

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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County of Pulaski, Virginia  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2018

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## INTRODUCTORY SECTION

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COUNTY OF PULASKI, VIRGINIA

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Board of Supervisors

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

Andy McCready, Chair

Joseph Guthrie  
Dean K. Pratt

Ashley Edmonds, Clerk

County School Board

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Michael Barbour, Vice Chair  
Dr. Paige Cash

Timothy Hurst, Chair

Bill Benson  
Beckie Cox

Teresa Porter, Clerk

Social Services Board

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Charles Bopp  
Joseph L. Sheffey

Charles Bopp, Chair

Joseph Blankenship  
Elaine Powell

Rev. Vicki Houk, Alternate Member  
Kendell Stuart, Clerk

Library Board

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Lynne Clark, Vice Chair  
Lora Corey  
Dr. Kevin Siers  
Jan Booker

Margaret Spradlin, Chair

Meagan Pratt  
Parks Lanier, Jr.  
Jennifer McCarthy  
Andrew Foxx

COUNTY OF PULASKI, VIRGINIA

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Other Officials

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Commonwealth’s Attorney..... K. Mike Fleenor  
Commissioner of the Revenue..... Trina Rupe  
Treasurer ..... Melinda Worrell  
Sheriff ..... Michael W. Worrell  
Clerk of the Circuit Court ..... Maetta H. Crewe  
Superintendent of Schools ..... Dr. Kevin Siers  
Director of Social Services ..... Guy Smith  
County Administrator ..... Jonathan Sweet  
County Attorney ..... Timothy Kirtner



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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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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, 2018, 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, 2018, 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 21 to the financial statements, in 2018, the County of Pulaski, Virginia adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

## *Restatement of Beginning Balances*

As described in Note 22 to the financial statements, in 2018, the County of Pulaski, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 75 and to correct a prior period error. 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 6-15, 116, and 117-130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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* 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.

*Supplementary and 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Pulaski, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Pulaski, Virginia's internal control over financial reporting and compliance.

*Robinson, James, Cox Associates*

Blacksburg, Virginia  
December 7, 2018

**COUNTY OF PULASKI, VIRGINIA**  
Management's Discussion and Analysis

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The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2018 (FY18) 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 Economic Development Authority of Pulaski County (EDA).

**Financial Highlights for Fiscal Year 2017-18**

- Total net position value of the primary government was \$43.7 million at the end of FY 18 based on total assets of \$133.8 million, total liabilities of \$80.6 million, deferred outflows of resources of \$1.4 million, and deferred inflows of resources of \$10.9 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 18 combined program and general revenues of \$53.2 million exceeded general expenditures of \$51.2 million by approximately \$3.5 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 \$1.3 million or 2% less than the budgeted \$55.2 million revenue estimate while expenditures were \$4.0 million, or 7% less than the \$54.2 million budgeted expenditures (including transfers). The net change in fund balance was an increase of \$2.8 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences, landfill monitoring, net pension liability, and other post-employment benefits showed a net increase of \$42.6 million from \$32.6 million (restated) on July 1, 2017 to \$75.2 million on June 30, 2018 after issuing \$46.2 million in new bonds for construction of a new middle school (Note 6).
- As described in Note 18, the unassigned fund balance as of June 30, 2018 for the General fund was \$16.1 million, or 14.5% of budgeted FY 19 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$99.7 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 decreased by approximately \$1.2 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

**COUNTY OF PULASKI, VIRGINIA**

## Management's Discussion and Analysis (continued)

the Information Technology, Garage, and Communication Service Fund. The assets, deferred outflows of 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 18 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 17 to FY 18.

	Government		School Board	
	2018	2017	2018	2017
Current and other assets	\$ 83.4	\$ 34.6	\$ 6.0	\$ 5.2
Capital assets, net	50.4	49.9	9.5	9.4
Total assets	\$ 133.8	\$ 84.5	\$ 15.5	\$ 14.6
Deferred Outflows of Resources	\$ 1.4	\$ 2.2	\$ 4.6	\$ 5.8
Other liabilities	\$ 5.4	\$ 4.2	\$ 3.9	\$ 4.6
Long term liabilities	75.2	31.1	44.2	43.3
Total liabilities	\$ 80.6	\$ 35.3	\$ 48.1	\$ 47.9
Deferred Inflows of Resources	\$ 10.9	\$ 8.2	\$ 6.6	\$ 3.6
Net Position:				
Net investment in capital assets	\$ 28.2	\$ 27.1	\$ 9.5	\$ 9.4
Restricted	0.04	0.5	0.0	0.0
Unrestricted	15.4	15.6	(44.1)	(40.5)
Total net position	\$ 43.6	\$ 43.2	\$ (34.6)	\$ (31.1)

**COUNTY OF PULASKI, VIRGINIA**

## Management's Discussion and Analysis (continued)

The County's combined net position increased from \$43.2 million to \$43.7 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 \$15.4 million. The County's net investment in capital assets represents the amount of capital assets owned by the County totaling \$28 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 decreased by \$3.5 million, from \$(31.1) million in FY17 to \$(34.6) million in FY 18. The School Board net investment in capital assets totaled \$9.5 million.

**Capital Assets**

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2018, as well as the change in capital assets for FY 18 in millions of dollars:

**Capital Assets:**

	Total Primary Government		Component Unit School Board	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Non-Depreciable Assets:				
Land	\$ 2.8	\$ 2.6	\$ 0.9	\$ 0.5
Construction in Progress	2.8	0.8	0.2	0.5
Other Capital Assets:				
Buildings and systems	61.2	61.0	21.7	21.4
Machinery and Equipment	15.3	14.7	10.5	10.1
Accumulated Depreciation	(31.7)	(29.2)	(23.8)	(23.1)
Totals	<u>\$ 50.4</u>	<u>\$ 49.9</u>	<u>\$ 9.5</u>	<u>\$ 9.4</u>

**Changes in Capital Assets:**

	Balance, June 30, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
	Non-Depreciable Assets:			
Land	\$ 2.6	\$ 0.2	\$ -	\$ 2.8
Construction in Progress	0.8	2.1	(0.1)	2.8
Other Capital Assets:				
Buildings and systems	61.0	0.2	0.0	61.2
Machinery and Equipment	14.7	0.5	0.0	15.2
Accumulated Depreciation	(29.2)	(2.5)	0.0	(31.7)
Totals	<u>\$ 49.9</u>	<u>\$ 0.5</u>	<u>\$ (0.1)</u>	<u>\$ 50.3</u>

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

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

	Balance, June 30, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
Non-Depreciable Assets:				
Land	\$ 0.5	\$ 0.5	\$ (0.2)	\$ 0.8
Construction in Progress	0.5	0.0	(0.3)	0.2
Other Capital Assets:				
Buildings and systems	21.4	0.3	(0.0)	21.7
Machinery and Equipment	10.0	0.7	(0.2)	10.5
Accumulated Depreciation	(23.0)	(0.9)	0.2	(23.7)
<b>Totals</b>	<b>\$ 9.4</b>	<b>\$ 0.6</b>	<b>\$ (0.5)</b>	<b>\$ 9.5</b>

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, 2018, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ 54.5	\$ 9.4	\$ -	\$ -
Literary Loans	4.2	4.6	-	-
Lease Revenue Note	7.9	8.7	-	-
Notes Payable	0.1	0.1	-	-
Unamortized Bond Premium	2.1	0.4	-	-
Unamortized Bond Discount	0.5	-	-	-
Landfill Post Closure Liability	0.0	0.3	-	-
Net OPEB Liabilities	2.0	2.0	8.6	8.8
Net Pension Liability	3.6	5.9	34.2	40.5
Compensated Absences	1.2	1.1	1.4	1.5
<b>Total</b>	<b>\$ 76.1</b>	<b>\$ 32.5</b>	<b>\$ 44.2</b>	<b>\$ 50.8</b>

Long-term obligations for the County increased by \$43.6 million in FY18. Long-term obligations of the Component Unit-School Board decreased by \$6.6 million due to a significant increase in net pension liability. 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 FY18 and the fiscal year ended June 30, 2017 (FY17) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	2018	2017	2018	2017
Revenues:				
Program Revenues:				
Charges for services	\$ 0.7	\$ 0.8	\$ 1.5	\$ 1.4
Operating grants and contributions	12.6	13.7	31.4	31.3
Capital grants and contributions	0.1	0.1	0.4	-
General Revenues:				
General property taxes	28.8	26.6	-	-
Other local taxes	7.6	7.5	-	-
Other	0.8	0.5	0.1	-
Payments from County	-	-	15.2	14.4
Total Revenues	<u>\$ 50.6</u>	<u>\$ 49.2</u>	<u>\$ 48.6</u>	<u>\$ 47.1</u>
Expenses:				
General government	\$ 2.8	\$ 2.7	\$ -	\$ -
Judicial administration	2.1	2.1	-	-
Public safety	9.9	10.8	-	-
Public works	2.6	2.6	-	-
Health and welfare	10.5	11.0	-	-
Education	16.5	15.5	45.1	46.5
Parks, recreation and cultural	1.6	1.6	-	-
Community development	3.5	1.2	-	-
Non-Departmental	-	-	-	-
Interest on long term debt	1.7	0.8	-	-
Total Expenses	<u>\$ 51.2</u>	<u>\$ 48.3</u>	<u>\$ 45.1</u>	<u>\$ 46.5</u>
Grants and Contributions (Not related to specific programs)	\$ 2.6	\$ 2.7	\$ -	\$ -
Transfers	-	-	-	-
Net Position, Beginning of Year	41.7	39.6	(38.1)	(31.7)
Net Position, End of Year	<u>\$ 43.7</u>	<u>\$ 43.2</u>	<u>\$ (34.6)</u>	<u>\$ (31.1)</u>

**Revenues**

For FY18, revenues from governmental funds totaled \$53.9 million. General property tax revenues, the County's largest revenue source, were \$28.8 million, an increase of \$2.2 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$7.5 million, no increase or decrease over FY17.

