5,027,552	181,145	-	
Total Deferred Inflows of Resources	<u>\$ 9,130,478</u>	<u>\$ 5,027,552</u>	<u>\$ 181,145</u>	<u>-</u>	
NET POSITION					
Net Investment in Capital Assets	\$ 25,634,489	\$ 8,717,396	\$ 14,580,317	\$ 10,503,716	
Restricted	827,308	-	1,056,559	-	
Unrestricted (Deficit)	13,698,656	(40,428,689)	3,498,580	7,315,503	
Total Net Position	<u>\$ 40,160,453</u>	<u>\$ (31,711,293)</u>	<u>\$ 19,135,456</u>	<u>\$ 17,819,219</u>	

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

County of Pulaski, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Public Service Authority	Industrial Development Authority
Primary Government:						
Governmental Activities:						
General Government Administration	\$ 2,271,956	\$ 473	\$ -	\$ -	\$ -	\$ -
Judicial Administration	1,839,512	47,052	-	(1,972,307)	-	-
Public Safety	9,084,993	250,199	-	(173,377)	-	-
Public Works	2,248,209	62,051	-	(6,565,867)	-	-
Health and Welfare	10,778,762	-	-	(2,173,187)	-	-
Education	15,078,566	-	-	(3,135,523)	-	-
Parks, Recreation and Cultural	1,474,176	362,384	-	(15,078,566)	-	-
Community Development	2,444,344	-	1,364,931	(944,729)	-	-
Interest	854,398	-	-	(1,079,413)	-	-
Total Primary Government	\$ 46,074,916	\$ 772,159	\$ 1,364,931	\$ (31,977,367)	\$ -	\$ -
Component Units:						
School Board	\$ 44,844,662	\$ 1,324,322	\$ -	\$ (12,278,752)	\$ -	\$ -
Public Service Authority	9,602,636	9,552,235	-	149,786	-	-
Industrial Development Authority	3,028,602	572,733	708,510	-	-	(1,747,359)
Total Component Units	\$ 57,475,900	\$ 11,449,290	\$ 708,510	\$ (12,278,752)	\$ 149,786	\$ (1,747,359)
General Revenues:						
General Property Taxes			\$ -	\$ -	\$ -	\$ -
Other Local Taxes				25,966,779		
Local Sales and Use Taxes				3,190,573		
Consumers' Utility Taxes				648,190		
Business Licenses				709,493		
Franchise License Taxes				6,496		
Consumption Taxes				107,604		
Motor Vehicle Licenses				556,581		
Bank Stock Taxes				8,360		
Taxes on Recordation and Wills				168,309		
Hotel and Motel Room Taxes				377,703		
Restaurant Food Taxes				1,474,568		
Unrestricted Revenues from Use of Money and Property				306,940	36,686	1,411
Miscellaneous				8,422	116,748	632,670
Payments from Primary Government				14,027,497	481,989	369,626
Grants and Contributions Not Restricted to Specific Programs				-	-	-
Total General Revenues				\$ 14,048,416	\$ 635,423	\$ 1,003,707
Change in Net Position				\$ 1,769,664	\$ 785,209	\$ (743,652)
Net Position - Beginning, as restated				(33,480,957)	18,350,247	18,562,871
Net Position - Ending				\$ (31,711,293)	\$ 19,135,456	\$ 17,819,219

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 14,161,896	\$ 78,292	\$ 14,240,188
Cash held for others	-	286,070	286,070
Investments	108,123	53,583	161,706
Receivables (Net of Allowance for Uncollectibles):			
Taxes	10,533,635	-	10,533,635
Other Local Taxes and Fees	369,489	-	369,489
Accounts	4,304	-	4,304
Loans	233,613	-	233,613
Due from Other Funds	-	181,564	181,564
Due from Other Governmental Units	2,036,754	470,719	2,507,473
Due from Component Units	135,345	-	135,345
Advances to Component Units	500,000	-	500,000
Total Assets	<u>\$ 28,083,159</u>	<u>\$ 1,070,228</u>	<u>\$ 29,153,387</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 140,905	\$ 204,240	\$ 345,145
Due to Other Funds	220,890	-	220,890
Due to Component Units	2,258,138	-	2,258,138
Accrued liabilities	55,624	-	55,624
Due to Other Governmental Units	203,089	-	203,089
Unearned Revenue	-	70,000	70,000
Total Liabilities	<u>\$ 2,878,646</u>	<u>\$ 274,240</u>	<u>\$ 3,152,886</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 10,488,096	\$ -	\$ 10,488,096
Unavailable Revenue - Loans	233,613	-	233,613
Total Deferred Inflows of Resources	<u>\$ 10,721,709</u>	<u>\$ -</u>	<u>\$ 10,721,709</u>
FUND BALANCE			
Nonspendable	\$ 500,000	\$ -	\$ 500,000
Restricted	109,612	717,696	827,308
Committed	-	78,292	78,292
Assigned	3,225,536	-	3,225,536
Unassigned	10,647,656	-	10,647,656
Total Fund Balances	<u>\$ 14,482,804</u>	<u>\$ 795,988</u>	<u>\$ 15,278,792</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,083,159</u>	<u>\$ 1,070,228</u>	<u>\$ 29,153,387</u>

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

County of Pulaski, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	15,278,792
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Land	\$	2,483,711
Building and Improvements		40,136,604
Machinery and Equipment		3,585,586
Construction in Progress		4,697,373
		50,903,274
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable Revenue - Property Taxes	\$	2,432,323
Loans Receivable		233,613
Items Related to Measurement of Net Pension Liability (excludes \$39,216 in Internal Service Fund items related to measurement of net pension liability)		(1,035,489)
		1,630,447
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and deferred outflows and liabilities and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position.		
		2,649,254
Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds (excludes \$42,649 in Internal Service Fund pension contributions subsequent to measurement date).		
		1,057,311
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds (excludes \$154,979 in Internal Service Fund net pension liability).		
General Obligation Bonds	\$	(10,474,967)
Literary Loans		(4,987,173)
Lease Revenue Notes		(9,619,802)
Note Payable		(186,843)
Unamortized Bond Premiums		(389,236)
Landfill Post-Closure Monitoring Costs		(262,032)
Net Pension Liability		(4,092,143)
Net OPEB Obligation		(464,200)
Deferred Charges on Refunding		377,727
Compensated Absences		(957,704)
Accrued Interest Payable		(302,252)
		(31,358,625)
Net Position of Governmental Activities	\$	40,160,453

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

County of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Other Governmental Funds	Total
REVENUES			
General Property Taxes	\$ 25,713,685	\$ -	\$ 25,713,685
Other Local Taxes	7,247,877	-	7,247,877
Permits, Privilege Fees and Regulatory Licenses	128,556	-	128,556
Fines and Forfeitures	30,051	-	30,051
Revenue from Use of Money and Property	306,714	226	306,940
Charges for Services	563,552	-	563,552
Miscellaneous	113,692	15,942	129,634
Recovered Costs	856,917	-	856,917
Intergovernmental	15,337,049	620,453	15,957,502
Total Revenues	\$ 50,298,093	\$ 636,621	\$ 50,934,714
EXPENDITURES			
Current:			
General Government Administration	\$ 2,414,784	\$ 241,377	\$ 2,656,161
Judicial Administration	1,936,077	-	1,936,077
Public Safety	8,783,196	689,250	9,472,446
Public Works	1,926,432	472,704	2,399,136
Health and Welfare	10,962,428	639,449	11,601,877
Education	13,555,288	487,805	14,043,093
Parks, Recreation and Cultural	1,457,510	113,758	1,571,268
Community Development	2,317,420	128,483	2,445,903
Non-Departmental	11,203	-	11,203
Capital Projects	-	2,386,637	2,386,637
Debt Service:			
Principal Retirement	7,095,430	-	7,095,430
Interest and Other Fiscal Charges	873,626	-	873,626
Total Expenditures	\$ 51,333,394	\$ 5,159,463	\$ 56,492,857
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,035,301)	\$ (4,522,842)	\$ (5,558,143)
Other Financing Sources (Uses)			
Transfers In	\$ 127,487	\$ 2,289,622	\$ 2,417,109
Transfers Out	(3,126,450)	(127,487)	(3,253,937)
Issuance of refunding bonds	5,003,114	3,443,000	8,446,114
Total Other Financing Sources (Uses)	\$ 2,004,151	\$ 5,605,135	\$ 7,609,286
Net Change in Fund Balance	\$ 968,850	\$ 1,082,293	\$ 2,051,143
Fund Balance - Beginning, as restated	13,513,954	(286,305)	13,227,649
Fund Balance - Ending	\$ 14,482,804	\$ 795,988	\$ 15,278,792

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

County of Pulaski, Virginia
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

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

Net changes in fund balance - total governmental funds \$ 2,051,143

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 4,217,542	
Depreciation expenses	<u>(2,226,883)</u>	1,990,659

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

Decrease (Increase) in unavailable revenue - property taxes	\$ 253,094	
Decrease (Increase) in unavailable revenue - loans	233,613	
(Increase) Decrease in deferred inflows of resources related to the measurement of the net pension liability (excludes Internal Service Fund-\$40,081)	<u>1,049,193</u>	1,535,900

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

Debt issued or incurred:		
Literary Loan	\$ (4,987,173)	
Lease Revenue Note	(3,458,941)	
Landfill post-closure monitoring costs	(2,337)	
Principal repayments:		
General obligation bonds	1,069,098	
Lease revenue notes	5,966,375	
Note payable	<u>59,957</u>	(1,353,021)

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

(Increase) Decrease in compensated absences	\$ 2,656	
(Increase) Decrease in net OPEB obligation	(61,100)	
(Increase) Decrease in accrued interest payable	12,277	
Decrease (Increase) in net pension liability [excludes Internal Service Fund-(\$16,583)]	(437,862)	
Increase (Decrease) in pension contributions subsequent to measurement date (excludes Internal Service Fund-\$22,166)	59,271	
Increase (Decrease) in deferred charge on refunding	(34,337)	
Amortization of bond premiums	<u>41,288</u>	(417,807)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

682,714

Change in net position of governmental activities	\$	<u><u>4,489,588</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Pulaski, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2016

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,334,881	\$ -
Investments		
Receivables (Net of Allowance for Uncollectibles):		
Accounts Receivable	-	53,737
Due from Other Funds	-	39,326
Total Assets	<u>\$ 3,334,881</u>	<u>\$ 93,063</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Contributions Subsequent to Measurement Date	<u>\$ -</u>	<u>\$ 42,649</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 561,578	\$ 65,566
Net Pension Liability	-	154,979
Total Liabilities	<u>\$ 561,578</u>	<u>\$ 220,545</u>
DEFERRED INFLOWS OF RESOURCES		
Items Related to Measurement of Net Pension Liability	<u>\$ -</u>	<u>\$ 39,216</u>
NET POSITION		
Unrestricted	<u>\$ 2,773,303</u>	<u>\$ (124,049)</u>
Total Net Position	<u><u>\$ 2,773,303</u></u>	<u><u>\$ (124,049)</u></u>

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

County of Pulaski, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
OPERATING REVENUES		
Charges for Services:		
Information Technology Charges	\$ -	\$ 234,334
Garage Charges	-	873,125
Communication Charges	-	121,589
Other Revenues:		
Miscellaneous	-	23,534
Insurance Premiums	7,902,943	-
Total Operating Revenues	<u>\$ 7,902,943</u>	<u>\$ 1,252,582</u>
OPERATING EXPENSES		
Information Technology	\$ -	\$ 607,678
Central Garage	-	1,316,373
Communications	-	128,177
Insurance Claims and Expenses	7,257,411	-
Total Operating Expenses	<u>\$ 7,257,411</u>	<u>\$ 2,052,228</u>
Operating Income (Loss)	<u>\$ 645,532</u>	<u>\$ (799,646)</u>
Transfer In	<u>\$ -</u>	<u>\$ 836,828</u>
Change in Net Position	\$ 645,532	\$ 37,182
Net Position - Beginning	2,127,771	(161,231)
Net Position - Ending	<u><u>\$ 2,773,303</u></u>	<u><u>\$ (124,049)</u></u>

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

County of Pulaski, Virginia
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges to County Department and other organizations	\$ -	\$ 1,218,369
Other receipts (payments)	-	23,534
Payments to suppliers for goods and services	-	(1,471,991)
Payments to employees for services	-	(606,740)
Receipts for insurance premiums	7,902,943	-
Payments for insurance premiums	(7,166,132)	-
Total cash provided by (used for) operating activities	\$ 736,811	\$ (836,828)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ -	\$ 836,828
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 736,811	\$ -
Cash and Cash Equivalents - Beginning	\$ 2,598,070	\$ -
Cash and Cash Equivalents - Ending	\$ 3,334,881	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 645,532	\$ (799,646)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Increase (Decrease) in Accounts Payable	\$ 91,279	\$ 25,001
Increase (Decrease) in Net Pension Liability	-	16,583
Increase (Decrease) in Deferred Inflows of Resources	-	(40,081)
(Increase) Decrease in Deferred Outflows of Resources	-	(22,166)
(Increase) Decrease in Accounts Receivable	-	(53,737)
(Increase) Decrease in Due from Other Funds	-	43,058
Increase (Decrease) in Reconciled Overdraft	-	(5,840)
Total Adjustments	\$ 91,279	\$ (37,182)
Net Cash Provided By (Used For) Operating Activities	\$ 736,811	\$ (836,828)
The notes to the financial statements are an integral part of this statement.	-	-

County of Pulaski, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 151,127</u>
 LIABILITIES	
Current Liabilities:	
Amounts Held for Others:	
Social Services Clients	\$ 13,184
Contractors	53,313
County Employees	<u>84,630</u>
Total amounts held for others	<u>\$ 151,127</u>
Total Liabilities	<u>\$ 151,127</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

June 30, 2016

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

County of Pulaski, Virginia is a political subdivision governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities, for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations.