The Component Unit School Board revenues totaled \$48.9 million for FY18, an increase of \$1.8 million from June 30, 2017 to June 30, 2018 while expenses decreased by \$0.6 million. Component Unit School Board state and federal revenues increased by \$0.1 million, while charges for services increased by \$0.1 million which resulted in an increase of local government transfer of \$0.8 million, after \$0.4 million in capital grants and \$0.1 million in general revenues.

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

**Expenses**

For FY 18, expenses for primary governmental activities totaled \$50.2 million, an increase of \$1.9 million over the prior year. Details on categorical expenditures are shown in the Statement of Revenue, Expenditures and Changes in Fund Balance chart below.

Education is a very high priority in Pulaski County; consequently the Board of Supervisors contributed \$14.9 million to the operation of the Pulaski County schools excluding debt service costs. This accounts for approximately 31% 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 FY18 contribution to FY19 to use towards School capital improvements in the amount of \$352,194.

**Financial Analysis of the County's Funds**

For FY17, the general fund reflects a fund balance of \$15.9 million, an increase of \$1.4 million from FY16. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2016 to the fiscal year ended June 30, 2017 amounts for the General Fund as shown in Exhibit 5.

	General Fund		
	2017	2016	Change
Revenues:			
General Property Taxes	\$ 26.3	\$ 25.7	\$ 0.6
Other Local Taxes	7.5	7.2	0.3
Permits, Fees and Licences	0.1	0.1	-
Fines and Forfeitures	-	0.1	(0.1)
Revenue from Use of Money/Property	0.4	0.3	0.1
Charges for Services	0.6	0.6	-
Miscellaneous	0.2	0.1	0.1
Recovered Costs	1.7	0.9	0.8
Revenue from Commonwealth	11.7	11.1	0.6
Revenue from Federal Government	3.7	4.2	(0.5)
Total Revenues	<u>\$ 52.2</u>	<u>\$ 50.3</u>	<u>\$ 1.9</u>
Expenditures:			
General Government Administration	\$ 2.6	\$ 2.4	\$ 0.2
Judicial Administration	2.0	1.9	0.1
Public Safety	8.9	8.8	0.1
Public Works	2.0	1.9	0.1
Health and Welfare	11.0	10.9	0.1
Education	14.1	13.6	0.5
Parks, Recreation and Cultural	1.4	1.4	-
Community Development	1.7	2.3	(0.6)
Non-Departmental	-	0.1	(0.1)
Principal	2.4	7.1	(4.7)
Interest	0.8	0.9	(0.1)
Total Expenditures	<u>\$ 46.9</u>	<u>\$ 51.3</u>	<u>\$ (4.4)</u>
Excess	\$ 5.3	\$ (1.0)	\$ 6.3
Other Financing Sources (Uses)	(3.3)	2.0	(5.3)
Net Change in Fund Balance	2.00	1.00	1.0
Fund Balance, Beginning of Year	13.9	13.5	0.4
Fund Balance, End of Year	<u>\$ 15.9</u>	<u>\$ 14.5</u>	<u>\$ 1.4</u>

**COUNTY OF PULASKI, VIRGINIA**

## Management's Discussion and Analysis (continued)

The General Fund revenues saw increases in all categories except federal grant revenues from FY16 to FY17 with an overall increase of \$1.9 million due mainly to an increase in the real estate and local tax collections, and increases in recovered costs and state revenues. There were no increases in property tax rates during FY17.

The General Fund expenditures were decreased by \$4.4 million due largely to the refunding of debt expenditures incurred in FY 2016 and a decrease in community development expenditures. Overall, other expenditure categories remained fairly consistent in FY17 with FY16 figures, aside from an increase of \$0.5 million in education expenses.

All school board unused appropriations from the 2017 fiscal year were carried over by the Board of Supervisors for use in the FY 2018 School Capital fund capital improvements in the amount of \$512,413.

**General Fund Budgetary Highlights**

The following table presents revenues and expenditures for the General Fund only for FY 17 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 25.5	\$ 26.0	\$ 26.3	0.3
Other Local Taxes	7.3	7.4	7.5	0.1
Permits, Fees and Licenses	0.1	0.0	0.1	0.1
Fines and Forfeitures	0.1	0.1	0.0	(0.1)
Revenue from Use of Money and Property	0.3	0.3	0.4	0.1
Charges for Services	0.5	0.6	0.6	-
Miscellaneous	0.1	0.1	0.2	0.1
Recovered Costs	0.9	1.6	1.7	0.1
Intergovernmental	16.9	17.6	15.4	(2.2)
Other	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$ 51.7</b>	<b>\$ 53.7</b>	<b>\$ 52.2</b>	<b>(1.5)</b>
Expenditures and transfers:				
General Government Administration	\$ 2.3	\$ 2.6	\$ 2.6	0.0
Judicial Administration	1.9	2.3	2.0	0.3
Public Safety	9.1	9.6	8.9	0.7
Public Works	2.0	2.1	2.0	0.1
Health and Welfare	13.6	13.6	11.0	2.6
Education	14.2	14.8	14.1	0.7
Parks, Recreation and Cultural	1.4	1.5	1.4	0.1
Community Development	1.5	1.9	1.7	0.2
Non-departmental	0.2	0.5	0.0	0.5
Debt Service	5.7	5.7	3.2	2.5
Transfers	2.2	5.1	3.3	1.8
<b>Total</b>	<b>\$ 54.1</b>	<b>\$ 59.7</b>	<b>\$ 50.2</b>	<b>9.5</b>

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 FY16 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 County are limited options for revenue increases, continued fluctuations in state and federal revenues, public school funding demands, capital projects and improvement priorities, and an anemic 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 FY17, 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 46.6% or \$43.8 million, of the County and Component Unit School Board FY 2018 total budget, while local real estate taxes account for 38.8% percent of total County general fund revenues. A one percent change in state revenue results in a \$0.44 million change in the local budget, or the equivalent of a \$0.018 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.

Public School Funding – The demand for public school funding continues to increase year-to-year based on various factors relating to operations, personnel and capital needs. General fund contributions to the public school system amount to 33% of the county's annual budget in FY 17-18 and there was a 2.8% increase in the local contribution for FY 17-18 over the FY 16-17 contribution.

Capital Projects and Improvement Priorities – The County has more than 50 general properties and buildings to maintain with more than 622,000 sq. ft. of facility space. Significant maintenance and repairs on many of these facilities are necessary in the next few years to insure their safe and continued use. Along with this need, the county will responsibly continue with their plans to replace expensive first responder apparatus that is reaching the end of its useful life.

Other factors that are expected to impact future budgets include:

1. Loss of capacity to further adjust the tax levy for future need based on the required increase needed to service the debt for the new \$47 million consolidated Pulaski County Middle School project.
2. Future anticipated GASB Statement #75 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, preventative and proactive maintenance of the facilities, funding for the dissolution of joint services with the school system, 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 resourceful and innovative means.
6. Funding of increasing healthcare costs and additional healthcare requirements in future budgets with the continued implementation of 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.

## **COUNTY OF PULASKI, VIRGINIA**

Management's Discussion and Analysis (continued)

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### **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 Jonathan Sweet, County Administrator at 143 Third Street NW, Suite 1, Pulaski, Virginia 24301, or telephone (540) 980-7705. The County's website address is [www.pulaskicounty.org](http://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, 2018

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 20,934,445	\$ 1,968,280	\$ 3,088,018	\$ 588,578
Investments	110,915	-	-	-
Receivables (Net of Allowance for Uncollectibles):				
Taxes	12,579,220	-	-	-
Other Local Taxes and Fees	403,003	-	-	-
Accounts Receivable	110,642	-	1,930,945	12,510
Capital Lease Receivable	-	-	-	5,279,973
Note Receivable	129,974	-	1,273,218	19,189,334
Rent Receivable	-	-	-	190,574
Interest Receivable	-	-	-	26,274
Prepaid Items	138,465	578,005	8,679	9,304
Due from Primary Government	-	2,258,138	-	-
Due from Other Governmental Units	2,082,583	1,156,904	-	-
Due from Component Units	303,513	-	-	-
Advances to Component Units	500,000	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	46,077,086	-	257,785	855,191
Organization Expense (Net of Accumulated Amortization)	-	-	132	-
Capital Assets:				
Land	2,768,762	858,360	225,354	2,265,012
Buildings and Improvements	41,432,862	5,195,660	474,589	8,380,275
Machinery and Equipment	3,347,602	3,218,531	1,858,760	26,645
Infrastructure	-	-	22,168,478	-
Construction in Progress	2,862,207	214,121	269,878	277,400
Total Assets	<u>\$ 133,781,279</u>	<u>\$ 15,447,999</u>	<u>\$ 31,555,836</u>	<u>\$ 37,101,070</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charges on Refunding	\$ 309,050	\$ -	\$ -	\$ -
Pension related items	923,644	4,125,640	146,786	-
OPEB related items	113,170	473,846	10,149	-
Total Deferred Outflows of Resources	<u>\$ 1,345,864</u>	<u>\$ 4,599,486</u>	<u>\$ 156,935</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,288,065	\$ 274,428	\$ 434,941	\$ 36,266
Amounts Held for Others	-	-	-	512,513
Accrued Wages	-	3,633,751	-	-
Accrued Expenses	57,786	-	-	-
Customer Deposits	-	-	144,770	-
Accrued Interest Payable	797,120	-	16,007	15,747
Due to Component Units	2,258,138	-	-	-
Due to Primary Government	-	-	-	303,513
Unearned Revenue	-	-	-	304,300
Long-Term Liabilities:				
Due Within One Year	5,466,383	1,063,065	432,431	2,984,270
Due in More Than One Year	69,716,032	43,133,433	10,389,805	14,011,742
Total Liabilities	<u>\$ 80,583,524</u>	<u>\$ 48,104,677</u>	<u>\$ 11,417,954</u>	<u>\$ 18,168,351</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue - Property Taxes	\$ 9,812,295	\$ -	\$ -	\$ -
Pension related items	956,798	6,243,799	155,910	-
OPEB related items	86,803	346,000	13,494	-
Total Deferred Inflows of Resources	<u>\$ 10,855,896</u>	<u>\$ 6,589,799</u>	<u>\$ 169,404</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 28,247,133	\$ 9,486,672	\$ 15,248,777	\$ 10,949,332
Restricted	118,848	-	257,785	42,678
Unrestricted (Deficit)	15,321,742	(44,133,663)	4,618,851	7,940,709
Total Net Position	<u>\$ 43,687,723</u>	<u>\$ (34,646,991)</u>	<u>\$ 20,125,413</u>	<u>\$ 18,932,719</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, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	School Board	Component Units	
					Primary Governmental Activities	Public Service Authority
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government Administration	\$ 2,801,349	\$ 470	\$ -	\$ -	\$ -	\$ -
Judicial Administration	2,067,758	98,076	-	(2,360,989)	-	-
Public Safety	9,874,829	272,172	121,076	(73,905)	-	-
Public Works	2,586,077	61,755	-	(6,936,201)	-	-
Health and Welfare	10,515,792	-	-	(2,512,137)	-	-
Education	16,553,189	-	-	(2,920,675)	-	-
Parks, Recreation and Cultural	1,621,925	298,297	-	(16,553,189)	-	-
Community Development	3,504,042	-	2,625	(1,175,576)	-	-
Interest	1,717,409	-	-	(3,501,417)	-	-
<b>Total Primary Government</b>	<b>\$ 51,242,370</b>	<b>\$ 730,770</b>	<b>\$ 123,701</b>	<b>\$ (37,751,498)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component Units:</b>						
School Board	\$ 45,119,791	\$ 1,445,471	\$ 405,000	\$ (11,878,583)	\$ -	\$ -
Public Service Authority	9,246,043	9,661,442	-	-	415,399	-
Economic Development Authority	2,624,111	708,616	-	-	-	(200,326)
<b>Total Component Units</b>	<b>\$ 56,989,945</b>	<b>\$ 11,815,529</b>	<b>\$ 405,000</b>	<b>\$ (11,878,583)</b>	<b>\$ 415,399</b>	<b>\$ (200,326)</b>
<b>General Revenues:</b>						
General Property Taxes				\$ -	\$ -	\$ -
Other Local Taxes				\$ 28,799,097	\$ -	\$ -
Local Sales and Use Taxes				3,282,674	-	-
Consumers' Utility Taxes				657,545	-	-
Business Licenses				774,359	-	-
Consumption Taxes				114,410	-	-
Motor Vehicle Licenses				586,905	-	-
Bank Stock Taxes				18,956	-	-
Taxes on Recordation and Wills				168,692	-	-
Hotel and Motel Room Taxes				353,389	-	-
Restaurant Food Taxes				1,522,601	-	-
Unrestricted Revenues from Use of Money and Property				13,759	34,252	3,422
Miscellaneous				37,671	148,571	-
Payments from Primary Government				15,259,175	132,862	1,951,112
Grants and Contributions Not Restricted to Specific Programs				-	-	-
<b>Total General Revenues</b>				<b>\$ 15,310,605</b>	<b>\$ 315,685</b>	<b>\$ 1,954,534</b>
Change in Net Position				3,432,022	731,084	1,754,208
Net Position - Beginning, as restated				(38,079,013)	19,394,329	17,178,511
Net Position - Ending				<b>\$ (34,646,991)</b>	<b>\$ 20,125,413</b>	<b>\$ 18,932,719</b>

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

County of Pulaski, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2018

	<u>General</u>	<u>School CIP Fund</u>	<u>Other Governmental</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 15,099,758	\$ -	\$ 2,648,899	\$ 17,748,657
Investments	110,915	-	-	110,915
Receivables (Net of Allowance for Uncollectibles):				
Taxes	12,579,220	-	-	12,579,220
Other Local Taxes and Fees	403,003	-	-	403,003
Accounts	3,871	-	-	3,871
Loans	129,974	-	-	129,974
Due from Other Funds	-	113,184	-	113,184
Due from Other Governmental Units	2,072,495	-	10,088	2,082,583
Prepaid items	79,749	-	-	79,749
Due from Component Units	133,689	-	169,824	303,513
Advances to Component Units	500,000	-	-	500,000
Restricted:				
Cash and cash equivalents	118,848	45,958,238	-	46,077,086
Total Assets	<u>\$ 31,231,522</u>	<u>\$ 46,071,422</u>	<u>\$ 2,828,811</u>	<u>\$ 80,131,755</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,323,952	\$ 390,751	\$ 106,154	\$ 1,820,857
Due to Other Funds	204,226	-	-	204,226
Due to Component Units	2,258,138	-	-	2,258,138
Accrued liabilities	57,786	-	-	57,786
Total Liabilities	<u>\$ 3,844,102</u>	<u>\$ 390,751</u>	<u>\$ 106,154</u>	<u>\$ 4,341,007</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	\$ 12,526,584	\$ -	\$ -	\$ 12,526,584
Unearned Revenue - Loans	129,974	-	-	129,974
Total Deferred Inflows of Resources	<u>\$ 12,656,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,656,558</u>
<b>FUND BALANCE</b>				
Nonspendable	\$ 579,749	\$ -	\$ -	\$ 579,749
Restricted	118,848	45,680,671	-	45,799,519
Committed	-	-	2,722,657	2,722,657
Assigned	695,827	-	-	695,827
Unassigned	13,336,438	-	-	13,336,438
Total Fund Balances	<u>\$ 14,730,862</u>	<u>\$ 45,680,671</u>	<u>\$ 2,722,657</u>	<u>\$ 63,134,190</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 31,231,522</u>	<u>\$ 46,071,422</u>	<u>\$ 2,828,811</u>	<u>\$ 80,131,755</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, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	63,134,190
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Land	\$	2,768,762
Building and Improvements		41,432,862
Machinery and Equipment		3,347,602
Construction in Progress		<u>2,862,207</u>
		50,411,433
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	\$	2,714,289
Loans Receivable		<u>129,974</u>
		2,844,263
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.		
		2,975,109
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	923,644
OPEB related items		<u>113,170</u>
		1,036,814
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds		
General Obligation Bonds	\$	(54,530,325)
Literary Loans		(4,158,779)
Lease Revenue Notes		(7,839,517)
Note Payable		(63,465)
Unamortized Bond Premiums		(2,046,277)
Unamortized Bond Discounts		484,342
Landfill Post-Closure Monitoring Costs		(267,381)
Net Pension Liability		(3,619,908)
Net OPEB Liabilities		(1,968,936)
Deferred Charge on Refunding		309,050
Compensated Absences		(1,172,169)
Accrued Interest Payable		<u>(797,120)</u>
		(75,670,485)
Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.		
Pension related items	\$	(956,798)
OPEB related items		<u>(86,803)</u>
		(1,043,601)
Net Position of Governmental Activities	\$	<u><u>43,687,723</u></u>

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, 2018

	General <u>Fund</u>	School <u>CIP Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General Property Taxes	\$ 28,775,279	\$ -	\$ -	\$ 28,775,279
Other Local Taxes	7,479,531	-	-	7,479,531
Permits, Privilege Fees and Regulatory Licenses	145,952	-	-	145,952
Fines and Forfeitures	83,229	-	-	83,229
Revenue from Use of Money and Property	365,285	303,965	-	669,250
Charges for Services	501,589	-	-	501,589
Miscellaneous	156,515	-	34,122	190,637
Recovered Costs	1,261,919	-	-	1,261,919
Intergovernmental	15,156,083	-	228,503	15,384,586
Total Revenues	<u>\$ 53,925,382</u>	<u>\$ 303,965</u>	<u>\$ 262,625</u>	<u>\$ 54,491,972</u>
<b>EXPENDITURES</b>				
Current:				
General Government Administration	\$ 2,788,660	\$ -	\$ 468,150	\$ 3,256,810
Judicial Administration	2,061,752	-	-	2,061,752
Public Safety	9,205,429	-	378,998	9,584,427
Public Works	2,238,249	-	1,028,252	3,266,501
Health and Welfare	10,519,706	-	-	10,519,706
Education	14,939,100	340,265	-	15,279,365
Parks, Recreation and Cultural	1,472,189	-	127,975	1,600,164
Community Development	3,481,924	-	-	3,481,924
Non-Departmental	52,143	-	-	52,143
Capital Projects	-	1,767,167	-	1,767,167
Debt Service:				
Principal Retirement	2,482,797	-	-	2,482,797
Interest and Other Fiscal Charges	738,402	216,680	-	955,082
Bond Issuance Costs	247,701	-	-	247,701
Total Expenditures	<u>\$ 50,228,052</u>	<u>\$ 2,324,112</u>	<u>\$ 2,003,375</u>	<u>\$ 54,555,539</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>\$ 3,697,330</u>	<u>\$ (2,020,147)</u>	<u>\$ (1,740,750)</u>	<u>\$ (63,567)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 247,701	\$ -	\$ 4,182,561	\$ 4,430,262
Transfers Out	(5,190,212)	(247,701)	(16,645)	(5,454,558)
Issuance of debt	-	47,495,273	-	47,495,273
Total Other Financing Sources (Uses)	<u>\$ (4,942,511)</u>	<u>\$ 47,247,572</u>	<u>\$ 4,165,916</u>	<u>\$ 46,470,977</u>
Net Change in Fund Balance	\$ (1,245,181)	\$ 45,227,425	\$ 2,425,166	\$ 46,407,410
Fund Balance - Beginning	15,976,043	453,246	297,491	16,726,780
Fund Balance - Ending	<u>\$ 14,730,862</u>	<u>\$ 45,680,671</u>	<u>\$ 2,722,657</u>	<u>\$ 63,134,190</u>

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, 2018

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

Net changes in fund balance - total governmental funds \$ 46,407,410

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 capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 3,008,334	
Depreciation expenses	(2,476,694)	531,640

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	\$ 23,818	
Decrease (Increase) in unavailable revenue - loans	(52,937)	(29,119)

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:		
General obligation debt	\$ (46,240,000)	
Premium on issuance	(1,739,615)	
Discount on issuance	484,342	
Landfill post-closure monitoring costs	(2,695)	
Principal repayments:		
General obligation bonds	1,101,760	
Literary loans	419,585	
Lease revenue notes	899,178	
Note payable	62,274	(45,015,171)

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.