Blended Component Units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. The component units are reported in a separate column to emphasize that they are legally separate from the County.

The Pulaski County School Board operates the elementary and secondary schools in the County. School Board members are elected by popular vote. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue a separate report.

The Pulaski County Public Service Authority provides water, sewer, and garbage service to County residents. The Public Service Authority is fiscally dependent upon the County because the County has issued several bonds payable by the Authority. In addition, the County Board of Supervisors appoints the Board of Directors. A copy of the Public Service Authority's report can be obtained from the Public Service Authority.

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

A. Financial Reporting Entity: (continued)

The Pulaski County Industrial Development Authority encourages and provides financing for industrial development in the County. The Authority is fiscally dependent upon the County. In addition, the Authority's Board is appointed by the County Board of Supervisors. A copy of the Industrial Development Authority's report can be obtained from the Industrial Development Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations do not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

B. Government-wide and Fund Financial Statements: (continued)

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

Budgetary comparison schedules demonstrate compliance with the adopted budget. It is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

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

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

The County reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Virginia Public Assistance, Prepaid Taxes, Comprehensive Services Act funds, and Debt Service funds for both the County and School Board.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

The County reports the following nonmajor governmental funds:

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

The School CIP fund is reported as one of the County's nonmajor *capital projects fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to be used for the acquisition and construction of major school capital projects.

The County CIP fund is reported as another of the County's nonmajor *capital projects fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to be used for the acquisition and construction of major County capital projects as well as acquisitions of other types of capital assets.

Additionally, the County reports the following fund types:

Internal service funds (Proprietary funds) account for and report the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds consist of the Information Technology, Garage, and Communications Service Fund and the Health Insurance Premiums Fund.

Fiduciary funds (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare, Performance Bond, and Employee Flexible Benefit Funds are reported as agency funds.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Pulaski County School Board reports the following major fund:

The School Operating Fund accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from County of Pulaski, Virginia and state and federal grants.

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

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

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

3. Receivables and Payables (continued)

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1 of the following year if they remain unpaid. Real estate taxes are payable on June 5th and December 5th. Personal property taxes are due and collectible annually on October 15th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$714,440 at June 30, 2016 and is comprised solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

6. Use of Estimates

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

7. Prepaid Items

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

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

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

8. Capital Assets

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

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

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

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

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

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

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and the change in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

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

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

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

11. Pensions

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

12. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

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

12. Fund Balance

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

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

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

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

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

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

The County's highest decision making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

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

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

14. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Note 2- Stewardship, Compliance, and Accountability:

A. Budgetary Information:

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

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

A. Budgetary Information: (continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the functional level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's subcategories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and the General Capital Projects Fund. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a modified accrual basis.
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

B. Excess of Expenditures Over Appropriations:

Parks, Recreation and Cultural and Community Development had expenditures in excess of appropriated amounts in the General Fund during fiscal year 2016.

C. Deficit Fund Balance:

At June 30, 2016, there were no funds that had a deficit fund balance.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 3- Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank of Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Interest Rate Risk:

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
LGIP	\$ 108,123	\$ 108,123
SNAP	53,583	53,583
Total	<u>\$ 161,706</u>	<u>\$ 161,706</u>

Custodial Credit Risk (Investments):

The County’s rated debt investments as of June 30, 2016 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Ratings
	Aaam
LGIP	\$ 108,123
SNAP	53,583
Total	<u>\$ 161,706</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 3- Deposits and Investments: (continued)

External Investment Pools:

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

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Note 4- Due From Other Governmental Units:

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

	Primary Government	Component Unit- School Board
Local governments		
Town of Dublin	\$ 48,896	\$ -
Pulaski County IDA	74,877	-
Commonwealth of Virginia:		
State sales tax	565,146	828,816
Communication sales tax	130,196	-
Other taxes	24,813	-
Categorical aid-shared expenses	271,805	-
Categorical aid-other	30,243	-
Categorical aid-VPA funds	141,203	-
Categorical aid-CSA funds	472,173	-
Federal Government:		
Categorical aid-VPA funds	229,845	-
Categorical aid-other	518,276	679,707
Totals	2,507,473	1,508,523

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 5- Interfund Balances and Transfers:

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
Primary Government:		
General Fund	\$ 2,479,028	\$ 135,345
County CIP Fund	-	68,380
School CIP Fund	-	113,184
Information Technology, Garage, and Communication Service Fund	-	39,326
Component Units:		
School Fund	-	2,258,138
Industrial Development Authority	135,345	-
Total	<u>\$ 2,614,373</u>	<u>\$ 2,614,373</u>
	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government:		
General Fund	\$ 127,487	\$ 3,126,450
County CIP Fund	2,289,622	-
School CIP Fund	-	127,487
Information Technology, Garage, and Communication Service Fund	836,828	-
Total	<u>\$ 3,253,937</u>	<u>\$ 3,253,937</u>

Details of advances to component unit amounts are as follows:

Pulaski County Industrial Development Authority:

During fiscal year 1990-91, \$500,000 was advanced to the Authority for construction of a building for Renfro, Inc. This advance was made with no repayment terms.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 6- Long-Term Obligations:

Primary Government- Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2016.

	<u>Balance July 1, 2015</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2016</u>
General obligation bonds	\$ 11,544,065	\$ -	\$ (1,069,098)	\$ 10,474,967
Literary loans	-	4,987,173	-	4,987,173
Lease revenue notes	12,127,236	3,458,941	(5,966,375)	9,619,802
Note payable	246,800	-	(59,957)	186,843
Unamortized bond premiums	430,524	-	(41,288)	389,236
Landfill post-closure monitoring costs	259,695	2,337	-	262,032
Net OPEB obligation	403,100	89,800	(28,700)	464,200
Net pension liability	3,792,677	3,706,562	(3,252,117)	4,247,122
Compensated absences	960,360	717,614	(720,270)	957,704
Total	\$ 29,764,457	\$ 12,962,427	\$ (11,137,805)	\$ 31,589,079

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Notes		Literary Loans		Note payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,082,882	394,752	\$ 881,105	\$ 316,113	\$ 408,809	\$ 99,743	\$ 61,105	\$ 3,116
2018	1,101,761	350,728	899,178	290,014	419,585	91,567	62,273	1,947
2019	1,115,737	306,194	912,549	263,188	425,914	83,176	63,465	755
2020	1,125,049	261,723	930,964	235,633	436,378	74,657	-	-
2021	959,538	220,082	944,553	207,346	446,410	65,930	-	-
2022-2026	3,145,000	621,718	3,207,415	676,938	2,350,970	192,871	-	-
2027-2030	1,945,000	159,176	1,844,038	102,144	499,107	9,982	-	-
Totals	\$ 10,474,967	\$ 2,314,373	\$ 9,619,802	\$ 2,091,376	\$ 4,987,173	\$ 617,926	\$ 186,843	\$ 5,818

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 6- Long-Term Obligations: (continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 214,146	\$ 41,204
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	3,815,000	545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	5,745,000	325,000
GO bond	1.81%	4/16/2014	2020	1,035,536	700,821	171,678
Subtotal GO bonds					\$ 10,474,967	\$ 1,082,882
Unamortized bond premium	n/a	11/7/2002	2023	436,841	152,895	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	27,091	2,007
Total general obligation bonds					\$ 10,654,953	\$ 1,106,731
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 3,985,000	\$ 220,000
Lease revenue note	2.47-3.25%	12/6/2013	2027	321,054	293,900	23,542
Lease revenue note	2.37%	6/15/2016	2028	3,443,000	3,443,000	251,000
School lease revenue note	2.05%	12/6/2013	2021	2,680,534	1,897,902	386,563
Subtotal lease revenue notes					\$ 9,619,802	\$ 881,105
Unamortized bond premium	n/a	5/15/2008	2029	348,754	209,250	17,438
Total lease revenue notes					\$ 9,829,052	\$ 898,543
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 4,987,173	\$ 408,809
Total literary loans					\$ 4,987,173	\$ 408,809
Note Payable						
Note Payable	1.900%	4/30/2012	2019	\$ 420,000	\$ 186,843	\$ 61,105
Total Notes Payable					\$ 186,843	\$ 61,105
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 262,032	\$ -
Net OPEB obligation	n/a	n/a	n/a	n/a	464,200	-
Net pension liability	n/a	n/a	n/a	n/a	4,247,122	-
Compensated absences	n/a	n/a	n/a	n/a	957,704	718,278
Total other obligations					\$ 5,931,058	\$ 718,278
Totals					\$ 31,589,079	\$ 3,193,466

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 7- Long-Term Obligations- Component Unit School Board:

Discretely Presented Component Unit- School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2016.

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Net OPEB obligation	\$ 1,034,500	\$ 249,700	(119,100)	\$ 1,165,100
Net pension liability	36,919,465	9,238,120	(9,218,312)	36,939,273
Compensated absences	1,444,861	1,188,793	(1,083,646)	1,550,008
 Total	 <u>\$ 39,398,826</u>	 <u>\$ 10,676,613</u>	 <u>\$ (10,421,058)</u>	 <u>\$ 39,654,381</u>

Details of Long-Term Indebtedness:

	<u>Interest</u> <u>Rates</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Issue</u>	<u>Governmental</u> <u>Activites</u>	<u>Due Within</u> <u>One Year</u>
Other obligations:						
Net OPEB obligation	n/a	n/a	n/a	n/a	\$ 1,165,100	\$ -
Net pension liability	n/a	n/a	n/a	n/a	36,939,273	-
Compensated absences	n/a	n/a	n/a	n/a	1,550,008	1,162,506
 Total other obligations					 <u>\$ 39,654,381</u>	 <u>\$ 1,162,506</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County, the Component Unit - Pulaski County Public Service Authority (“PSA”), and (nonprofessional) employees of the public school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan.

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

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

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
 June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
 June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Plan Description (continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Contributions

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

The County of Pulaski and the PSA's contractually required contribution rate for the year ended June 30, 2016 was 12.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$1,099,960 and \$1,018,523 for the County and \$169,248 and \$166,881 for the PSA for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

At June 30, 2016, the County and PSA reported liabilities of \$4,247,122 and \$688,791 for their proportionate shares of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. In order to allocate the net pension liability to all employers included in the plan, the County and PSA are required to determine their proportionate shares of the net pension liability. Creditable compensation as of June 30, 2015 and 2014 was used as a basis for allocation to determine the County and PSA's proportionate shares of the net pension liability. At June 30, 2015 and 2014, the County's proportion was 81.3919%. At June 30, 2015 and 2014, the PSA's proportion was 13.2000%.

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County of Pulaski and PSA's Retirement Plan and the Pulaski County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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

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

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

Largest 10 - Non-LEOS:

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

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

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

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees (continued)

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

Largest 10 - Non-LEOS:

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

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Discount Rate

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

Sensitivity of the County and PSA’s Proportionate Shares of the Net Pension Liability to Changes in the Discount Rate

The following presents the County and PSA’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the County and PSA’s proportionate shares of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 9,422,773	\$ 4,247,122	\$ (68,110)
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,528,169	\$ 688,791	\$ (11,046)

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

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

For the year ended June 30, 2016, the County and PSA recognized pension expenses of \$376,935 and \$60,160, respectively. At June 30, 2016, the County and PSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Pulaski County PSA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 125,881	\$ -	\$ 20,415
Net difference between projected and actual earnings on pension plan investments	-	948,824	-	160,730
Employer contributions subsequent to the measurement date	<u>1,099,960</u>	<u>-</u>	<u>169,248</u>	<u>-</u>
Total	<u>\$ 1,099,960</u>	<u>\$ 1,074,705</u>	<u>\$ 169,248</u>	<u>\$ 181,145</u>

\$1,074,705 and \$169,248 reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. 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:

Year ended June 30	Primary Government	Component Unit Pulaski County PSA
2017	\$ (422,391)	\$ (70,787)
2018	(422,391)	(70,787)
2019	(400,175)	(67,182)
2020	<u>170,252</u>	<u>27,611</u>
Total	<u>\$ (1,074,705)</u>	<u>\$ (181,145)</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional)

Plan Description

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

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	73
Inactive members:	
Vested inactive members	14
Non-vested inactive members	57
Inactive members active elsewhere in VRS	<u>14</u>
Total inactive members	85
Active members	<u>114</u>
Total covered employees	<u><u>272</u></u>

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 9.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (continued)

Contributions (continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$205,179 and \$218,739 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 9,987,824	\$ 9,345,359	\$ 642,465
Changes for the year:			
Service cost	\$ 265,386	\$ -	\$ 265,386
Interest	680,732	-	680,732
Differences between expected and actual experience	(89,812)	-	(89,812)
Contributions - employer	-	218,738	(218,738)
Contributions - employee	-	121,343	(121,343)
Net investment income	-	424,421	(424,421)
Benefit payments, including refunds of employee contributions	(526,169)	(526,169)	-
Administrative expenses	-	(5,914)	5,914
Other changes	-	(90)	90
Net changes	\$ 330,137	\$ 232,329	\$ 97,808
Balances at June 30, 2015	\$ 10,317,961	\$ 9,577,688	\$ 740,273

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (continued)

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

The following presents the net pension liability of the Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 2,021,600	\$ 740,273	\$ (331,731)

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

For the year ended June 30, 2016, the Component Unit School Board (nonprofessional) recognized pension expense of \$56,332. At June 30, 2016, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 60,652
Net difference between projected and actual earnings on pension plan investments	-	248,900
Employer contributions subsequent to the measurement date	205,179	-
Total	<u>\$ 205,179</u>	<u>\$ 309,552</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (continued)

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

\$205,179 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>School Board (nonprofessional)</u>
2017	\$ (126,995)
2018	(126,995)
2019	(100,169)
2020	<u>44,607</u>
Total	<u>\$ (309,552)</u>

Component Unit School Board (professional)

Plan Description

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

Contributions

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$3,012,959 and \$3,092,245 for the years ended June 30, 2016 and June 30, 2015, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

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

At June 30, 2016, the school division reported a liability of \$36,199,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.28761% as compared to 0.30019% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$2,162,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 498,000
Net difference between projected and actual earnings on pension plan investments	-	2,217,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,003,000
Employer contributions subsequent to the measurement date	3,012,959	-
Total	<u>\$ 3,012,959</u>	<u>\$ 4,718,000</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

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

\$3,012,959 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>School Board (professional)</u>
2017	\$ (1,471,000)
2018	(1,471,000)
2019	(1,471,000)
2020	(102,000)
Thereafter	<u>(203,000)</u>
Total	<u>\$ (4,718,000)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (continued)

Mortality rates:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 52,975,000	\$ 36,199,000	\$ 22,390,000

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9- Other Postemployment Benefits - Health Insurance:

A. Plan Description

The Pulaski Post-Retirement Medical Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the County. The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and employee contributions, are governed by the County and can be amended through County action. The Plan does not issue a publicly available financial report.