OPEB expense	\$ (715)	
Pension expense	519,746	
(Increase) Decrease in compensated absences	(40,034)	
(Increase) Decrease in accrued interest payable	(521,574)	
Increase (Decrease) in deferred charge on refunding	(34,339)	
Amortization of bond premiums	41,287	(35,629)

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.

99,433

Change in net position of governmental activities

\$ 1,958,564

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

County of Pulaski, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,185,788	\$ -	\$ 3,185,788
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	106,771	106,771
Due from Other Funds	-	91,042	91,042
Prepaid Items	-	58,716	58,716
Total Assets	<u>\$ 3,185,788</u>	<u>\$ 256,529</u>	<u>\$ 3,442,317</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 37,335	\$ 40,015	\$ 77,350
IBNR Payable	389,858	-	389,858
Total Liabilities	<u>\$ 427,193</u>	<u>\$ 40,015</u>	<u>\$ 467,208</u>
<b>NET POSITION</b>			
Unrestricted	\$ 2,758,595	\$ 216,514	\$ 2,975,109
Total Net Position	<u>\$ 2,758,595</u>	<u>\$ 216,514</u>	<u>\$ 2,975,109</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 Funds  
For the Fiscal Year Ended June 30, 2018

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>			
Charges for Services:			
Information Technology Charges	\$ -	\$ 275,711	\$ 275,711
Garage Charges	-	1,445,085	1,445,085
Communication Charges	-	125,824	125,824
Other Revenues:			
Miscellaneous	-	36,927	36,927
Insurance Premiums	8,216,643	-	8,216,643
Total Operating Revenues	<u>\$ 8,216,643</u>	<u>\$ 1,883,547</u>	<u>\$ 10,100,190</u>
<b>OPERATING EXPENSES</b>			
Information Technology	\$ -	\$ 789,375	\$ 789,375
Central Garage	-	1,867,071	1,867,071
Communications	-	121,598	121,598
Insurance Claims and Expenses	8,247,009	-	8,247,009
Total Operating Expenses	<u>\$ 8,247,009</u>	<u>\$ 2,778,044</u>	<u>\$ 11,025,053</u>
Operating Income (Loss)	<u>\$ (30,366)</u>	<u>\$ (894,497)</u>	<u>\$ (924,863)</u>
Transfer In	\$ -	\$ 1,024,296	\$ 1,024,296
Change in Net Position	\$ (30,366)	\$ 129,799	\$ 99,433
Net Position - Beginning, as restated	2,788,961	86,715	2,875,676
Net Position - Ending	<u>\$ 2,758,595</u>	<u>\$ 216,514</u>	<u>\$ 2,975,109</u>

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

County of Pulaski, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Charges to County Department and other organizations	\$ -	\$ 1,810,930	\$ 1,810,930
Other receipts (payments)	-	36,927	36,927
Payments to suppliers for goods and services	-	(2,872,153)	(2,872,153)
Payments to employees for services	-	-	-
Receipts for insurance premiums	8,216,643	-	8,216,643
Payments for insurance premiums	(8,360,569)	-	(8,360,569)
Total cash provided by (used for) operating activities	<u>\$ (143,926)</u>	<u>\$ (1,024,296)</u>	<u>\$ (1,168,222)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	<u>\$ -</u>	<u>\$ 1,024,296</u>	<u>\$ 1,024,296</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (143,926)</u>	<u>\$ -</u>	<u>\$ (143,926)</u>
Cash and Cash Equivalents - Beginning	<u>\$ 3,329,714</u>	<u>\$ -</u>	<u>\$ 3,329,714</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,185,788</u>	<u>\$ -</u>	<u>\$ 3,185,788</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	<u>\$ (30,366)</u>	<u>\$ (894,497)</u>	<u>\$ (924,863)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ (66,960)	\$ (85,795)	\$ (152,755)
Increase (Decrease) in IBNR Payable	(46,600)	-	(46,600)
Increase (Decrease) in Reconciled Overdraft	-	(8,314)	(8,314)
(Increase) Decrease in Accounts Receivable	-	(8,134)	(8,134)
(Increase) Decrease in Due from Other Funds	-	(21,225)	(21,225)
(Increase) Decrease in Due from Other Governments	-	27,317	27,317
(Increase) Decrease in Prepaid Items	-	(33,648)	(33,648)
Total Adjustments	<u>\$ (113,560)</u>	<u>\$ (129,799)</u>	<u>\$ (243,359)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (143,926)</u>	<u>\$ (1,024,296)</u>	<u>\$ (1,168,222)</u>

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, 2018

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 193,474</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Amounts Held for Others:	
Special Welfare Fund	\$ 19,784
Performance Bond Fund	88,260
Employee Flexible Benefits Fund	<u>85,430</u>
Total amounts held for others	<u>\$ 193,474</u>
Total Liabilities	<u>\$ 193,474</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements  
June 30, 2018

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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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

A. Financial Reporting Entity: (continued)

The Pulaski County Economic 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 Economic Development Authority's report can be obtained from the Economic 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.

The County along with the Counties of Carroll, Bland, Floyd, Giles, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2018, the County paid \$1,704,388 for the confinement of prisoners.

The County and the Counties of Montgomery, Giles, Floyd, and the City of Radford participate in supporting New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$93,204 to NRVCS for the current year.

The County along with Counties in the surrounding area participate in supporting the New River Valley Juvenile Detention Home. The County contributed \$107,680 to the NRV Juvenile Detention Home for the current year.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

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*.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

Sales and utility taxes, which are collected by the state or 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.

The School CIP fund is reported as the County's major *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 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 is reported as a nonmajor special revenue funds.

The County CIP fund is reported as 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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

Additionally, the 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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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:

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).

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 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are due and collectible annually on October 15<sup>th</sup>. The County bills and collects its own property taxes.



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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)

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 \$747,244 at June 30, 2018 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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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)

8. Capital Assets (continued)

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

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 multiple 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. Another item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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 (continued)

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

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.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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)

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 and School Board's Retirement Plan and the additions to/deductions from the County's and School Board'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. Other Postemployment Benefits (OPEB)

*Group Life Insurance*

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

12. Other Postemployment Benefits (OPEB) (continued)

*Teacher Employee Health Insurance Credit Program*

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. 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.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

14. 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.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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)

15. 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.

16. 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 1<sup>st</sup>, 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, 2018

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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:

Expenditures did not exceed appropriations for any function during fiscal year 2018.

C. Deficit Fund Balance:

At June 30, 2018, there were no funds that had a deficit fund balance.



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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	\$ 110,915	\$ 110,915
SNAP	45,958,238	45,958,238
Total	<u>\$ 46,069,153</u>	<u>\$ 46,069,153</u>

Custodial Credit Risk (Investments):

The County's rated debt investments as of June 30, 2018 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	\$ 110,915
SNAP	45,958,238
Total	<u>\$ 46,069,153</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 3- Deposits and Investments: (continued)

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 and SNAP are not SEC registered, regulatory oversight of the pools 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	\$ 46,909	\$ -
Town of Pulaski	36,931	-
Commonwealth of Virginia:		
State sales tax	607,869	582,608
Communication sales tax	120,949	-
Other taxes	8,370	-
Categorical aid-shared expenses	288,043	-
Categorical aid-other	34,325	-
Categorical aid-VPA funds	152,691	-
Categorical aid-CSA funds	468,703	-
Federal Government:		
Categorical aid-VPA funds	232,343	-
Categorical aid-other	83,368	574,296
Totals	<u>\$ 2,080,501</u>	<u>\$ 1,156,904</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 5- Interfund Balances and Transfers:

Fund	Due to	Due from
Primary Government:		
General Fund	\$ 2,462,364	\$ 133,689
County CIP Fund	-	169,824
School CIP Fund	-	113,184
Information Technology, Garage, and Communication Service Fund	-	91,042
Component Units:		
School Fund	-	2,258,138
Industrial Development Authority	303,513	-
Total	\$ 2,765,877	\$ 2,765,877
	Transfers in	Transfers out
Primary Government:		
General Fund	\$ 247,701	\$ 5,190,212
County CIP Fund	4,182,561	-
School CIP Fund	-	247,701
Tornado Relief Fund	-	16,645
Information Technology, Garage, and Communication Service Fund	1,024,296	-
Total	\$ 5,454,558	\$ 5,454,558

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, 2018

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, 2018.

	Restated Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 9,392,085	\$ 46,240,000	\$ 1,101,760	\$ 54,530,325
Literary loans	4,578,364	-	419,585	4,158,779
Lease revenue notes	8,738,695	-	899,178	7,839,517
Note payable	125,739	-	62,274	63,465
Unamortized bond premiums	347,949	1,739,615	41,287	2,046,277
Unamortized bond discounts	-	(484,342)	-	(484,342)
Landfill post-closure monitoring costs	264,686	2,695	-	267,381
Net OPEB liabilities	2,040,288	112,567	183,919	1,968,936
Net pension liability	5,948,973	3,987,659	6,316,724	3,619,908
Compensated absences	1,132,135	889,135	849,101	1,172,169
Total	<u>\$ 32,568,914</u>	<u>\$ 52,487,329</u>	<u>\$ 9,873,828</u>	<u>\$ 75,182,415</u>

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Notes	
	Principal	Interest	Principal	Interest
2019	\$ 2,775,737	\$ 1,838,191	\$ 912,549	\$ 263,188
2020	2,725,049	1,849,992	930,964	235,633
2021	2,639,539	1,728,351	944,552	207,346
2022	2,695,000	1,605,238	594,237	182,105
2023	2,795,000	1,477,586	616,703	159,743
2024-2028	12,855,000	5,720,981	3,430,512	427,803
2029-2033	13,520,000	3,479,729	410,000	9,430
2034-2038	14,525,000	1,420,538	-	-
Totals	<u>\$ 54,530,325</u>	<u>\$ 19,120,606</u>	<u>\$ 7,839,517</u>	<u>\$ 1,485,248</u>

Year Ending June 30,	Literary Loans		Note payable	
	Principal	Interest	Principal	Interest
2019	\$ 425,914	\$ 83,176	\$ 63,465	\$ 755
2020	436,377	74,657	-	-
2021	446,410	65,930	-	-
2022	451,338	57,001	-	-
2023	460,615	47,975	-	-
2024-2027	1,938,125	97,877	-	-
Totals	<u>\$ 4,158,779</u>	<u>\$ 426,616</u>	<u>\$ 63,465</u>	<u>\$ 755</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**Note 6- Long-Term Obligations: (continued)**

Details of long-term obligations:

	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	\$ 130,967	\$ 42,787
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	2,725,000	545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	5,080,000	350,000
GO bond	1.81%	4/16/2014	2020	1,035,536	354,358	177,950
GO bond	3.00-5.00%	3/1/2018	2038	46,240,000	46,240,000	1,660,000
Subtotal GO bonds					<u>\$54,530,325</u>	<u>\$ 2,775,737</u>
Unamortized bond premium	n/a	11/7/2002	2023	436,841	109,211	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	23,077	2,007
Unamortized bond premium	n/a	3/1/2018	2029	1,739,614	1,739,615	397,089
Unamortized bond discount	n/a	3/1/2018	2038	(484,342)	(484,342)	(28,785)
Total general obligation bonds					<u>\$55,917,886</u>	<u>\$ 3,167,890</u>
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 3,530,000	\$ 245,000
Lease revenue note	2.47-3.25%	12/6/2013	2027	321,054	246,226	24,734
Lease revenue note	2.37%	6/15/2016	2028	3,443,000	2,935,000	263,200
School lease revenue note	2.05%	12/6/2013	2021	2,680,534	1,128,291	379,615
Subtotal lease revenue notes					<u>\$ 7,839,517</u>	<u>\$ 912,549</u>
Unamortized bond premium	n/a	5/15/2008	2029	348,754	174,374	17,438
Total lease revenue notes					<u>\$ 8,013,891</u>	<u>\$ 929,987</u>
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 4,158,779	\$ 425,914
Note Payable						
Note Payable	1.900%	4/30/2012	2019	\$ 420,000	\$ 63,465	\$ 63,465
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 267,381	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,968,936	-
Net pension liability	n/a	n/a	n/a	n/a	3,619,908	-
Compensated absences	n/a	n/a	n/a	n/a	1,172,169	879,127
Total other obligations					<u>\$ 7,028,394</u>	<u>\$ 879,127</u>
Totals					<u>\$75,182,415</u>	<u>\$ 5,466,383</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

Discretely Presented Component Unit- School Board-Long-term Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2018:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Net OPEB liabilities	\$ 8,827,300	\$ 563,600	\$ 791,700	\$ 8,599,200
Net pension liability	40,526,697	6,705,536	13,052,355	34,179,878
Compensated absences	1,449,986	1,054,924	1,087,490	1,417,420
Total	<u>\$ 50,803,983</u>	<u>\$ 8,324,060</u>	<u>\$ 14,931,545</u>	<u>\$ 44,196,498</u>

Details of Long-Term Obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 8,599,200	\$ -
Net pension liability	n/a	n/a	n/a	n/a	34,179,878	-
Compensated absences	n/a	n/a	n/a	n/a	1,417,420	1,063,065
Total other obligations					<u>\$ 44,196,498</u>	<u>\$ 1,063,065</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**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 a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. 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><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> 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.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> </ul>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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"> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• 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.</li> </ul>



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 8-Pension Plan: (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> 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><b>Hybrid Opt-In Election (Cont.)</b> 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><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <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><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p><b>Retirement Contributions</b> 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, 2018

**Note 8-Pension Plan:** (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> 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><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <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 Contribution 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, 2018

**Note 8-Pension Plan:** (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> 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><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <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 Contribution 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>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**Note 8-Pension Plan:** (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Vesting (Cont.) <u>Defined Contribution 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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> 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><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <u>Defined Benefit Component:</u> See definition under Plan 1.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 8-Pension Plan: (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b> 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><b>Calculating the Benefit (Cont.)</b> <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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier <u>Defined Benefit Component:</u></b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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: Age 60 with at least five years (60 months) of creditable service.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**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, 2018

**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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<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, 2018

**Note 8-Pension Plan:** (continued)

*Plan Description (continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> 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><b>Disability Coverage</b> 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><b>Disability Coverage</b> 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><b>Purchase of Prior Service</b> 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. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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**Note 8-Pension Plan:** (continued)

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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 employer contribution rate for the year ended June 30, 2018 was 9.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$923,644 and \$886,604 for the County and \$146,152 and \$142,214 for the PSA for the years ended June 30, 2018 and June 30, 2017, respectively.

*Net Pension Liability*

At June 30, 2018, the County and PSA reported liabilities of \$3,619,908 and \$572,762 for their proportionate shares of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. 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, 2017 and 2016 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2017 and 2016, the County's proportion was 81.5237% and 81.8900%, respectively. At June 30, 2017 and 2016, the PSA's proportion was 12.9667% and 12.7300%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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, 2016, 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, 2017.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 8-Pension Plan: (continued)

*Actuarial Assumptions - General Employees (Continued)*

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 8-Pension Plan: (continued)

*Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 8-Pension Plan: (continued)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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, 2019, 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, 2019 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)	\$ 9,109,407	\$ 3,619,908	\$ (957,947)
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,441,416	\$ 572,762	\$ (151,579)

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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, 2018, the County and PSA recognized pension expense of \$408,437 and \$60,476, respectively. 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, 2018, 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	\$ -	\$ 301,618	\$ -	\$ 48,019
Change in assumptions	-	81,107	-	12,900
Net difference between projected and actual earnings on pension plan investments	-	567,111	-	94,991
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,962	634	-
Employer contributions subsequent to the measurement date	923,644	-	146,152	-
Total	<u>\$ 923,644</u>	<u>\$ 956,798</u>	<u>\$ 146,786</u>	<u>\$ 155,910</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 8-Pension Plan: (continued)

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

\$923,644 and \$146,152 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 ending June 30, 2019. 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
2019	\$ (548,113)	\$ (91,599)
2020	25,055	1,338
2021	(54,210)	(4,650)
2022	(379,530)	(60,365)

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	86
Inactive members:	
Vested inactive members	16
Non-vested members	54
Inactive members active elsewhere in VRS	18
Total inactive members	88
Active members	99
Total covered employees	273

*Contributions*

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018 was 7.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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 \$156,538 and \$151,735 for the years ended June 30, 2018 and June 30, 2017, respectively.

*Net Pension Liability*

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (continued)

*Changes in Net Pension Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 10,670,306	\$ 9,529,609	\$ 1,140,697
Changes for the year:			
Service cost	\$ 217,216	\$ -	\$ 217,216
Interest	727,532	-	727,532
Differences between expected and actual experience	(407,240)	-	(407,240)
Assumption changes	(62,808)	-	(62,808)
Contributions - employer	-	151,950	(151,950)
Contributions - employee	-	105,216	(105,216)
Net investment income	-	1,146,141	(1,146,141)
Benefit payments, including refunds	(553,976)	(553,976)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(6,774)	6,774
Other changes	-	(1,014)	1,014
Net changes	\$ (79,276)	\$ 841,543	\$ (920,819)
Balances at June 30, 2017	\$ 10,591,030	\$ 10,371,152	\$ 219,878

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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)	\$ 1,497,460	\$ 219,878	\$ (849,876)

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

For the year ended June 30, 2018, the Component Unit School Board (nonprofessional) recognized pension expense of (\$147,288). At June 30, 2018, 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	\$ -	\$ 273,805
Change in assumptions	-	37,884
Net difference between projected and actual earnings on pension plan investments	-	146,110
Employer contributions subsequent to the measurement date	156,538	-
Total	<u>\$ 156,538</u>	<u>\$ 457,799</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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)*

\$156,538 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 ending June 30, 2019. 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	Component Unit School Board Nonprofessional
2019	\$ (310,842)
2020	(50,699)
2021	1,689
2022	(97,947)

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 8-Pension Plan: (continued)

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*

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. 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. Contributions to the pension plan from the School Board were \$3,473,102 and \$3,143,365 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$33,960,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.27614% as compared to 0.28105% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$1,736,000. 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.