B. Funding Policy

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

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2016, the County and School Board contributed (implicit subsidy) \$28,700 and \$119,100, respectively, for current costs of the Plan.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

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

B. Funding Policy (continued)

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

	County			School Board		
	POS	PPO	Dental	POS	PPO	Dental
Employee Only	\$ 581	\$ 767	\$ 22	\$ 583	\$ 801	\$ 22
Employee and Spouse	1,157	1,680	37	1,191	1,614	37
Employee and Child	1,123	1,534	42	1,136	1,568	42
Family	1,609	22,215	67	1,632	2,249	67

C. Annual OPEB Cost and Net OPEB Obligation

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

	County	School Board	Total
Annual required contribution	\$ 90,500	\$ 251,400	\$ 341,900
Interest on net OPEB obligation	16,100	41,400	57,500
Adjustment to annual required contribution	(16,800)	(43,100)	(59,900)
Annual OPEB cost (expense)	89,800	249,700	339,500
Contributions made (implicit subsidy)	(28,700)	(119,100)	(147,800)
Increase in net OPEB obligation	61,100	130,600	191,700
Net OPEB obligation - beginning of year	403,100	1,034,500	1,437,600
Net OPEB obligation - end of year	\$ 464,200	\$ 1,165,100	\$ 1,629,300

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

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

C. Annual OPEB Cost and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2016	\$ 89,800	32%	\$ 464,200
6/30/2015	84,100	26%	403,100
6/30/2014	78,600	43%	341,200
School Board:			
6/30/2016	249,700	48%	1,165,100
6/30/2015	241,100	46%	1,034,500
6/30/2014	324,000	69%	903,600

D. Funded Status and Funding Progress

The funded status of the Plan (County and School Board combined) as of July 1, 2014, the most recent actuarial valuation date, was as follows:

	County	School Board	Total
Actuarial accrued liability (AAL)	\$ 1,008,800	\$ 2,694,800	\$ 3,703,600
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,008,800	\$ 2,694,800	\$ 3,703,600
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 8,554,101	\$ 22,850,508	\$ 31,404,609
UAAL as a percentage of covered payroll	11.79%	11.79%	11.79%

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

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2014, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 8 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5.0 percent is reached. Dental costs are assumed to increase 8 percent initially, decreasing by 0.5 percent yearly until and ultimate rate of 4.5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2014, was 30 years.

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

County:

A. Plan Description

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

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

County: (continued)

A. Plan Description (continued)

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate was 0.23% of covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2016, the County's contribution of \$11,355 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years is as follows:

Fiscal Year Ending	Annual OPEB Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation
County:			
June 30, 2014	\$ 10,252	100%	-
June 30, 2015	9,841	100%	-
June 30, 2016	11,355	100%	-

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

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

County: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

	County
Actuarial accrued liability (AAL)	\$ 231,660
Actuarial value of plan assets	\$ 147,303
Unfunded actuarial accrued liability (UAAL)	\$ 84,357
Funded ratio (actuarial value of plan assets/AAL)	63.59%
Covered payroll (active plan members)	\$ 4,852,430
UAAL as a percentage of covered payroll	1.74%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at July 1, 2015 was 19-28 years.

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

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, 2015, and 2014 were \$227,151, \$226,548, and \$244,147, respectively and equaled the required contributions.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 11- Capital Assets:

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,483,711	\$ -	\$ -	\$ 2,483,711
Construction in progress	3,482,436	3,117,284	(1,902,347)	4,697,373
Total capital assets not being depreciated	<u>\$ 5,966,147</u>	<u>\$ 3,117,284</u>	<u>\$ (1,902,347)</u>	<u>\$ 7,181,084</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 55,191,362	\$ 1,864,675	\$ -	\$ 57,056,037
Machinery and equipment	13,639,429	1,137,930	(405,437)	14,371,922
Total capital assets, being depreciated	<u>\$ 68,830,791</u>	<u>\$ 3,002,605</u>	<u>\$ (405,437)</u>	<u>\$ 71,427,959</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,133,753)	\$ (785,680)	\$ -	\$ (16,919,433)
Machinery and equipment	(9,750,570)	(1,441,203)	405,437	(10,786,336)
Total accumulated depreciation	<u>\$ (25,884,323)</u>	<u>\$ (2,226,883)</u>	<u>\$ 405,437</u>	<u>\$ (27,705,769)</u>
Total capital assets being depreciated, net	<u>\$ 42,946,468</u>	<u>\$ 775,722</u>	<u>\$ -</u>	<u>\$ 43,722,190</u>
Governmental activities capital assets, net	<u><u>\$ 48,912,615</u></u>	<u><u>\$ 3,893,006</u></u>	<u><u>\$ (1,902,347)</u></u>	<u><u>\$ 50,903,274</u></u>

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

Governmental activities:	
General government administration	\$ 85,716
Judicial administration	1,299
Public safety	783,841
Public works	203,156
Health and welfare	13,611
Education	994,423
Parks, recreation and cultural	126,239
Community development	<u>18,598</u>
Total depreciation expense-governmental activities	<u><u>\$ 2,226,883</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
 June 30, 2016

Note 11- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 528,360	\$ -	\$ -	\$ 528,360
Construction in progress	<u>622,936</u>	<u>377,370</u>	<u>(486,551)</u>	<u>513,755</u>
Total capital assets not being depreciated	<u>\$ 1,151,296</u>	<u>\$ 377,370</u>	<u>\$ (486,551)</u>	<u>\$ 1,042,115</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,887,342	\$ 1,058,979	\$ (117,784)	\$ 20,828,537
Machinery and equipment	<u>8,623,880</u>	<u>774,883</u>	<u>(125,858)</u>	<u>9,272,905</u>
Total capital assets being depreciated	<u>\$ 28,511,222</u>	<u>\$ 1,833,862</u>	<u>\$ (243,642)</u>	<u>\$ 30,101,442</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,746,640)	\$ (317,395)	\$ 117,784	\$ (15,946,251)
Machinery and equipment	<u>(6,034,758)</u>	<u>(571,010)</u>	<u>125,858</u>	<u>(6,479,910)</u>
Total accumulated depreciation	<u>\$ (21,781,398)</u>	<u>\$ (888,405)</u>	<u>\$ 243,642</u>	<u>\$ (22,426,161)</u>
Total capital assets being depreciated, net	<u>\$ 6,729,824</u>	<u>\$ 945,457</u>	<u>\$ -</u>	<u>\$ 7,675,281</u>
School Board capital assets, net	<u>\$ 7,881,120</u>	<u>\$ 1,322,827</u>	<u>\$ (486,551)</u>	<u>\$ 8,717,396</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12- Risk Management:

The County and its component unit- School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit- School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Association of Counties (VACO). Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit- School Board pay the VACO contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit- School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 13- Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 14- Surety Bonds:

Primary Government:

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

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

<u>United States Fidelity and Guaranty</u>	
Peter M. Huber, County Administrator	\$ 2,000

Component Unit - School Board:

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

Note 15- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2016, the total post-closure care liability (which represents the 3 years remaining) was \$262,032 representing what it would cost to perform all post-closure care in fiscal year 2016. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County demonstrated financial assurance requirements for closure, post-closure care through the submission of a Local Government Financial Test to the Virginia Department of environmental Quality in accordance with section 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
 June 30, 2016

Note 16- Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$10,721,709 is comprised of the following:

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
unearned revenue representing uncollected loans receivable not available for funding current expenditures	\$ -	\$ 233,613
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	2,432,323
2nd half assessments due in December 2016	7,877,054	7,877,054
Prepaid property taxes due in December 2016 but paid in advance by taxpayers	178,719	178,719
	<u>\$ 8,055,773</u>	<u>\$ 10,488,096</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
 June 30, 2016

Note 17- Fund Balance Classifications:

	General Fund	Tornado Relief Fund	Highway Maintenance Fund	School CIP Fund	County CIP Fund
Nonspendable:					
Advances to Component Units	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Restricted:					
Commonwealth Attorney Seized Assets, State & Federal	\$ 24,774	\$ -	\$ -	\$ -	\$ -
Sheriff Seized Assets	8,893	-	-	-	-
Community Corrections Admin Fees	75,945	-	-	-	-
School Construction	-	-	-	452,837	-
County Construction	-	-	-	-	264,859
Total Restricted	\$ 109,612	\$ -	\$ -	\$ 452,837	\$ 264,859
Committed:					
Tornado cleanup and assistance	\$ -	\$ 16,645	\$ -	\$ -	\$ -
NRCC Entrance	-	-	61,647	-	-
Total Committed	\$ -	\$ 16,645	\$ 61,647	\$ -	\$ -
Assigned:					
Outstanding Encumbrances					
06/30/16 - Various Departments	\$ 469,383	\$ -	\$ -	\$ -	\$ -
E-911 GIS Mapping Equipment	29,090	-	-	-	-
Court Services Unit CE Richardson Grant	1,074	-	-	-	-
Sheriff Equipment	29,304	-	-	-	-
Fire Department Equipment	17,851	-	-	-	-
Emergency Management Equipment	3,313	-	-	-	-
Office on Youth Kids Fishing Day	4,946	-	-	-	-
Visitor Center Tourism Grant	19,032	-	-	-	-
Transfer to County CIP Fund	2,571,343	-	-	-	-
Transfer to Internal Service Fund	80,200	-	-	-	-
Total Assigned	\$ 3,225,536	\$ -	\$ -	\$ -	\$ -
Unassigned:					
10% (Original FY 2017 Budget) Reserve Fund	\$ 9,059,145	\$ -	\$ -	\$ -	\$ -
Unassigned	1,588,511	-	-	-	-
Total Unassigned	\$ 10,647,656	\$ -	\$ -	\$ -	\$ -
Total Fund Balance	\$ 14,482,804	\$ 16,645	\$ 61,647	\$ 452,837	\$ 264,859

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 18 - Restatement of Beginning Fund Balance/Net Position:

	<u>General Fund</u>	<u>Tornado Relief Fund</u>
Ending fund balance, as previously reported	\$ 13,289,151	\$ 59,518
To remove duplication of investment amounts	(108,124)	-
To increase prior year CSA accrual	290,054	-
To correct interfund balances	42,873	(42,873)
Ending fund balance, as restated	<u>\$ 13,513,954</u>	<u>\$ 16,645</u>
	<u>Governmental Activities</u>	
Ending net position, as previously reported	\$ 35,488,935	
Adjustments noted above	181,930	
Ending net position, as restated	<u>\$ 35,670,865</u>	

Note 19 - Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 3.

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Note 19 - Adoption of Accounting Principles: (continued)

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

Note 20 - Upcoming Pronouncements:

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

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

Note 20 - Upcoming Pronouncements: (continued)

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

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

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

Required Supplementary Information

County of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
General Property Taxes	\$ 24,945,000	\$ 25,018,730	\$ 25,713,685	\$ 694,955
Other Local Taxes	7,208,500	7,309,500	7,247,877	(61,623)
Permits, Privilege Fees and Regulatory Licenses	155,700	156,600	128,556	(28,044)
Fines and Forfeitures	101,700	41,514	30,051	(11,463)
Revenue from Use of Money and Property	385,100	414,000	306,714	(107,286)
Charges for Services	466,970	512,379	563,552	51,173
Miscellaneous	88,952	120,101	113,692	(6,409)
Recovered Costs	1,468,566	1,606,004	856,917	(749,087)
Intergovernmental:				
Commonwealth	12,384,424	12,568,639	11,088,902	(1,479,737)
Federal Government	4,307,667	5,606,732	4,248,147	(1,358,585)
Total Revenues	\$ 51,512,579	\$ 53,354,199	\$ 50,298,093	\$ (3,056,106)
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,246,917	\$ 2,439,523	\$ 2,414,784	\$ 24,739
Judicial Administration	1,853,774	2,274,597	1,936,077	338,520
Public Safety	9,237,744	9,735,428	8,783,196	952,232
Public Works	1,906,335	2,051,844	1,926,432	125,412
Health and Welfare	13,123,691	13,460,553	10,962,428	2,498,125
Education	13,974,772	14,156,246	13,555,288	600,958
Parks, Recreation and Cultural	1,326,105	1,418,240	1,457,510	(39,270)
Community Development	1,259,629	2,187,653	2,317,420	(129,767)
Non-Departmental	522,474	61,565	11,203	50,362
Debt Service:				
Principal Retirement	3,278,169	3,278,169	7,095,430	(3,817,261)
Interest and Other Fiscal Charges	403,625	403,625	873,626	(470,001)
Total Expenditures	\$ 49,133,235	\$ 51,467,443	\$ 51,333,394	\$ 134,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,379,344	\$ 1,886,756	\$ (1,035,301)	\$ (2,922,057)
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 127,487	\$ 127,487
Transfers Out	(2,379,344)	(5,623,555)	(3,126,450)	2,497,105
Issuance of Refunding Bonds	-	-	5,003,114	5,003,114
Total Other Financing Sources (Uses)	\$ (2,379,344)	\$ (5,623,555)	\$ 2,004,151	\$ 7,627,706
Net Change in Fund Balance	\$ -	\$ (3,736,799)	\$ 968,850	\$ 4,705,649
Fund Balance - Beginning, as restated	-	3,736,799	13,513,954	9,777,155
Fund Balance - Ending	\$ -	\$ -	\$ 14,482,804	\$ 14,482,804

County of Pulaski, Virginia
Schedule of OPEB Funding
For the Fiscal Year Ended June 30, 2016

Primary Government: Post-Retirement Medical Plan

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
July 1, 2014	\$ -	\$ 1,008,800	\$ 1,008,800	0.00%	\$ 8,554,101	11.79%
July 1, 2012	-	944,000	944,000	0.00%	7,018,201	13.45%
July 1, 2010	-	1,557,770	1,557,770	0.00%	8,082,191	19.27%

School Board: Post-Retirement Medical Plan

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
July 1, 2014	\$ -	\$ 2,694,800	\$ 2,694,800	0.00%	\$ 22,850,508	11.79%
July 1, 2012	-	3,900,000	3,900,000	0.00%	29,736,727	13.12%
July 1, 2010	-	4,338,412	4,338,412	0.00%	22,509,012	19.27%

Primary Government: Virginia Retirement System - Health Insurance Credit

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
June 30, 2015	\$ 147,303	\$ 231,660	\$ 84,357	63.59%	\$ 4,852,430	1.74%
June 30, 2014	146,600	224,000	77,400	65.45%	4,537,070	1.71%
June 30, 2013	137,189	224,512	87,323	61.11%	4,327,776	2.02%

County of Pulaski, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability
 June 30, 2016

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County of Retirement Plan					
2015	81.3919%	\$ 4,247,122	\$ 8,486,988	50.04%	89.62%
2014	81.2400%	3,792,677	8,225,333	46.11%	90.36%
Component Unit Public Service Authority					
2015	13.2000%	\$ 688,791	\$ 1,380,323	49.90%	89.62%
2014	13.2000%	615,090	1,341,630	45.85%	90.36%
Component Unit School Board (professional)					
2015	0.2876%	\$ 36,199,000	\$ 21,994,717	164.58%	70.68%
2014	0.3002%	36,277,000	21,994,717	164.94%	70.88%

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

County of Pulaski, Virginia
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 265,386	\$ 259,384
Interest	680,732	653,059
Differences between expected and actual experience	(89,812)	-
Benefit payments, including refunds of employee contributions	(526,169)	(508,058)
Net change in total pension liability	\$ 330,137	\$ 404,385
Total pension liability - beginning	9,987,824	9,583,439
Total pension liability - ending (a)	\$ 10,317,961	\$ 9,987,824
Plan fiduciary net position		
Contributions - employer	\$ 218,738	\$ 245,465
Contributions - employee	121,343	123,727
Net investment income	424,421	1,281,760
Benefit payments, including refunds of employee contributions	(526,169)	(508,058)
Administrative expense	(5,914)	(6,966)
Other	(90)	68
Net change in plan fiduciary net position	\$ 232,329	\$ 1,135,996
Plan fiduciary net position - beginning	9,345,359	8,209,363
Plan fiduciary net position - ending (b)	\$ 9,577,688	\$ 9,345,359
School Division's net pension liability - ending (a) - (b)	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability	92.83%	93.57%
Covered payroll	\$ 2,434,851	\$ 2,474,506
School Division's net pension liability as a percentage of covered payroll	30.40%	25.96%

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

County of Pulaski, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2016	\$ 1,099,960	\$ 1,099,960	-	\$ 9,046,509	12.16%
2015	1,018,523	1,018,523	-	8,486,988	12.00%
Component Unit Public Service Authority					
2016	\$ 169,248	\$ 169,248	-	\$ 1,399,901	12.09%
2015	166,881	166,881	-	1,380,323	12.09%
Component Unit School Board (nonprofessional)					
2016	\$ 205,179	\$ 205,179	-	\$ 2,279,771	9.00%
2015	219,137	219,137	-	2,434,851	9.00%
2014	245,471	245,471	-	2,474,506	9.92%
2013	238,765	238,765	-	2,406,908	9.92%
2012	164,102	164,102	-	2,304,799	7.12%
2011	155,834	155,834	-	2,188,681	7.12%
2010	145,637	145,637	-	2,322,755	6.27%
2009	147,617	147,617	-	2,354,337	6.27%
2008	157,695	157,695	-	2,259,237	6.98%
2007	148,533	148,533	-	2,127,980	6.98%
Component Unit School Board (professional)					
2016	\$ 3,012,959	\$ 3,012,959	-	\$ 21,429,302	14.06%
2015	3,092,245	3,092,245	-	21,994,717	14.06%
2014	2,564,584	2,564,584	-	21,994,717	11.66%
2013	2,567,054	2,567,054	-	22,015,901	11.66%
2012	1,342,616	1,342,616	-	21,210,363	6.33%
2011	818,957	818,957	-	20,838,601	3.93%
2010	1,398,761	1,398,761	-	15,876,969	8.81%
2009	1,987,019	1,987,019	-	22,554,132	8.81%
2008	2,290,609	2,290,609	-	22,238,922	10.30%
2007	1,073,705	1,073,705	-	11,670,707	9.20%

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

Schedule is intended to show information for 10 years. Prior to 2015 the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County.

County of Pulaski, Virginia
Notes to Required Supplementary Information
June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Component Unit School Board - Professional Employees

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

Other Supplementary Information

County of Pulaski, Virginia
Nonmajor Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Fund		Capital Projects Funds		Total
	Tornado Relief Fund	Highway Maintenance Fund	School CIP Fund	County CIP Fund	
ASSETS					
Cash and Cash Equivalents	\$ 16,645	\$ 61,647	\$ -	\$ -	\$ 78,292
Cash held by others	-	-	286,070	-	286,070
Investments	-	-	53,583	-	53,583
Due from Other Funds	-	-	113,184	68,380	181,564
Due from Other Governmental Units	-	-	-	470,719	470,719
Total Assets	<u>\$ 16,645</u>	<u>\$ 61,647</u>	<u>\$ 452,837</u>	<u>\$ 539,099</u>	<u>\$ 1,070,228</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	204,240	\$ 204,240
Deferred Revenue	-	-	-	70,000	70,000
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,240</u>	<u>\$ 274,240</u>
Fund Balances:					
Restricted:					
Construction	\$ -	\$ -	452,837	264,859	\$ 717,696
Committed:					
Tornado cleanup and assistance	16,645	-	-	-	16,645
NRCC Entrance	-	61,647	-	-	61,647
Total Fund Balances	<u>\$ 16,645</u>	<u>\$ 61,647</u>	<u>\$ 452,837</u>	<u>\$ 264,859</u>	<u>\$ 795,988</u>
Total Liabilities and Fund Balances	<u>\$ 16,645</u>	<u>\$ 61,647</u>	<u>\$ 452,837</u>	<u>\$ 539,099</u>	<u>\$ 1,070,228</u>

County of Pulaski, Virginia
Nonmajor Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds		Capital Projects Funds		Total
	Tornado Relief Fund	Highway Maintenance	School CIP Fund	County CIP Fund	
REVENUES					
Revenue from Use of Money and Property	\$ -	\$ 27	\$ 199	\$ -	\$ 226
Miscellaneous	-	-	-	15,942	15,942
Intergovernmental:					
Commonwealth	-	-	-	79,495	79,495
Federal Government	-	-	-	540,958	540,958
Total Revenues	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 199</u>	<u>\$ 636,395</u>	<u>\$ 636,621</u>
EXPENDITURES:					
Current:					
General Government Administration	\$ -	\$ -	\$ -	\$ 241,377	\$ 241,377
Public Safety	-	-	-	689,250	689,250
Public Works	-	160,463	-	312,241	472,704
Health and Welfare	-	-	-	639,449	639,449
Education	-	-	-	487,805	487,805
Parks, Recreation and Cultural	-	-	-	113,758	113,758
Community Development	-	-	40,983	87,500	128,483
Capital Projects	-	-	2,386,637	-	2,386,637
Total Expenditures	<u>\$ -</u>	<u>\$ 160,463</u>	<u>\$ 2,427,620</u>	<u>\$ 2,571,380</u>	<u>\$ 5,159,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (160,436)</u>	<u>\$ (2,427,421)</u>	<u>\$ (1,934,985)</u>	<u>\$ (4,522,842)</u>
Other Financing Sources (Uses)					
Transfers In	\$ -	\$ -	\$ -	\$ 2,289,622	\$ 2,289,622
Transfers Out	-	-	(127,487)	-	(127,487)
Issuance of refunding bonds	-	-	3,443,000	-	3,443,000
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,315,513</u>	<u>\$ 2,289,622</u>	<u>\$ 5,605,135</u>
Net Change in Fund Balance	\$ -	\$ (160,436)	\$ 888,092	\$ 354,637	\$ 1,082,293
Fund Balance - Beginning, as restated	16,645	222,083	(435,255)	(89,778)	(286,305)
Fund Balance - Ending	<u>\$ 16,645</u>	<u>\$ 61,647</u>	<u>\$ 452,837</u>	<u>\$ 264,859</u>	<u>\$ 795,988</u>

County of Pulaski, Virginia
 Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2016

	Tornado Relief Fund			Highway Maintenance Fund			Total				
	Budget Amounts		Variance with Final Budget Pos (Neg)	Budget Amounts		Variance with Final Budget Pos (Neg)	Budget Amounts		Variance with Final Budget Pos (Neg)		
	Original	Final	Actual Amounts	Original	Final	Actual Amounts	Original	Final	Actual Amounts		
REVENUES											
Revenue from Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27
EXPENDITURES:											
Current:											
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,621
Health and Welfare	-	16,645	-	-	222,084	-	-	222,084	-	16,645	16,645
	\$ -	\$ 16,645	\$ -	\$ -	\$ 222,084	\$ -	\$ -	\$ 222,084	\$ -	\$ 16,645	\$ 78,266
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (16,645)	\$ -	\$ -	\$ (222,084)	\$ (160,436)	\$ -	\$ (238,729)	\$ (160,436)	\$ -	\$ 78,293
Net Change in Fund Balance	\$ -	\$ (16,645)	\$ -	\$ -	\$ (222,084)	\$ (160,436)	\$ -	\$ (238,729)	\$ (160,436)	\$ -	\$ 78,293
Fund Balance - Beginning, as restated	-	16,645	16,645	-	222,084	222,083	-	238,729	238,728	-	(1)
Fund Balance - Ending	\$ -	\$ -	\$ 16,645	\$ -	\$ -	\$ 61,647	\$ -	\$ -	\$ 78,292	\$ -	\$ 78,292

County of Pulaski, Virginia
 Nonmajor Capital Projects Fund-School CIP Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ -	\$ -	\$ 199	\$ 199
EXPENDITURES				
Current:				
Community Development	\$ -	\$ -	\$ 40,983	\$ (40,983)
Capital Projects	-	3,400,000	2,386,637	1,013,363
Total Expenditures	\$ -	\$ 3,400,000	\$ 2,427,620	\$ 972,380
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (3,400,000)	\$ (2,427,421)	\$ 972,579
Other Financing Sources (Uses)				
Transfers Out	\$ -	\$ -	\$ (127,487)	\$ (127,487)
Issuance of Refunding Bonds	-	3,400,000	3,443,000	43,000
Total Other Financing Sources (Uses)	\$ -	\$ 3,400,000	\$ 3,315,513	\$ (84,487)
Net Change in Fund Balance	\$ -	\$ -	\$ 888,092	\$ 888,092
Fund Balance - Beginning	-	-	(435,255)	(435,255)
Fund Balance - Ending	\$ -	\$ -	\$ 452,837	\$ 452,837

County of Pulaski, Virginia
 Nonmajor Capital Projects Fund-County CIP Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 15,942	\$ 15,942
Intergovernmental:				
Commonwealth	-	441,701	79,495	(362,206)
Federal Government	-	1,479,774	540,958	(938,816)
Total Revenues	<u>\$ -</u>	<u>\$ 1,921,475</u>	<u>\$ 636,395</u>	<u>\$ (1,285,080)</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 531,888	\$ 1,373,230	\$ 241,377	\$ 1,131,853
Public Safety	318,000	2,179,201	689,250	1,489,951
Public Works	3,000	1,225,541	312,241	913,300
Health and Welfare	-	878,037	639,449	238,588
Education	489,250	489,250	487,805	1,445
Parks, Recreation and Cultural	126,000	242,761	113,758	129,003
Community Development	143,500	337,810	87,500	250,310
Total Expenditures	<u>\$ 1,611,638</u>	<u>\$ 6,725,830</u>	<u>\$ 2,571,380</u>	<u>\$ 4,154,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,611,638)</u>	<u>\$ (4,804,355)</u>	<u>\$ (1,934,985)</u>	<u>\$ 2,869,370</u>
Other Financing Sources (Uses) Transfers In	<u>\$ 1,611,638</u>	<u>\$ 4,804,355</u>	<u>\$ 2,289,622</u>	<u>\$ (2,514,733)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 354,637	\$ 354,637
Fund Balance - Beginning	-	-	(89,778)	(89,778)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,859</u>	<u>\$ 264,859</u>

County of Pulaski, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2016

	Agency Funds			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 13,184	\$ 53,313	\$ 84,630	\$ 151,127
Total Assets	<u>\$ 13,184</u>	<u>\$ 53,313</u>	<u>\$ 84,630</u>	<u>\$ 151,127</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 13,184	\$ -	\$ -	\$ 13,184
Performance Bond Fund	-	53,313	-	53,313
Employee Flexible Benefits Fund	-	-	84,630	84,630
Total amounts held for others	<u>\$ 13,184</u>	<u>\$ 53,313</u>	<u>\$ 84,630</u>	<u>\$ 151,127</u>
Total Liabilities	<u>\$ 13,184</u>	<u>\$ 53,313</u>	<u>\$ 84,630</u>	<u>\$ 151,127</u>

County of Pulaski, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 16,813	\$ 53,273	\$ 56,902	\$ 13,184
Performance Bond Fund	53,113	200	-	53,313
Employee Flexible Benefits Fund	82,470	47,464	45,304	84,630
Total cash and cash equivalents	<u>\$ 152,396</u>	<u>\$ 100,937</u>	<u>\$ 102,206</u>	<u>\$ 151,127</u>
Total Assets	<u>\$ 152,396</u>	<u>\$ 100,937</u>	<u>\$ 102,206</u>	<u>\$ 151,127</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 16,813	\$ 53,273	\$ 56,902	\$ 13,184
Performance Bond Fund	53,113	200	-	53,313
Employee Flexible Benefits Fund	82,470	47,464	45,304	84,630
Total amounts held for others	<u>\$ 152,396</u>	<u>\$ 100,937</u>	<u>\$ 102,206</u>	<u>\$ 151,127</u>
Total Liabilities	<u>\$ 152,396</u>	<u>\$ 100,937</u>	<u>\$ 102,206</u>	<u>\$ 151,127</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

MAJOR GOVERNMENTAL FUND

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund of the County. The Cafeteria and Governor's School Funds have been merged for reporting purposes.