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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)*

At June 30, 2018, 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	\$ -	\$ 2,404,000
Change in assumptions	496,000	1,234,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,148,000
Employer contributions subsequent to the measurement date	3,473,102	-
Total	<u>\$ 3,969,102</u>	<u>\$ 5,786,000</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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)*

\$3,473,102 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 ending June 30, 2019. 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	Component Unit School Board Professional
2019	\$ (2,103,000)
2020	(785,000)
2021	(873,000)
2022	(1,334,000)
2023	(195,000)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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, 2018

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Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

*Actuarial Assumptions (continued)*

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employer's Net Pension Liability (Asset)	\$	<u>12,297,975</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

*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		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 50,713,000	\$ 33,960,000	\$ 20,101,000

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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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 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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:

In addition to the pension benefits described in Note 8, the County and School Board administer a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County of Pulaski, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's and School Board's pension plans. The plan does not issue a publicly available financial report.

*Benefits Provided*

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.

*Contributions*

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$48,800 and \$81,700, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions*

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50% per year as of July 1, 2016 3.00% per year as of June 30, 2017
Salary Increases	3.50% and 3.00% per year for general salary inflations as of July 1, 2016 and June 30, 2017 respectively
Discount Rate	7.25% for accounting and funding disclosures as of July 1, 2016 6.75% for accounting and funding disclosures as of June 30, 2017

Mortality rates use RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on July 1, 2016 valuation data rolled forward to the measurement date. The methods, assumptions, and participant data used can be found in the July 1, 2016 actuarial valuation report.

*Discount Rate*

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from the Municipal GO AA 20-year curve. The final equivalent single discount rate used for this year's valuation is 3.56% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

Primary Government		
Rate		
1% Decrease	Current Discount	1% Increase
(2.56%)	(3.56%)	(4.56%)
\$1,314,759	\$ 1,191,800	\$1,080,483

Component Unit School Board		
Rate		
1% Decrease	Current Discount	1% Increase
(2.56%)	(3.56%)	(4.56%)
\$3,465,280	\$ 3,141,200	\$2,847,803

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

Primary Government		
Rate		
1% Decrease	Current Trend	1% Increase
(-1.00%)	(0.00%)	(1.00%)
\$ 1,036,728	\$ 1,191,800	\$ 1,377,066

Component Unit School Board		
Rate		
1% Decrease	Current Trend	1% Increase
(-1.00%)	(0.00%)	(1.00%)
\$ 2,732,481	\$ 3,141,200	\$ 3,629,502

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

For the year ended June 30, 2018, the County and School Board recognized OPEB expense in the amount of \$88,000 and \$269,600, respectively. At June 30, 2018, the County and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 48,800	\$ -	\$ 81,700	\$ -

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



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Plan Description*

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"><li>• City of Richmond</li><li>• City of Portsmouth</li><li>• City of Roanoke</li><li>• City of Norfolk</li><li>• Roanoke City School Board</li></ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit - The accidental death benefit is double the natural death benefit.</li><li>• Other Benefit Provisions - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Contributions*

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Program from the County were \$51,268 and \$49,634 for the years ended June 30, 2018 and June 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Component Unit-School Board (non-professional) were \$11,831 and \$11,291 for the years ended June 30, 2018 and June 30, 2017, respectively.

Contributions to the Group Life Insurance Program from the Component Unit-School Board (professional) were \$113,185 and \$113,316 for the years ended June 30, 2018 and June 30, 2017, respectively.

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB*

At June 30, 2018, the County reported a liability of \$777,136 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2018, the Component Unit-School Board (nonprofessional) reported a liability of \$177,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2018, the Component Unit-School Board (professional) reported a liability of \$1,778,000 for its proportionate share of the Net GLI OPEB Liability.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)*

The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2017, the County's proportion was 0.05163% as compared to 0.05072% at June 30, 2016.

At June 30, 2017, the Component Unit-School Board (nonprofessional) proportion was 0.01177% as compared to 0.01269% at June 30, 2016.

At June 30, 2017, the Component Unit-School Board (professional) proportion was 0.11814% as compared to 0.11927% at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$11,465. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2018, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$0. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2018, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$17,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)*

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,197	\$ -	\$ 4,000	\$ -	\$ 39,000
Change in assumptions	-	40,126	-	9,000	-	92,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	29,480	-	7,000	-	67,000
Changes in proportion	13,102	-	-	14,000	-	17,000
Employer contributions subsequent to the measurement date	51,268	-	11,831	-	113,185	-
<b>Total</b>	<b>\$ 64,370</b>	<b>\$ 86,803</b>	<b>\$ 11,831</b>	<b>\$ 34,000</b>	<b>\$ 113,185</b>	<b>\$ 215,000</b>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)*

\$51,268, \$11,831, and \$113,185 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board (Non- professional)	Component Unit-School Board (Professional)
2019	\$ (15,559)	\$ (6,000)	\$ (44,000)
2020	(15,559)	(6,000)	(44,000)
2021	(15,559)	(6,000)	(44,000)
2022	(15,559)	(6,000)	(44,000)
2023	(8,189)	(4,000)	(27,000)
Thereafter	(3,276)	(6,000)	(12,000)

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

\*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 OPEB liabilities.

**Mortality Rates - General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

**Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

Mortality Rates - SPORS Employees (Continued)

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

Mortality Rates - VaLORS Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

**Mortality Rates - JRS Employees (Continued)**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

**Mortality Rates - Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

**Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Actuarial Assumptions (Continued)*

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

*NET GLI OPEB Liability*

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 2,942,426
Plan Fiduciary Net Position	<u>1,437,586</u>
Employers' Net GLI OPEB Liability (Asset)	<u><u>\$ 1,504,840</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Long-Term Expected Rate of Return*

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

Proportionate share of the Group Life Insurance Program Net OPEB Liability:	Rate		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
County	<u>\$ 1,005,609</u>	<u>\$ 777,136</u>	<u>\$ 592,884</u>
Component Unit-School Board (Nonprofessional)	<u>\$ 229,000</u>	<u>\$ 177,000</u>	<u>\$ 135,000</u>
Component Unit-School Board (Professional)	<u>\$ 2,300,000</u>	<u>\$ 1,778,000</u>	<u>\$ 1,355,000</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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

*Group Life Insurance Program Fiduciary Net Position*

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

*Plan Description*

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"><li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li></ul>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

*Plan Description (Continued)*

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"><li>• At Retirement - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li><li>• Disability Retirement - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:<ul style="list-style-type: none"><li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li><li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li></ul></li></ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"><li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li><li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</li></ul>

*Contributions*

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate 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 from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$267,130 and \$241,839 for the years ended June 30, 2018 and June 30, 2017, respectively.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

*Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB*

At June 30, 2018, the school division reported a liability of \$3,503,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.27607% as compared to 0.28104% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$277,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 6,000
Change in assumptions	-	36,000
Change in proportion	-	55,000
Employer contributions subsequent to the measurement date	<u>267,130</u>	<u>-</u>
Total	<u>\$ 267,130</u>	<u>\$ 97,000</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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**Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

*Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)*

\$267,130 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (15,000)
2020	(15,000)
2021	(15,000)
2022	(15,000)
2023	(13,000)
Thereafter	(24,000)

**Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation: Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 OPEB liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

*Actuarial Assumptions*

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

*Net Teacher Employee HIC OPEB Liability*

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
	<u>                    </u>
Total Teacher Employee HIC OPEB Liability	\$ 1,364,702
Plan Fiduciary Net Position	96,091
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,268,611</u>
 Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	 7.04%

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

*Long-Term Expected Rate of Return*

The long-term expected rate of return on the VRS 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 VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**Note 11-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)**

*Discount Rate*

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

*Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate*

The following presents the school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB 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		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,909,000	\$ 3,503,000	\$ 3,157,000

*Teacher Employee HIC OPEB Fiduciary Net Position*

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 12- Capital Assets:

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,548,762	\$ 220,000	\$ -	\$ 2,768,762
Construction in progress	844,665	2,141,676	(124,134)	2,862,207
Total capital assets not being depreciated	<u>\$ 3,393,427</u>	<u>\$ 2,361,676</u>	<u>\$ (124,134)</u>	<u>\$ 5,630,969</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 60,979,955	\$ 190,393	\$ -	\$ 61,170,348
Machinery and equipment	14,734,812	580,399	(15,316)	15,299,895
Total capital assets, being depreciated	<u>\$ 75,714,767</u>	<u>\$ 770,792</u>	<u>\$ (15,316)</u>	<u>\$ 76,470,243</u>
Accumulated depreciation:				
Buildings and improvements	\$ (18,138,909)	\$ (1,598,577)	\$ -	\$ (19,737,486)
Machinery and equipment	(11,089,492)	(878,117)	15,316	(11,952,293)
Total accumulated depreciation	<u>\$ (29,228,401)</u>	<u>\$ (2,476,694)</u>	<u>\$ 15,316</u>	<u>\$ (31,689,779)</u>
Total capital assets being depreciated, net	<u>\$ 46,486,366</u>	<u>\$ (1,705,902)</u>	<u>\$ -</u>	<u>\$ 44,780,464</u>
Governmental activities capital assets, net	<u>\$ 49,879,793</u>	<u>\$ 655,774</u>	<u>\$ (124,134)</u>	<u>\$ 50,411,433</u>