County of Pulaski, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2016

		School Operating Fund
ASSETS		
Cash and Cash Equivalents	\$	1,411,011
Prepaid items		249,624
Due from Primary Government		2,258,138
Due from Other Governmental Units		1,508,523
Total Assets	\$	5,427,296
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$	756,130
Accrued Wages		3,636,060
Total Liabilities	\$	4,392,190
Fund Balances		
Nonspendable	\$	249,624
Committed		785,482
Total Fund Balances	\$	1,035,106
Total Liabilities and Fund Balances	\$	5,427,296
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	1,035,106
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	528,360
Building and System		4,882,286
Machinery and Equipment		2,792,995
Construction in Progress		513,755
		8,717,396
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Items related to the measurement of the net pension liability		(5,027,552)
Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		3,218,138
Long-term liabilities, including compensated absences and net OPEB obligation are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	\$	(1,550,008)
Net Pension Liability		(36,939,273)
Net OPEB Obligation		(1,165,100)
		(39,654,381)
Net position of governmental activities - component unit school board	\$	(31,711,293)

County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

		School Operating Fund
REVENUES		
Revenue from Use of Money and Property	\$	12,497
Charges for Services		1,324,322
Miscellaneous		8,422
Recovered Costs		813,694
Intergovernmental:		
Local Government		14,027,497
Commonwealth		25,929,140
Federal Government		4,757,448
Total Revenues	\$	46,873,020
EXPENDITURES:		
Current:		
Education	\$	47,257,445
Total Expenditures	\$	47,257,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	(384,425)
Net Change in Fund Balance	\$	(384,425)
Fund Balance - Beginning		1,419,531
Fund Balance - Ending	\$	1,035,106
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Net change in fund balance - total governmental funds - per above	\$	(384,425)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	\$	1,724,681
Depreciation		(888,405)
		836,276
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
(Increase) Decrease in deferred inflows related to the measurement of the net pension liability	\$	1,666,214
One-time payment to VRS Teacher Plan from Virginia Literary Fund		555,000
		2,221,214
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.		
(Increase) Decrease in compensated absences	\$	(105,147)
(Increase) Decrease in net pension liability		(574,808)
(Increase) Decrease in net OPEB obligation		(130,600)
Increase (Decrease) in deferred outflows related to pension payments subsequent to measurement date		(92,846)
		(903,401)
Change in net position of governmental funds - component unit school board	\$	1,769,664

County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 17,200	\$ 17,200	\$ 12,497	\$ (4,703)
Charges for Services	1,618,372	1,618,372	1,324,322	(294,050)
Miscellaneous	131,250	218,446	8,422	(210,024)
Recovered Costs	776,532	815,713	813,694	(2,019)
Intergovernmental:				
Local Government	13,959,176	14,140,650	14,027,497	(113,153)
Commonwealth	26,011,266	25,523,263	25,929,140	405,877
Federal Government	5,726,766	6,345,690	4,757,448	(1,588,242)
Total Revenues	<u>\$ 48,240,562</u>	<u>\$ 48,679,334</u>	<u>\$ 46,873,020</u>	<u>\$ (1,806,314)</u>
EXPENDITURES:				
Current:				
Education	\$ 48,240,562	\$ 49,056,704	\$ 47,257,445	\$ 1,799,259
Total Expenditures	<u>\$ 48,240,562</u>	<u>\$ 49,056,704</u>	<u>\$ 47,257,445</u>	<u>\$ 1,799,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (377,370)</u>	<u>\$ (384,425)</u>	<u>\$ (7,055)</u>
Other Financing Sources (Uses) Transfers In	<u>\$ -</u>	<u>\$ 377,370</u>	<u>\$ 377,370</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (384,425)</u>	<u>\$ (384,425)</u>
Fund Balance - Beginning	-	-	1,419,531	1,419,531
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035,106</u>	<u>\$ 1,035,106</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 15,460,000	\$ 15,474,000	\$ 15,849,485	\$ 375,485
Real and personal public service corporation taxes	790,000	790,000	931,426	141,426
Personal property taxes	4,720,000	4,779,730	4,969,610	189,880
Mobile home taxes	40,000	40,000	36,683	(3,317)
Machinery and tools taxes	3,500,000	3,500,000	3,372,366	(127,634)
Airplane taxes	25,000	25,000	10,005	(14,995)
Penalties	170,000	170,000	235,644	65,644
Interest	170,000	170,000	231,183	61,183
Collection fees	70,000	70,000	77,283	7,283
Total General Property Taxes	\$ 24,945,000	\$ 25,018,730	\$ 25,713,685	\$ 694,955
Other Local Taxes:				
Local sales and use taxes	\$ 3,300,000	\$ 3,300,000	\$ 3,190,573	\$ (109,427)
Consumers' utility taxes	653,000	653,000	648,190	(4,810)
Business licenses	610,000	704,500	709,493	4,993
E-911 telephone taxes	-	6,500	6,496	(4)
Consumption taxes	105,500	105,500	107,604	2,104
Motor vehicle licenses	550,000	550,000	556,581	6,581
Bank stock taxes	25,000	25,000	8,360	(16,640)
Taxes on recordation and wills	190,000	190,000	168,309	(21,691)
Hotel and motel room taxes	375,000	375,000	377,703	2,703
Restaurant food taxes	1,400,000	1,400,000	1,474,568	74,568
Total Other Local Taxes	\$ 7,208,500	\$ 7,309,500	\$ 7,247,877	\$ (61,623)
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 20,000	\$ 20,900	\$ 25,629	\$ 4,729
Land use application fees	400	400	718	318
Transfer fees	1,000	1,000	1,106	106
Zoning and subdivision permits	7,800	7,800	7,850	50
Erosion and sediment control permits	1,500	1,500	200	(1,300)
Building permits	125,000	125,000	93,053	(31,947)
Total Permits, Privilege Fees and Regulatory Licenses	\$ 155,700	\$ 156,600	\$ 128,556	\$ (28,044)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 97,000	\$ 36,814	\$ 26,199	\$ (10,615)
Interest on local fines	4,700	4,700	3,852	(848)
Total Fines and Forfeitures	\$ 101,700	\$ 41,514	\$ 30,051	\$ (11,463)
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 350,000	\$ 350,000	\$ 249,577	\$ (100,423)
Revenue from use of property	35,100	64,000	57,137	(6,863)
Total Revenue from Use of Money and Property	\$ 385,100	\$ 414,000	\$ 306,714	\$ (107,286)
Charges for Services:				
Charges for clerk copies	\$ 8,300	\$ 9,525	\$ 10,625	\$ 1,100
Charges for courthouse maintenance	20,000	20,000	19,020	(980)
Charges for courthouse security	80,000	80,000	84,159	4,159
Fees of Sheriff	3,500	4,430	4,846	416
Share of seized property	-	2,459	4,050	1,591
Charges for Commonwealth's Attorney	5,000	5,000	6,376	1,376
Miscellaneous jail and inmate fees	5,000	5,000	6,692	1,692
Concealed handgun permits	10,000	10,000	13,880	3,880
Charges for parks and recreation	252,500	292,420	339,334	46,914
Sale of maps and publications	-	-	3	3
Town tax book preparation	470	470	470	-
Charges for animal pound	8,000	8,000	8,016	16
Charges for landfill	52,000	52,000	43,031	(8,969)
Charges for library	22,200	23,075	23,050	(25)
Total Charges for Services	\$ 466,970	\$ 512,379	\$ 563,552	\$ 51,173

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Miscellaneous:				
Local contributions	\$ 15,000	\$ 15,451	\$ 12,256	\$ (3,195)
Miscellaneous	73,952	104,650	101,436	(3,214)
Total Miscellaneous	<u>\$ 88,952</u>	<u>\$ 120,101</u>	<u>\$ 113,692</u>	<u>\$ (6,409)</u>
Recovered Costs:				
Administrative fees	\$ 88,000	\$ 88,000	\$ 103,317	\$ 15,317
Airport recoveries	188,778	188,778	173,001	(15,777)
Juror costs	9,000	12,120	13,650	1,530
Circuit court secretary	12,250	12,250	12,250	-
CSA recoveries	-	-	133,693	133,693
Insurance recoveries	-	8,273	8,273	-
Parks and recreation	30,000	83,000	73,712	(9,288)
Public safety recoveries	464,916	470,266	252,013	(218,253)
Health department recoveries	7,500	7,500	-	(7,500)
Pulaski IDA reimbursements	650,000	650,000	-	(650,000)
Other recoveries	18,122	85,817	87,008	1,191
Total Recovered Costs	<u>\$ 1,468,566</u>	<u>\$ 1,606,004</u>	<u>\$ 856,917</u>	<u>\$ (749,087)</u>
Total Revenue from Local Sources	<u>\$ 34,820,488</u>	<u>\$ 35,178,828</u>	<u>\$ 34,961,044</u>	<u>\$ (217,784)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Mobile home titling tax	20,000	46,800	69,411	22,611
Motor vehicle rental tax	3,500	5,022	5,015	(7)
Grantor's tax	125,000	125,000	44,802	(80,198)
State recordation tax	-	-	38,946	38,946
Telecommunication taxes	830,000	830,000	797,073	(32,927)
Personal property tax relief funds	1,594,000	1,594,530	1,594,529	(1)
Total Noncategorical Aid	<u>\$ 2,622,500</u>	<u>\$ 2,651,352</u>	<u>\$ 2,549,776</u>	<u>\$ (101,576)</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 649,343	\$ 649,343	\$ 642,189	\$ (7,154)
Sheriff	1,790,046	1,791,719	1,781,665	(10,054)
Commissioner of the Revenue	140,443	140,443	140,723	280
Treasurer	109,486	109,486	109,396	(90)
Registrar/Electoral Board	57,685	57,685	48,965	(8,720)
Clerk of the Circuit Court	347,660	361,560	360,458	(1,102)
Total Shared Expenses	<u>\$ 3,094,663</u>	<u>\$ 3,110,236</u>	<u>\$ 3,083,396</u>	<u>\$ (26,840)</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 1,815,834	\$ 1,845,834	\$ 1,941,871	\$ 96,037
Comprehensive Services Act (CSA)	3,600,497	3,600,497	2,565,815	(1,034,682)
DMV animal friendly plates	20	797	777	(20)
Commission on the arts	5,000	5,000	-	(5,000)
Victim's assistance grant	122,813	126,497	31,624	(94,873)
Litter control grant	12,834	12,834	12,971	137
Library grant	128,943	129,095	129,095	-
Pretrial services grant	812,212	821,435	616,436	(204,999)
Fire programs	60,000	60,000	-	(60,000)
Virginia Juvenile Commission Crime Control	28,608	28,608	21,321	(7,287)
Domestic violence DCJS grant	40,000	45,000	45,000	-
Public safety answer grant	40,000	64,052	44,489	(19,563)
DEQ grant	500	500	92	(408)
VDEM Derecho Reimbursement	-	1,239	1,239	-
DCJS School Resource Officer	-	62,606	-	(62,606)
Other categorical aid	-	3,057	-	(3,057)
VA Tourism Corp Grants	-	-	5,000	5,000
CDBG	-	-	40,000	40,000
Total Other Categorical Aid	<u>\$ 6,667,261</u>	<u>\$ 6,807,051</u>	<u>\$ 5,455,730</u>	<u>\$ (1,351,321)</u>
Total Revenue from the Commonwealth	<u>\$ 12,384,424</u>	<u>\$ 12,568,639</u>	<u>\$ 11,088,902</u>	<u>\$ (1,479,737)</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Pos (Neg)
Primary Government: (continued)				
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 20,000	\$ 20,000	\$ 32,336	\$ 12,336
Categorical Aid:				
Public assistance and welfare administration	\$ 4,220,763	\$ 4,462,763	\$ 3,135,553	\$ (1,327,210)
CDBG grants	-	559,235	434,282	(124,953)
Emergency management preparedness grant	16,904	16,904	76,026	59,122
State and community highway safety	-	54,427	14,529	(39,898)
Crime task force	-	4,000	522	(3,478)
Drug court	-	345,617	58,223	(287,394)
Farmer's market promotion	-	57,000	32,968	(24,032)
USDA rural development central utilities grant	50,000	50,000	-	(50,000)
Victim witness	-	-	113,848	113,848
ARC Grant - Shae Dawn	-	-	349,860	349,860
Local law enforcement block grant	-	16,799	-	(16,799)
Other categorical aid	-	19,987	-	(19,987)
Total Categorical Aid	\$ 4,287,667	\$ 5,586,732	\$ 4,215,811	\$ (1,370,921)
Total Revenue from the Federal Government	\$ 4,307,667	\$ 5,606,732	\$ 4,248,147	\$ (1,358,585)
Total General Fund	\$ 51,512,579	\$ 53,354,199	\$ 50,298,093	\$ (3,056,106)
Nonmajor Special Revenue Funds:				
Highway Maintenance Fund				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 27	\$ 27
Nonmajor Capital Projects Funds:				
School Construction Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 199	\$ 199
County CIP Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 15,942	\$ 15,942
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 401,701	\$ 79,403	\$ (322,298)
Other categorical aid	-	40,000	92	(39,908)
Total Revenue from the Commonwealth	\$ -	\$ 441,701	\$ 79,495	\$ (362,206)
Revenue from the Federal Government:				
Categorical Aid:				
FEMA	\$ -	\$ 604,455	\$ 169	\$ (604,286)
CDBG	-	675,319	540,789	(134,530)
Rural Development Funds	-	200,000	-	(200,000)
Total Categorical Aid	\$ -	\$ 1,479,774	\$ 540,958	\$ (938,816)
Total Revenue from the Federal Government	\$ -	\$ 1,479,774	\$ 540,958	\$ (938,816)
Total County CIP Fund	\$ -	\$ 1,921,475	\$ 636,395	\$ (1,285,080)
Total Nonmajor Capital Projects Funds	\$ -	\$ 1,921,475	\$ 636,594	\$ (1,284,881)
Total Primary Government	\$ 51,512,579	\$ 55,275,674	\$ 50,934,714	\$ (4,340,960)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 14,800	\$ 14,800	\$ 10,097	\$ (4,703)
Revenue from use of property	2,400	2,400	2,400	-
Total Revenue from Use of Money and Property	<u>\$ 17,200</u>	<u>\$ 17,200</u>	<u>\$ 12,497</u>	<u>\$ (4,703)</u>
Charges for Services:				
Charges for education	\$ 144,500	\$ 144,500	\$ 200,246	\$ 55,746
Cafeteria sales	1,031,122	1,031,122	670,613	(360,509)
Tuition and payments from other divisions	442,750	442,750	453,463	10,713
Total Charges for Services	<u>\$ 1,618,372</u>	<u>\$ 1,618,372</u>	<u>\$ 1,324,322</u>	<u>\$ (294,050)</u>
Miscellaneous:				
Miscellaneous	\$ 131,250	\$ 218,446	\$ 8,422	\$ (210,024)
Recovered Costs:				
Medicaid reimbursements	\$ 60,000	\$ 60,000	\$ 9,770	\$ (50,230)
Insurance recoveries	-	24,098	29,101	5,003
Joint services reimbursements	242,532	242,532	254,134	11,602
Salary reimbursements	87,500	87,500	141,052	53,552
School activity reimbursements	125,000	125,000	14,125	(110,875)
Title I indirect costs	-	-	1,245	1,245
Governor's school reimbursements	18,000	18,000	-	(18,000)
Other recoveries	243,500	258,583	364,267	105,684
Total Recovered Costs	<u>\$ 776,532</u>	<u>\$ 815,713</u>	<u>\$ 813,694</u>	<u>\$ (2,019)</u>
Total Revenue from Local Sources	<u>\$ 2,543,354</u>	<u>\$ 2,669,731</u>	<u>\$ 2,158,935</u>	<u>\$ (510,796)</u>
Intergovernmental:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 13,959,176	\$ 14,140,650	\$ 14,027,497	\$ (113,153)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 314,048	\$ 314,048	\$ 314,047	\$ (1)
At risk payments	483,338	476,894	475,551	(1,343)
Basic school aid	13,055,026	12,463,185	12,811,359	348,174
Career technology education	44,073	44,073	7,213	(36,860)
Early reading intervention	87,346	87,346	87,346	-
English as a second language	13,682	13,682	17,530	3,848
Gifted and talented	137,893	136,079	135,730	(349)
GLI instructional	52,810	52,115	51,982	(133)
Governor's School	388,646	388,646	361,734	(26,912)
Homebound education	30,178	30,178	40,246	10,068
ISAEF	15,717	15,717	15,717	-
Mentor teaching program	4,292	4,292	5,622	1,330
Special education jail	10,115	10,115	1,682	(8,433)
National board certified teacher bonus	-	-	2,500	2,500
Preschool social services	-	-	7,249	7,249
Primary class size	635,471	635,471	631,003	(4,468)
Project graduation	-	-	37,975	37,975
Remedial education	545,705	538,525	537,144	(1,381)
Remedial summer education	85,822	85,822	75,842	(9,980)
Retirement	1,640,048	1,618,470	1,614,320	(4,150)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
School food	\$ 42,025	\$ 42,025	\$ 44,823	\$ 2,798
Share of state sales tax	4,712,796	4,712,796	4,720,329	7,533
Social security	830,293	819,368	817,267	(2,101)
Special education	1,880,628	1,855,884	1,851,125	(4,759)
Special education - foster care	15,581	15,581	17,832	2,251
Standards of learning algebra readiness	60,604	60,604	53,724	(6,880)
Textbook payment	-	-	277,871	277,871
Vocational education-equipment	-	-	7,822	7,822
Vocational occupational preparedness	-	-	34,436	34,436
Vocational standards of quality payments	352,068	347,435	346,544	(891)
VPSA technology grant	284,000	284,000	26,000	(258,000)
PBIS grant	-	25,000	25,000	-
State cybercamp program	-	62,500	62,500	-
VTSF Virginia tobacco settlement	59,100	59,100	51,055	(8,045)
VA workplace readiness skills	-	-	1,221	1,221
Race to GED grant	-	44,351	44,259	(92)
Plugged in VA grant	-	50,000	48,133	(1,867)
Math and science teacher recruitment	-	-	41,000	41,000
Compensation supplement	229,961	229,961	226,407	(3,554)
Total Categorical Aid	\$ 26,011,266	\$ 25,523,263	\$ 25,929,140	\$ 405,877
Total Revenue from the Commonwealth	\$ 26,011,266	\$ 25,523,263	\$ 25,929,140	\$ 405,877
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 20,908	\$ 20,908
Gear up access Virginia	-	97,600	58,436	(39,164)
Title I	1,428,650	1,428,650	911,070	(517,580)
Title VI-B, special education	1,548,195	1,520,648	1,009,033	(511,615)
Title VI-B, pre-school - ARRA	37,532	37,532	42,422	4,890
Vocational education	75,492	75,492	75,597	105
Title III, LEP	2,475	2,475	-	(2,475)
Title II, Part A-Teacher quality grant	327,318	327,318	239,627	(87,691)
Title IV, Part 21	149,987	698,858	532,091	(166,767)
School food	1,436,052	1,436,052	1,627,111	191,059
School food-Summer program	-	-	55,867	55,867
Project aware	679,604	679,604	177,250	(502,354)
Other	41,461	41,461	8,036	(33,425)
Total Categorical Aid	\$ 5,726,766	\$ 6,345,690	\$ 4,757,448	\$ (1,588,242)
Total Revenue from the Federal Government	\$ 5,726,766	\$ 6,345,690	\$ 4,757,448	\$ (1,588,242)
Total Discretely Presented Component Unit-School Board	\$ 48,240,562	\$ 48,679,334	\$ 46,873,020	\$ (1,806,314)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of Supervisors	\$ 120,926	\$ 189,145	\$ 182,614	\$ 6,531
General and Financial Administration:				
County Administrator	\$ 282,360	\$ 326,359	\$ 353,093	\$ (26,734)
Assistant County Administrator	117,552	123,325	123,465	(140)
County Attorney	33,600	33,600	25,769	7,831
Operations	-	-	27	(27)
Independent Auditor	73,000	73,000	66,029	6,971
Commissioner of the Revenue	448,651	449,791	439,353	10,438
Treasurer	510,872	513,141	498,129	15,012
Management Services	166,952	166,952	178,107	(11,155)
Director of Finance	153,461	189,735	178,135	11,600
Other General and Financial Administration	162,723	175,223	169,501	5,722
Total General and Financial Administration	\$ 1,949,171	\$ 2,051,126	\$ 2,031,608	\$ 19,518
Board of Elections:				
Electoral Board	\$ 74,430	\$ 95,735	\$ 98,499	\$ (2,764)
Registrar	102,390	103,517	102,063	1,454
Total Board of Elections	\$ 176,820	\$ 199,252	\$ 200,562	\$ (1,310)
Total General Government Administration	\$ 2,246,917	\$ 2,439,523	\$ 2,414,784	\$ 24,739
Judicial Administration:				
Courts:				
Circuit Court	\$ 62,529	\$ 69,273	\$ 73,372	\$ (4,099)
General District Court	4,350	4,627	5,315	(688)
Magistrate	350	350	150	200
Juvenile and Domestic Relations Court	5,792	10,424	5,057	5,367
Clerk of the Circuit Court	640,004	653,904	630,712	23,192
Law Library	9,000	9,000	6,024	2,976
Victim's Witness Assistance	148,788	152,472	171,167	(18,695)
Domestic Relations Legal Services	40,000	400,617	101,025	299,592
Women's Resource Victims Assistance	22,889	22,889	22,889	-
Total Courts	\$ 933,702	\$ 1,323,556	\$ 1,015,711	\$ 307,845
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 920,072	\$ 951,041	\$ 920,366	\$ 30,675
Total Judicial Administration	\$ 1,853,774	\$ 2,274,597	\$ 1,936,077	\$ 338,520
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,612,789	\$ 3,801,730	\$ 3,529,616	\$ 272,114
Fire and Rescue Services:				
E-911	\$ 1,149,135	\$ 1,270,693	\$ 1,223,913	\$ 46,780
Wireless E-911	22,000	22,000	3,625	18,375
Forest Fire Protection	9,212	9,212	8,661	551
Fire Department	14,000	14,000	14,135	(135)
Volunteer Fire Departments	306,193	313,353	268,996	44,357
Western Virginia EMS	7,352	7,352	9,673	(2,321)
Contribution to REMSI	148,781	266,362	148,781	117,581
Total Fire and Rescue Services	\$ 1,656,673	\$ 1,902,972	\$ 1,677,784	\$ 225,188

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Public Safety (continued)				
Correction and Detention:				
Regional Jail Payments	\$ 2,301,294	\$ 2,301,294	\$ 2,027,557	\$ 273,737
Court Services	7,100	8,957	7,238	1,719
Pretrial Services Grant	315,762	361,890	283,589	78,301
NRV Juvenile Detention Home	106,207	106,207	106,207	-
Community Corrections	521,450	530,673	453,262	77,411
Total Correction and Detention	<u>\$ 3,251,813</u>	<u>\$ 3,309,021</u>	<u>\$ 2,877,853</u>	<u>\$ 431,168</u>
Inspections:				
Building Inspections	\$ 180,311	\$ 180,387	\$ 172,206	\$ 8,181
Code Enforcement	71,883	71,883	73,027	(1,144)
Total Inspections	<u>\$ 252,194</u>	<u>\$ 252,270</u>	<u>\$ 245,233</u>	<u>\$ 7,037</u>
Other Protection:				
Animal Control	\$ 319,772	\$ 320,412	\$ 314,933	\$ 5,479
Medical Examiner	1,000	1,000	440	560
Emergency Management	143,503	148,023	137,337	10,686
Total Other Protection	<u>\$ 464,275</u>	<u>\$ 469,435</u>	<u>\$ 452,710</u>	<u>\$ 16,725</u>
Total Public Safety	<u>\$ 9,237,744</u>	<u>\$ 9,735,428</u>	<u>\$ 8,783,196</u>	<u>\$ 952,232</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 317,864	\$ 322,972	\$ 318,207	\$ 4,765
Landfill	54,167	165,496	134,269	31,227
Clean Community Council	34,340	34,340	21,739	12,601
Total Sanitation and Waste Removal	<u>\$ 406,371</u>	<u>\$ 522,808</u>	<u>\$ 474,215</u>	<u>\$ 48,593</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 959,323	\$ 987,080	\$ 977,266	\$ 9,814
Cleaning Services	207,200	207,200	188,700	18,500
NRV Salaries and Benefits Reimbursement	188,778	188,778	-	188,778
NRV Airport Maintenance Contribution	94,663	94,663	267,665	(173,002)
Property cleanup	50,000	51,315	18,586	32,729
Total Maintenance of General Buildings and Grounds	<u>\$ 1,499,964</u>	<u>\$ 1,529,036</u>	<u>\$ 1,452,217</u>	<u>\$ 76,819</u>
Total Public Works	<u>\$ 1,906,335</u>	<u>\$ 2,051,844</u>	<u>\$ 1,926,432</u>	<u>\$ 125,412</u>
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 325,563	\$ 339,922	\$ 339,922	\$ -
Mental health and mental Retardation:				
Community Services Board	\$ 90,489	\$ 90,489	\$ 90,489	\$ -
Welfare:				
Public Assistance	\$ 2,351,363	\$ 2,623,363	\$ 2,356,563	\$ 266,800
Welfare Administration	61,625	76,693	43,572	33,121
Comprehensive Services Act-Administration	4,595,234	4,595,234	3,558,771	1,036,463
Comprehensive Services Act	5,004,167	5,004,170	3,825,535	1,178,635
Area Agency on Aging	16,546	16,546	16,546	-
Office on Youth	112,174	125,417	145,432	(20,015)
Feeding America	1,500	1,500	1,500	-
Pulaski Area Transit	62,000	62,000	62,000	-
New River Community Action	54,285	54,285	54,285	-
NRV Disability Services	12,645	12,645	12,645	-
Virginia Juvenile Commission on Crime	69,868	74,768	75,639	(871)
Fairview District Home	88,097	88,097	88,097	-
Brain Injury Services of SWVa	2,000	2,000	2,000	-
RSVP Program	13,530	16,327	16,327	-