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

Governmental activities:	
General government administration	\$ 166,404
Judicial administration	4,598
Public safety	771,268
Public works	285,293
Health and welfare	22,094
Education	1,074,019
Parks, recreation and cultural	139,395
Community development	13,623
Total depreciation expense-governmental activities	<u>\$ 2,476,694</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 12- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 528,360	\$ 330,000	\$ -	\$ 858,360
Construction in progress	510,542	8,300	(304,721)	214,121
Total capital assets not being depreciated	<u>\$ 1,038,902</u>	<u>\$ 338,300</u>	<u>\$ (304,721)</u>	<u>\$ 1,072,481</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,362,779	\$ 298,409	\$ (22,955)	\$ 21,638,233
Machinery and equipment	10,051,893	669,412	(192,582)	10,528,723
Total capital assets, being depreciated	<u>\$ 31,414,672</u>	<u>\$ 967,821</u>	<u>\$ (215,537)</u>	<u>\$ 32,166,956</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,097,525)	\$ (368,003)	\$ 22,955	\$ (16,442,573)
Machinery and equipment	(6,921,428)	(580,212)	191,448	(7,310,192)
Total accumulated depreciation	<u>\$ (23,018,953)</u>	<u>\$ (948,215)</u>	<u>\$ 214,403</u>	<u>\$ (23,752,765)</u>
Total capital assets being depreciated, net	<u>\$ 8,395,719</u>	<u>\$ 19,606</u>	<u>\$ (1,134)</u>	<u>\$ 8,414,191</u>
Governmental activities capital assets, net	<u>\$ 9,434,621</u>	<u>\$ 357,906</u>	<u>\$ (305,855)</u>	<u>\$ 9,486,672</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 13- 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.

Self-Insurance - The County established a limited risk management program for health insurance in fiscal year 2010. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2018, a total of \$8,247,009 was paid by the County in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$389,858 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the County records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

Changes in the claims liability for the current and two prior fiscal years is as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2017-18	\$ 436,458	\$ 8,200,409	\$ (8,247,009)	\$ 389,858
2016-17	533,983	6,423,741	(6,521,266)	436,458
2015-16	442,223	5,938,322	(5,846,562)	533,983

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 14- 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.

Note 15- 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
Michael Worrell, 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>	
Jonathan Sweet, County Administrator	\$ 2,000

Component Unit - School Board:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 16- 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, 2018, the total post-closure care liability (which represents the 2 years remaining) was \$267,381 representing what it would cost to perform all post-closure care in fiscal year 2018. 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.

Note 17- Unavailable/Deferred Revenue:

Unavailable/deferred 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. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unearned revenue representing uncollected loans receivable not available for funding current expenditures	\$ -	\$ 129,974
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current	-	2,714,289
2nd half assessments due in December 2018	9,589,918	9,589,918
Prepaid property taxes due in December 2018 but paid in advance by taxpayers	222,377	222,377
	<u>\$ 9,812,295</u>	<u>\$ 12,656,558</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 18- Fund Balance Classifications:

	<u>General Fund</u>	<u>School CIP Fund</u>	<u>County CIP Fund</u>
<b>Nonspendable:</b>			
Advances to Component Units	\$ 500,000	\$ -	\$ -
Prepaid Items	79,749	-	-
Total Nonspendable	<u>\$ 579,749</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Restricted:</b>			
Commonwealth Attorney Seized			
Assets, State & Federal	\$ 15,352	\$ -	\$ -
Sheriff Seized Assets	16,617	-	-
Community Corrections Admin Fees	86,879	-	-
Employee Escrow Account	-	-	-
School Construction	-	45,680,671	-
Total Restricted	<u>\$ 118,848</u>	<u>\$ 45,680,671</u>	<u>\$ -</u>
<b>Committed:</b>			
County Construction	\$ -	\$ -	\$ 2,722,657
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,722,657</u>
<b>Assigned:</b>			
Outstanding Encumbrances			
06/30/18 - Various Departments	\$ 66,196	\$ -	\$ -
Court Services Unit CE Richardson Grant	481	-	-
Sheriff Equipment	41,203	-	-
Joint Dispatch Equipemnt	99,000	-	-
Claytor Lake Festival	2,147	-	-
Office on Youth Kids Fishing Day	-	-	-
Transfer to School Capital Fund	352,194	-	-
Transfer to Internal Service Fund	134,606	-	-
Total Assigned	<u>\$ 695,827</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Unassigned:</b>			
10% (Original FY 2019 Budget) Reserve Fund Balance	\$ 9,743,534	\$ -	\$ -
Unassigned	3,592,904	-	-
Total Unassigned	<u>\$ 13,336,438</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

Note 19 - Tax Abatement Programs:

A tax abatement as defined by GASB Statement No. 77, Tax Abatement Disclosures consists of “a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of these governments.”

Pulaski County has several agreements with local companies for the purposes of economic development which conform to that definition. Tax abatements related to various tax types of \$225,000 have been agreed to in aggregate and are applied over the next 10 years. The companies regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any company failing to maintain their end of the agreement will forfeit any further abatement reimbursements. The County is currently negotiating the terms of some of the aforementioned agreements, but no updating agreements have been finalized.

Note 20 - Commitments and Contingencies:

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

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Amount Outstanding at June 30, 2018</u>	<u>Funding Source</u>
RRMM Architect-Pulaski Co. Middle School Construction	\$ 2,399,212	\$ 1,316,208	Local Funds
Skanska USA-Pulaski Co. Middle School Construction	650,000	625,055	Local Funds
Tyler Technologies-Computer Financial Software	289,955	115,982	Local Funds
F&S Building Innovations-County Admin Building Sprinkler/Electrical	435,567	-	Local Funds
King General Contractors-Draper Community Park	235,865	1,000	Local Funds
Hurt & Proffitt-New River Trail Extension	6,500	2,600	Local Funds

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

**Note 21 - Adoption of Accounting Principles:**

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in a restatement of beginning balances, see Note 22.

**Note 22 - Restatement of Beginning Balances:**

	Fund-Based Statements	Entity-Wide Statements	
	Information Technology, Garage, and Communication Service Fund	Governmental Activities	Component Unit School Board
Beginning balance, as previously reported	\$ (51,149)	\$ 43,160,513	\$ (31,067,159)
Correct pension allocation	137,864	-	-
GASB 75 implementation	-	(1,431,354)	(7,011,854)
Beginning balance, as restated	\$ 86,715	\$ 41,729,159	\$ (38,079,013)

**Note 23 - Upcoming Pronouncements:**

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 23 - Upcoming Pronouncements: (continued)

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2018

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Note 23 - Upcoming Pronouncements: (continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019

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

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## 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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget <u>Pos (Neg)</u>
<b>REVENUES</b>				
General Property Taxes	\$ 26,139,000	\$ 27,646,794	\$ 28,775,279	\$ 1,128,485
Other Local Taxes	7,456,000	7,554,734	7,479,531	(75,203)
Permits, Privilege Fees and Regulatory Licenses	135,150	135,150	145,952	10,802
Fines and Forfeitures	34,000	34,700	83,229	48,529
Revenue from Use of Money and Property	286,973	303,765	365,285	61,520
Charges for Services	497,970	525,489	501,589	(23,900)
Miscellaneous	61,400	155,926	156,515	589
Recovered Costs	1,073,034	1,352,890	1,261,919	(90,971)
Intergovernmental:				
Local Government	-	-	121,076	121,076
Commonwealth	13,173,818	13,300,152	11,301,352	(1,998,800)
Federal Government	3,884,443	4,204,140	3,733,655	(470,485)
Total Revenues	<u>\$ 52,741,788</u>	<u>\$ 55,213,740</u>	<u>\$ 53,925,382</u>	<u>\$ (1,288,358)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 2,612,313	\$ 2,955,595	\$ 2,788,660	\$ 166,935
Judicial Administration	1,958,346	2,233,958	2,061,752	172,206
Public Safety	9,427,585	9,673,965	9,205,429	468,536
Public Works	2,168,070	2,444,650	2,238,249	206,401
Health and Welfare	13,290,751	13,332,974	10,519,706	2,813,268
Education	14,620,264	15,291,294	14,939,100	352,194
Parks, Recreation and Cultural	1,426,356	1,512,864	1,472,189	40,675
Community Development	1,703,235	3,546,262	3,481,924	64,338
Non-Departmental	47,335	-	52,143	(52,143)
Debt Service:				
Principal Retirement	2,324,999	2,541,462	2,482,797	58,665
Interest and Other Fiscal Charges	628,744	687,281	738,402	(51,121)
Bond Issuance Costs	-	-	247,701	(247,701)
Total Expenditures	<u>\$ 50,207,998</u>	<u>\$ 54,220,305</u>	<u>\$ 50,228,052</u>	<u>\$ 3,992,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,533,790</u>	<u>\$ 993,435</u>	<u>\$ 3,697,330</u>	<u>\$ 2,703,895</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ 275,000	\$ 247,701	\$ (27,299)
Transfers Out	(3,998,531)	(5,336,503)	(5,190,212)	146,291
Total Other Financing Sources (Uses)	<u>\$ (3,998,531)</u>	<u>\$ (5,061,503)</u>	<u>\$ (4,942,511)</u>	<u>\$ 118,992</u>
Net Change in Fund Balance	<u>\$ (1,464,741)</u>	<u>\$ (4,068,068)</u>	<u>\$ (1,245,181)</u>	<u>\$ 2,822,887</u>
Fund Balance - Beginning, as restated	1,464,741	4,068,068	15,976,043	11,907,975
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,730,862</u>	<u>\$ 14,730,862</u>

County of Pulaski, Virginia  
 Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)  
 For the Years Ended June 30, 2015 through June 30, 2018