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Health and Welfare: (continued)				
Welfare: (continued)				
Beans and Rice	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
NRV Cares	683	683	683	-
Free Clinic of Pulaski County	53,000	53,000	53,000	-
Literacy Volunteers of America	1,000	1,000	1,000	-
Commission on Children and Families	155,672	163,764	159,772	3,992
Contributions to Other Local Organizations	40,750	47,150	47,150	-
Total Welfare	\$ 12,707,639	\$ 13,030,142	\$ 10,532,017	\$ 2,498,125
Total Health and Welfare	\$ 13,123,691	\$ 13,460,553	\$ 10,962,428	\$ 2,498,125
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,596	\$ 15,596	\$ 15,596	\$ -
Contribution to Pulaski County School Board	13,959,176	14,140,650	13,539,692	600,958
Total Education	\$ 13,974,772	\$ 14,156,246	\$ 13,555,288	\$ 600,958
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 20,784	\$ 22,071	\$ 17,610	\$ 4,461
Recreation	380,998	399,113	385,048	14,065
Friends of Claytor Lake	37,335	105,322	125,911	(20,589)
Randolph Park	196,999	200,237	238,320	(38,083)
Claytor Lake Celebration	10,000	10,000	7,475	2,525
Total Parks and Recreation	\$ 646,116	\$ 736,743	\$ 774,364	\$ (37,621)
Cultural Enrichment:				
Fine Arts Center	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Historical Landmarks	6,000	6,000	6,000	-
Friends of the Pulaski Theater	5,000	5,000	5,000	-
Round the Mountain	7,616	7,616	7,616	-
Commemorative Items	20	20	20	-
Total Cultural Enrichment	\$ 33,636	\$ 33,636	\$ 33,636	\$ -
Library:				
Library Administration	\$ 517,410	\$ 518,766	\$ 519,246	\$ (480)
Library State Aid	128,943	129,095	130,264	(1,169)
Total Library	\$ 646,353	\$ 647,861	\$ 649,510	\$ (1,649)
Total Parks, Recreation and Cultural	\$ 1,326,105	\$ 1,418,240	\$ 1,457,510	\$ (39,270)
Community Development:				
Planning and Community Development:				
Community Development	\$ -	\$ 11,950	\$ 18,418	\$ (6,468)
Economic Development	231,815	251,065	554,369	(303,304)
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	635	635	123	512
Visitors' Center	95,894	172,257	123,333	48,924
Planning and Zoning	223,994	223,994	186,159	37,835
NRV Planning District Commission	29,530	29,530	29,530	-
Baskerville Housing Project	-	133,483	73,192	60,291
NR Highland	8,700	8,800	5,800	3,000
NRV Competitiveness Center	41,358	41,579	38,001	3,578
I 81 Corridor Coalition	5,000	5,000	-	5,000
Contribution to Pulaski County IDA	365,297	695,270	678,503	16,767
Contribution to Pulaski County PSA	125,262	481,946	481,989	(43)
Total Planning and Community Development	\$ 1,137,485	\$ 2,065,509	\$ 2,199,417	\$ (133,908)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Environmental Management:				
Contribution to Soil and Water District	\$ 13,016	\$ 13,016	\$ 13,016	\$ -
Cooperative Extension Program:				
Extension Office	\$ 109,128	\$ 109,128	\$ 104,987	\$ 4,141
Total Community Development	\$ 1,259,629	\$ 2,187,653	\$ 2,317,420	\$ (129,767)
Non-Departmental:				
Other Non-Departmental	\$ 460,474	\$ 60,815	\$ 8,138	\$ 52,677
Revenue Refunds	62,000	750	3,065	(2,315)
Total Non-Departmental	\$ 522,474	\$ 61,565	\$ 11,203	\$ 50,362
Debt Service:				
Principal Retirement	\$ 3,278,169	\$ 3,278,169	\$ 7,095,430	\$ (3,817,261)
Interest and Other Fiscal Charges	403,625	403,625	873,626	(470,001)
Total Debt Service	\$ 3,681,794	\$ 3,681,794	\$ 7,969,056	\$ (4,287,262)
Total General Fund	\$ 49,133,235	\$ 51,467,443	\$ 51,333,394	\$ 134,049
Nonmajor Special Revenue Funds:				
Tornado Relief Fund:				
Health and Welfare:				
Welfare:				
Tornado relief cleanup	\$ -	\$ 16,645	\$ -	\$ 16,645
Total Tornado Relief Fund	\$ -	\$ 16,645	\$ -	\$ 16,645
Highway Maintenance Fund:				
Public Works:				
Streets and Highways:				
Engineering & Architectural	\$ -	\$ 222,084	\$ 160,463	\$ 61,621
Total Highway Maintenance Fund	\$ -	\$ 222,084	\$ 160,463	\$ 61,621
Total Nonmajor Special Revenue Funds	\$ -	\$ 238,729	\$ 160,463	\$ 78,266
Nonmajor Capital Project Funds:				
School Construction Fund:				
Community Development:				
Planning and Community Development:				
Contribution to the IDA	\$ -	\$ -	\$ 40,983	\$ (40,983)
Capital Projects:				
Dublin Elementary School	\$ -	\$ 3,400,000	\$ 2,372,117	\$ 1,027,883
Middle Schools	-	-	14,021	(14,021)
Miscellaneous	-	-	499	(499)
Total Capital Projects	\$ -	\$ 3,400,000	\$ 2,386,637	\$ 1,013,363
Total School Construction Fund	\$ -	\$ 3,400,000	\$ 2,427,620	\$ 972,380

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Nonmajor Capital Project Funds: (continued)				
County CIP Fund:				
General Government Administration:				
General and Financial Administration:				
County Administrator	\$ 45,000	\$ 50,000	\$ 56,630	\$ (6,630)
Treasurer	-	9,469	-	9,469
Information Technology	421,888	730,769	108,801	621,968
Communications	65,000	154,692	75,946	78,746
Commissioner of Revenue	-	428,300	-	428,300
Total General Government Administration	\$ 531,888	\$ 1,373,230	\$ 241,377	\$ 1,131,853
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 114,000	\$ 236,513	\$ 289,262	\$ (52,749)
Fire and Rescue Services:				
Volunteer Fire Departments	\$ 204,000	\$ 1,862,688	\$ 368,717	\$ 1,493,971
Inspections:				
Building Inspection	\$ -	\$ 70,000	\$ 31,271	\$ 38,729
Other Protection:				
Animal Control	\$ -	\$ 10,000	\$ -	\$ 10,000
Total Public Safety	\$ 318,000	\$ 2,179,201	\$ 689,250	\$ 1,489,951
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ -	\$ 44,238	\$ 42,093	\$ 2,145
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Maintenance	\$ -	\$ 358,737	\$ 21,740	\$ 336,997
Maintenance of General Building and Grounds:				
General Properties	\$ 3,000	\$ 822,566	\$ 248,408	\$ 574,158
Total Public Works	\$ 3,000	\$ 1,225,541	\$ 312,241	\$ 913,300
Health and Welfare:				
Welfare:				
Public Assistance	\$ -	\$ 878,037	\$ 639,449	\$ 238,588
Education:				
Contribution to Pulaski County School Board:				
School Buses	\$ 489,250	\$ 489,250	\$ 487,805	\$ 1,445
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ -	\$ 10,000	\$ 26,163	\$ (16,163)
Recreation	40,000	118,871	33,943	84,928
Loving field	55,000	67,482	1,116	66,366
NRV Fair	31,000	31,000	42,800	(11,800)
Historical landmarks	-	1,258	-	1,258
Total Parks and Recreation	\$ 126,000	\$ 228,611	\$ 104,022	\$ 124,589
Cultural Enrichment:				
Library	\$ -	\$ 14,150	\$ 9,736	\$ 4,414
Total Parks, Recreation and Cultural	\$ 126,000	\$ 242,761	\$ 113,758	\$ 129,003

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2016

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Nonmajor Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Community Development:				
Planning and Community Development:				
Planning and Zoning	\$ -	\$ 21,142	\$ -	\$ 21,142
County building improvements	56,000	219,168	-	219,168
Other community development	-	10,000	-	10,000
Contribution to REMSI	87,500	87,500	87,500	-
Total Community Development	<u>\$ 143,500</u>	<u>\$ 337,810</u>	<u>\$ 87,500</u>	<u>\$ 250,310</u>
Total County CIP Fund	<u>\$ 1,611,638</u>	<u>\$ 6,725,830</u>	<u>\$ 2,571,380</u>	<u>\$ 4,154,450</u>
Total Nonmajor Capital Project Funds	<u>\$ 1,611,638</u>	<u>\$ 10,125,830</u>	<u>\$ 4,999,000</u>	<u>\$ 5,126,830</u>
Total Primary Government	<u>\$ 50,744,873</u>	<u>\$ 61,832,002</u>	<u>\$ 56,492,857</u>	<u>\$ 5,339,145</u>
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	<u>\$ 2,105,043</u>	<u>\$ 2,202,322</u>	<u>\$ 2,145,686</u>	<u>\$ 56,636</u>
Instructional:				
Instruction	<u>\$ 33,926,606</u>	<u>\$ 34,066,395</u>	<u>\$ 31,974,430</u>	<u>\$ 2,091,965</u>
Other operating costs:				
Pupil transportation	\$ 2,376,743	\$ 2,299,373	\$ 2,622,070	\$ (322,697)
Operation and maintenance of school plant	5,283,754	5,282,354	5,153,065	129,289
Food services	2,561,199	2,561,199	2,544,473	16,726
Technical resources	1,987,217	1,988,617	1,819,196	169,421
Facilities	-	656,444	998,525	(342,081)
Total other operating costs	<u>\$ 12,208,913</u>	<u>\$ 12,787,987</u>	<u>\$ 13,137,329</u>	<u>\$ (349,342)</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 48,240,562</u>	<u>\$ 49,056,704</u>	<u>\$ 47,257,445</u>	<u>\$ 1,799,259</u>

Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2015-16	\$ 2,271,956	\$ 1,839,512	\$ 9,084,993	\$ 2,248,209	\$ 10,778,762	\$ 15,078,566	\$ 1,474,176	\$ 2,444,344	\$ 854,398	\$ 46,074,916
2014-15	2,297,377	1,763,999	8,960,435	3,355,036	10,387,390	14,981,310	1,581,597	5,180,699	780,400	49,288,243
2013-14	2,674,206	1,444,538	8,526,040	1,601,211	11,482,125	14,300,540	1,424,232	3,023,726	1,210,907	45,687,525
2012-13	3,029,596	1,663,626	8,279,912	2,457,115	11,585,645	12,845,614	1,676,018	1,872,699	1,135,681	44,545,906
2011-12	2,733,560	1,594,599	8,092,547	1,701,286	11,078,762	14,686,128	1,457,169	7,503,176	1,145,941	49,993,168
2010-11	2,354,362	1,598,836	7,767,882	1,631,480	10,646,521	12,492,540	1,461,399	4,730,543	938,678	43,622,241
2009-10	2,227,515	1,548,396	7,995,638	1,480,384	11,030,808	10,321,494	1,345,770	5,006,587	1,661,533	42,618,125
2008-09	2,645,693	1,483,884	6,411,555	1,426,527	10,201,396	13,587,527	1,411,956	3,808,164	1,289,490	42,266,192
2007-08	2,232,051	1,292,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130
2006-07	2,103,757	1,238,375	7,335,947	682,855	8,562,139	10,531,127	1,411,041	963,542	764,711	33,593,494

Table 2

County of Pulaski, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues				General Revenues					Grants and Contributions Not Restricted to Specific Programs	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous			
2015-16	\$ 722,159	\$ 12,010,459	\$ 1,364,931	\$	\$ 25,966,779	\$ 7,247,877	\$ 306,940	\$ 363,247	\$ 2,582,112	\$ 50,564,504	
2014-15	846,761	12,748,161	106,529		25,590,142	7,120,592	268,759	352,115	2,637,132	49,670,191	
2013-14	715,688	12,782,630	268,452		24,368,213	6,839,403	405,155	127,828	2,651,916	48,159,285	
2012-13	715,424	12,238,191	366,974		23,279,472	6,581,448	433,446	118,247	3,572,616	47,305,818	
2011-12	725,715	12,511,682	72,633		21,993,777	6,523,924	379,141	391,985	2,514,364	45,113,221	
2010-11	1,256,990	11,842,138	1,766,976		21,623,192	5,617,664	329,563	394,290	1,040,960	43,871,773	
2009-10	1,212,825	12,010,339	3,682,304		21,173,271	5,171,842	297,227	208,630	2,631,288	46,387,726	
2008-09	1,236,901	12,077,362	-		20,175,233	6,565,919	540,453	526,812	2,143,390	43,266,070	
2007-08	476,063	11,410,564	-		19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045	
2006-07	640,715	10,311,656	81,476		18,839,172	6,580,583	1,167,434	57,658	1,868,491	39,547,185	

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Debt Service (3)	Total
2015-16	\$ 2,656,161	\$ 1,936,077	\$ 9,472,446	\$ 2,399,136	\$ 11,601,877	\$ 47,273,041	\$ 1,571,268	\$ 2,445,903	\$ 11,203	\$ 7,969,056	\$ 87,336,168
2014-15	2,682,677	1,855,350	9,701,372	3,541,420	10,417,669	46,858,303	1,550,851	5,233,090	149,816	3,013,268	85,003,816
2013-14	2,760,506	1,763,092	10,944,572	3,190,606	11,523,164	46,534,079	1,825,172	3,350,445	62,946	3,235,756	85,190,338
2012-13	3,022,341	1,658,842	8,687,200	2,945,057	11,833,951	46,184,157	1,779,669	1,987,979	48,676	3,392,643	81,540,515
2011-12	2,290,446	1,620,149	8,029,761	1,812,147	11,360,061	46,334,107	1,604,803	7,635,743	-	3,366,806	84,054,023
2010-11	2,127,956	1,581,628	7,775,675	1,542,354	10,859,550	44,568,538	1,547,452	4,840,124	-	3,185,949	78,029,226
2009-10	1,982,852	1,547,625	7,370,735	1,408,091	11,192,888	47,643,617	1,397,056	5,571,584	-	11,032,436	89,146,884
2008-09	2,583,215	1,479,967	7,241,921	1,468,888	10,394,049	48,062,018	1,571,268	2,445,903	11,203	3,293,977	78,552,409
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,399,957	1,596,685	-	2,634,931	73,698,115
2006-07	2,102,862	1,270,573	7,521,231	1,142,631	8,532,401	45,176,749	1,336,274	1,025,802	-	2,003,993	70,112,516

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit-School Board.

(3) Debt service increased in fiscal year 2009-10 due to repayment of the IDA lease revenue note in the amount of \$7,735,000.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2015-16	\$ 25,713,685	\$ 7,247,877	\$ 128,556	\$ 30,051	\$ 319,238	\$ 1,887,874	\$ 138,056	\$ 1,670,611	\$ 30,686,588	\$ 67,822,536
2014-15	25,192,418	7,120,592	147,521	120,427	287,464	2,198,388	361,530	1,694,079	46,388,682	83,511,101
2013-14	24,638,943	6,839,403	137,443	97,337	420,047	1,477,261	188,158	2,064,141	46,426,984	82,289,717
2012-13	23,174,130	6,581,448	135,413	72,758	445,996	1,618,580	130,309	3,557,119	47,237,838	82,953,591
2011-12	21,788,104	6,523,924	129,393	35,874	398,689	1,706,348	430,075	1,829,882	47,272,325	80,114,614
2010-11	21,658,330	5,617,664	692,279	37,738	340,570	1,594,988	529,614	1,853,759	45,719,285	78,044,227
2009-10	20,836,110	5,171,842	664,789	31,439	311,542	1,528,819	222,348	1,947,692	52,933,326	83,647,907
2008-09	20,112,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,558,694	49,182,768	80,803,971
2007-08	19,158,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
2006-07	18,762,559	6,580,583	125,564	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit-School Board.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2015-16	\$ 27,548,852	\$ 25,673,941	93.19%	\$ 1,173,681	\$ 26,847,622	97.45%	\$ 3,232,106	11.73%
2014-15	26,742,150	24,943,445	93.27%	1,404,834	26,348,279	98.53%	3,428,552	12.82%
2013-14	25,423,667	24,353,550	95.79%	1,332,766	25,686,316	101.03%	2,978,078	11.71%
2012-13	25,044,163	24,190,958	96.59%	160,657	24,351,615	97.23%	2,434,494	9.72%
2011-12	24,009,139	22,561,415	93.97%	761,290	23,322,705	97.14%	2,612,718	10.88%
2010-11	23,286,597	22,070,924	94.78%	540,891	22,611,815	97.10%	2,970,797	12.76%
2009-10	22,938,080	22,037,293	96.07%	82,243	22,119,536	96.43%	2,468,936	10.76%
2008-09	21,519,644	21,160,816	98.33%	120,144	21,280,960	98.89%	2,571,593	11.95%
2007-08	19,683,092	18,819,285	95.61%	80,471	18,899,756	96.02%	2,400,211	12.19%
2006-07	20,591,949	19,426,752	94.34%	629,228	20,055,980	97.40%	2,356,776	11.45%

(1) Includes penalty and interest.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Home	Machinery and Tools	Merchants' Capital (3)	Public Service (2)	Total
2015-16	\$ 2,524,308,875	\$ 308,155,852	\$ 228,505,168	\$ -	\$ 144,390,827	\$ 3,205,360,722
2014-15	2,599,360,300	299,330,652	208,708,502	-	141,855,487	3,249,254,941
2013-14	2,771,466,000	309,328,321	187,946,761	-	132,601,989	3,401,343,071
2012-13	2,855,125,100	309,328,321	187,946,761	-	134,148,506	3,486,548,688
2011-12	2,749,057,900	283,251,757	173,603,157	-	132,152,095	3,338,064,909
2010-11	2,607,713,654	277,054,341	186,011,482	-	132,610,234	3,203,389,711
2009-10	2,627,789,925	285,048,023	182,554,833	-	129,791,012	3,225,183,793
2008-09	2,286,209,060	311,944,879	127,627,258	-	91,287,377	2,817,068,574
2007-08	1,984,287,485	288,718,297	174,231,700	5,330,647	95,857,158	2,548,425,287
2006-07	1,913,504,855	273,746,922	177,909,011	5,089,159	104,176,431	2,474,426,378

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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools			Merchants' Capital (6)	Mobile Homes
			Real Estate	Personal Property	Machinery and Tools		
2015-16	\$ 0.64	\$ 2.35	\$ 1.50	\$ -	\$ 0.64		
2014-15 (5)	0.59/0.64	2.35	1.50	-	0.64		
2013-14	0.59	2.35	1.50	-	0.59		
2012-13 (4)	0.54/0.59	2.35	1.50	-	0.59		
2011-12	0.54	2.14	1.50	-	0.54		
2010-11	0.54	2.14	1.50	-	0.54		
2009-10 (3)	0.50/0.54	2.14	1.50	-	0.50		
2008-09 (2)	0.62/0.50	2.14	1.50	-	0.50		
2007-08	0.62	2.00	1.50	4.80	0.62		
2006-07	0.62	2.00	1.50	4.80	0.62		

(1) Per \$100 of assessed value.

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

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

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

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015-16	34,872	\$ 3,205,361	\$ 20,094,769	\$ 20,094,769	0.63%	\$ 576
2014-15	34,872	3,249,255	23,671,302	23,671,302	0.73%	679
2013-14	34,872	3,401,343	25,721,676	25,721,676	0.76%	738
2012-13	34,872	3,486,549	26,807,252	26,807,252	0.77%	769
2011-12	34,872	3,338,065	28,919,439	28,919,439	0.87%	829
2010-11	34,872	3,203,390	30,994,428	30,994,428	0.97%	889
2009-10	35,127	3,225,184	33,006,407	33,006,407	1.02%	940
2008-09	35,127	2,817,069	35,315,701	35,315,701	1.25%	1,005
2007-08	35,127	2,548,425	36,984,070	36,984,070	1.45%	1,053
2006-07	35,127	2,474,426	30,478,933	30,478,933	1.23%	868

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill post-closure monitoring, capital lease and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2015-16	\$ 7,095,430	\$ 873,626	\$ 7,969,056	\$ 87,336,168	9.12%
2014-15	2,109,205	904,063	3,157,011	85,003,816	3.71%
2013-14	2,042,293	1,114,718	3,157,011	85,190,338	3.71%
2012-13	2,169,831	1,222,812	3,392,643	81,540,515	4.16%
2011-12	2,074,988	1,291,818	3,366,806	84,054,023	4.01%
2010-11	2,094,711	1,091,238	3,185,949	78,029,226	4.08%
2009-10	9,442,120	1,590,316	11,032,436	89,146,884	12.38%
2008-09	1,757,773	1,536,795	3,294,568	78,552,409	4.19%
2007-08	1,269,450	1,365,481	2,634,931	73,698,115	3.58%
2006-07	1,198,429	805,564	2,003,993	70,112,516	2.86%
2005-06	1,573,874	722,096	2,295,970	69,616,418	3.30%

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
the Board of Supervisors
County of Pulaski, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated January 12, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses. (2016-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Pulaski, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Pulaski, Virginia's Response to Findings

County of Pulaski, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Pulaski, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 12, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of
the Board of Supervisors
County of Pulaski, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Pulaski, Virginia's major federal programs for the year ended June 30, 2016. County of Pulaski, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 12, 2017

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Suprecipients
Department of Health and Human Services:				
Pass through Payments:				
Department of Social Services:				
<i>Child Care and Development Fund Cluster:</i>				
Child Care and Development Block Grant	93.575	770116	\$ (225)	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115/760116	<u>79,563</u>	
<i>Total Child Care and Development Fund Cluster</i>			\$	79,338
Promoting Safe and Stable Families	93.556	950114/950115		27,137
Temporary Assistance for Needy Families (TANF)	93.558	400115/400116		452,058
Refugee and Entrant Assistance - State Administered Programs	93.566	500115/500116		492
Low-Income Home Energy Assistance	93.568	600415/600416		53,049
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115/900116		2,371
Foster Care - Title IV-E	93.658	1100115/1100116		528,039
Adoption Assistance	93.659	1120115/1120116		606,192
Social Services Block Grant	93.667	1000115/1000116		313,177
Chafee Foster Care Independence Program	93.674	9150115/9150116		5,768
Children's Health Insurance Program	93.767	540115/540116		19,426
Medical Assistance Program	93.778	1200115/1200116		587,261
Chafee Education and Training Vouchers Program	93.599	9160114/9160115		3,018
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	50324		<u>185,286</u>
Total Department of Health and Human Services			\$	<u>2,862,612</u>
Department of Agriculture:				
Direct Payments:				
Farmers' Market and Local Food Promotion Program	10.168	Not applicable	\$	32,968
Pass through Payments:				
Department of Agriculture:				
Child Nutrition Discretionary Grants Limited Availability	10.579	40593		1,185
<i>Child Nutrition Cluster:</i>				
Summer Food Service Program for Children	10.559	Not available	\$ 55,867	
National School Lunch Program (Note 3)	10.555	40623	\$ 174,453	
Department of Education:				
National School Lunch Program	10.555	40623	<u>1,100,731</u>	<u>1,275,184</u>
School Breakfast Program	10.553	40253/40591		<u>325,457</u>
<i>Total Child Nutrition Cluster</i>				1,656,508
Fresh Fruit and Vegetable Program	10.582	40599/40251/40252		25,285
Schools and Roads - Grants to States	10.665	Not available		20,908
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10115/10116 40115/10116	\$	<u>458,227</u>
Total Department of Agriculture			\$	<u>2,195,081</u>
Department of Justice:				
Pass through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	14VAGX0051/15VAGX0043	\$	113,848
Crime Task Force	16.XXX	Not available		522
Drug Court Discretionary Grant Program	16.585	Not available		<u>58,223</u>
Total Department of Justice			\$	<u>172,593</u>
Department of Transportation:				
Pass-through payments:				
Department of Motor Vehicles:				
Highway Planning and Construction	20.205	Not available	\$	349,860
State and Community Highway Safety	20.600	86851		<u>14,529</u>
Total Department of Transportation			\$	<u>364,389</u>

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2016

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Suprecipients
Department of Education:				
Pass through Payments:				
Department of Education:				
Title I: Grants to Local Education Agencies	84.010	86600	\$ 911,070	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	430710	\$ 1,009,033	
Special Education - Preschool Grants	84.173	625210	<u>42,422</u>	
<i>Total Special Education Cluster</i>				1,051,455
Career and Technical Education - Basic Grants to States	84.048	86665		75,597
Twenty-first Century Community Learning Centers	84.287	86784/86787/86788		532,091
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Not available		58,436
Supporting Effective Instruction State Grant	84.367	86730/86732		<u>239,627</u>
Total Department of Education			<u>\$ 2,868,276</u>	
Department of Housing and Urban Development:				
Pass through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 975,071	\$ 356,683
Department of Labor:				
Pass through Payments:				
Virginia Community College System:				
<i>WIA/WIOA Cluster:</i>				
WIA/WIOA Adult Program	17.258	86630	\$ 750,390	
WIA/WIOA Dislocated Worker Formula Grants	17.278	86632	643,859	
WIA/WIOA Youth Activities	17.259	Not available	<u>931,199</u>	
<i>Total WIA/WIOA Cluster</i>				\$ 2,325,448
Total Department of Labor			<u>\$ 2,325,448</u>	\$ 2,325,448
Department of Homeland Security:				
Pass through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not available	\$ 76,026	
Assistance to Firefighters Grant	97.044	Not available	<u>169</u>	
Total Department of Homeland Security			<u>\$ 76,195</u>	
Total Federal Expenditures			<u>\$ 11,839,665</u>	<u>\$ 3,031,991</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Pulaski, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass through entity identifying numbers are presented where available.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2016, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:

General Fund	\$ 15,337,049
Other Governmental Funds	620,453
Less: Payments from Commonwealth	(11,168,397)
Add: Direct Payments to New River Valley Regional Commission	2,325,448
Less: Payments in Lieu of Taxes	(32,336)
Total Primary Government	<u>\$ 7,082,217</u>

Component Unit School Board:

School Operating Fund	\$ 4,757,448
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Total federal expenditures per the Schedule of Expenditures of Federal Awards: \$ 11,839,665

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559 14.228	Child Nutrition Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
93.667 17.258/17.278/17.259	Social Services Block Grant WIA/WIOA Cluster

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

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section II - Financial Statement Findings

2016-001

Criteria:	Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report.
Condition:	The County's trial balance and government-wide supporting schedules required significant adjustments that were proposed by the auditors.
Cause of Condition:	The County failed to identify all year end accounting adjustments necessary for the financial statements to be prepared in accordance with current reporting standards. The County does not have proper controls in place to detect and record adjustments in closing their year end financial information.
Effect of Condition:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	Management should continue to implement and follow review procedures in order to make adjustments in an accurate and timely manner.
Management's Response:	Management is dedicated to complying with the concepts set forth by auditing standards and will make efforts in the future to eliminate material errors from its adjusted trial balance and government-wide supporting schedules. Additionally, a consultant has been hired to assist with this process and, as the consultant becomes more familiar with the County, management expects that significant audit adjustments will not be necessary.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Status of Prior Audit Findings and Questioned Costs

None reported.