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
<b>Primary Government - County of Pulaski Retirement Plan</b>					
2017	81.5237%	\$ 3,619,908	\$ 9,341,508	38.75%	91.72%
2016	81.8900%	5,948,972	9,046,509	65.76%	86.10%
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%
<b>Component Unit Public Service Authority</b>					
2017	12.8998%	\$ 572,792	\$ 1,498,406	38.23%	91.72%
2016	12.7300%	924,782	1,399,901	66.06%	86.10%
2015	13.2000%	688,791	1,380,323	49.90%	89.62%
2014	13.2000%	615,090	1,341,630	45.85%	90.36%
<b>Component Unit School Board (professional)</b>					
2017	0.2761%	\$ 33,960,000	\$ 21,798,816	155.79%	72.92%
2016	0.2811%	39,386,000	21,429,302	183.80%	68.28%
2015	0.2876%	36,199,000	21,387,353	169.25%	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 Changes in Net Pension Liability (Asset) and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 217,216	\$ 248,654	\$ 265,386	\$ 259,384
Interest	727,532	703,996	680,732	653,059
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(407,240)	(78,558)	(89,812)	-
Changes in assumptions	(62,808)	-	-	-
Benefit payments, including refunds of employee contributions	(553,976)	(521,747)	(526,169)	(508,058)
<b>Net change in total pension liability</b>	<b>\$ (79,276)</b>	<b>\$ 352,345</b>	<b>\$ 330,137</b>	<b>\$ 404,385</b>
Total pension liability - beginning	10,670,306	10,317,961	9,987,824	9,583,439
<b>Total pension liability - ending (a)</b>	<b>\$ 10,591,030</b>	<b>\$ 10,670,306</b>	<b>\$ 10,317,961</b>	<b>\$ 9,987,824</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 151,950	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	105,216	111,956	121,343	123,727
Net investment income	1,146,141	164,816	424,421	1,281,760
Benefit payments, including refunds of employee contributions	(553,976)	(521,747)	(526,169)	(508,058)
Administrative expense	(6,774)	(6,016)	(5,914)	(6,966)
Other	(1,014)	(72)	(90)	68
<b>Net change in plan fiduciary net position</b>	<b>\$ 841,543</b>	<b>\$ (48,079)</b>	<b>\$ 232,329</b>	<b>\$ 1,135,996</b>
Plan fiduciary net position - beginning	9,529,609	9,577,688	9,345,359	8,209,363
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,371,152</b>	<b>\$ 9,529,609</b>	<b>\$ 9,577,688</b>	<b>\$ 9,345,359</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 219,878</b>	<b>\$ 1,140,697</b>	<b>\$ 740,273</b>	<b>\$ 642,465</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>97.92%</b>	<b>89.31%</b>	<b>92.83%</b>	<b>93.57%</b>
<b>Covered payroll</b>	<b>\$ 2,171,340</b>	<b>\$ 2,279,771</b>	<b>\$ 2,434,851</b>	<b>\$ 2,474,506</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>10.13%</b>	<b>50.04%</b>	<b>30.40%</b>	<b>25.96%</b>

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

County of Pulaski, Virginia  
 Schedule of Employer Contributions  
 For the Years Ended June 30, 2009 through June 30, 2018

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)
<b>Primary Government</b>					
2018	\$ 923,644	\$ 923,644	\$ -	\$ 9,814,514	9.41%
2017	886,604	886,604	-	9,341,508	9.49%
2016	1,099,960	1,099,960	-	9,046,509	12.16%
2015	1,018,523	1,018,523	-	8,486,988	12.00%
<b>Component Unit Public Service Authority</b>					
2018	\$ 146,152	\$ 146,152	\$ -	\$ 1,552,987	9.41%
2017	142,214	142,214	-	1,498,406	9.49%
2016	169,248	169,248	-	1,399,901	12.09%
2015	166,881	166,881	-	1,380,323	12.09%
<b>Component Unit School Board (nonprofessional)</b>					
2018	\$ 156,538	\$ 156,538	\$ -	\$ 2,271,156	6.89%
2017	151,735	151,735	-	2,171,340	6.99%
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%
<b>Component Unit School Board (professional)</b>					
2018	\$ 3,473,102	\$ 3,473,102	\$ -	\$ 21,717,893	15.99%
2017	3,143,365	3,143,365	-	21,798,816	14.66%
2016	3,012,959	3,012,959	-	21,429,302	14.06%
2015	3,092,245	3,092,245	-	21,387,353	14.46%
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%

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  
For the Year Ended June 30, 2018

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Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. 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 is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

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

County of Pulaski, Virginia  
 Schedule of County's Share of Net OPEB Liability  
 Healthcare OPEB Plan  
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
<u>Primary Government:</u>				
2017	26.28%	\$ 1,191,800	N/A	N/A
<u>Component Unit - School Board:</u>				
2017	69.26%	\$ 3,141,200	N/A	N/A

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

County of Pulaski, Virginia  
 Schedule of Employer Contributions  
 Healthcare OPEB Plan  
 For the Year Ended June 30, 2018

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)
<b><u>Primary Government:</u></b>					
2018	\$ 48,800	\$ 48,800	\$ -	N/A	N/A
2017	48,800	48,800	-	N/A	N/A
<b><u>Component Unit - School Board:</u></b>					
2018	\$ 81,700	\$ 81,700	\$ -	N/A	N/A
2017	81,700	81,700	-	N/A	N/A

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia  
Notes to Required Supplementary Information - County OPEB  
For the Year Ended June 30, 2018

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Valuation Date: 7/1/2016  
Measurement Date: 7/1/2017

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.56% as of June 30, 2017
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.00% in 2017, reverting to 6.50% for fiscal year end 2018, decreasing 0.50% per year to an ultimate rate of 5.00%.
Salary Scale	2.50%
Mortality Rates	The mortality rates was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2017.

County of Pulaski, Virginia  
 Schedule of County's Share of Net OPEB Liability  
 Group Life Insurance Program  
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b><u>Primary Government:</u></b>					
2017	0.05163%	\$ 777,136	\$ 9,341,508	8.32%	48.86%
<b><u>Component Unit - School Board (nonprofessional)</u></b>					
2017	0.01177%	\$ 177,000	\$ 2,171,340	8.15%	48.86%
<b><u>Component Unit - School Board (professional)</u></b>					
2017	0.11814%	\$ 1,778,000	\$ 21,798,816	8.16%	48.86%

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

County of Pulaski, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance Program  
 For the Years Ended June 30, 2019 through June 30, 2018

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)
<b>Primary Government:</b>					
2018	\$ 51,268	\$ 51,268	\$ -	\$ 9,814,514	0.52%
2017	49,634	49,634	-	9,341,508	0.53%
<b>Component Unit - School Board (nonprofessional)</b>					
2018	\$ 11,831	\$ 11,831	\$ -	\$ 2,271,156	0.52%
2017	11,291	11,291	-	2,171,340	0.52%
2016	10,943	10,943	-	2,279,771	0.48%
2015	11,708	11,708	-	2,434,851	0.48%
2014	11,901	11,901	-	2,474,506	0.48%
2013	11,730	11,730	-	2,406,908	0.49%
2012	6,487	6,487	-	2,304,799	0.28%
2011	6,160	6,160	-	2,188,681	0.28%
2010	4,610	4,610	-	2,322,755	0.20%
2009	6,357	6,357	-	2,354,337	0.27%
<b>Component Unit - School Board (professional)</b>					
2018	\$ 113,185	\$ 113,185	\$ -	\$ 21,717,893	0.52%
2017	113,316	113,316	-	21,798,816	0.52%
2016	102,879	102,879	-	21,429,302	0.48%
2015	102,659	102,659	-	21,387,353	0.48%
2014	105,375	105,375	-	21,994,717	0.48%
2013	105,730	105,730	-	22,015,901	0.48%
2012	59,427	59,427	-	21,210,363	0.28%
2011	58,356	58,356	-	20,838,601	0.28%
2010	42,887	42,887	-	15,876,969	0.27%
2009	61,016	61,016	-	22,554,132	0.27%

Schedule is intended to show information for 10 years. Prior to the 2017, 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  
Group Life Insurance Program  
For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**General State Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

**Teachers**

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

**SPORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

**VaLORS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

County of Pulaski, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance Program  
For the Year Ended June 30, 2018 (Continued)

**JRS Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

**Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%



**County of Pulaski, Virginia**  
 Schedule of County School Board's Share of Net OPEB Liability  
 Teacher Health Insurance Credit Program (HIC)  
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.27607% \$	3,503,000 \$	21,798,816	16.07%	7.04%

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

County of Pulaski, Virginia  
 Schedule of Employer Contributions  
 Teacher Health Insurance Credit Program (HIC)  
 For the Years Ended June 30, 2009 through June 30, 2018

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 267,130	\$ 267,130	\$ -	\$ 21,717,893	1.23%
2017	241,839	241,839	-	21,798,816	1.11%
2016	227,151	227,151	-	21,429,302	1.06%
2015	226,667	226,667	-	21,387,353	1.06%
2014	243,679	243,679	-	21,994,717	1.11%
2013	244,383	244,383	-	22,015,901	1.11%
2012	127,262	127,262	-	21,210,363	0.60%
2011	125,052	125,052	-	20,838,601	0.60%
2010	165,120	165,120	-	15,876,969	1.04%
2009	243,897	243,897	-	22,554,132	1.08%

County of Pulaski, Virginia  
 Notes to Required Supplementary Information  
 Teacher Health Insurance Credit Program (HIC)  
 For the Year Ended June 30, 2018

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

## Other Supplementary Information

County of Pulaski, Virginia  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2018

	Special Revenue Fund		Capital Projects Fund	Total
	Tornado Relief Fund		County CIP Fund	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -		\$ 2,648,899	\$ 2,648,899
Due from Other Governmental Units	-		10,088	10,088
Due from Component Units	-		169,824	169,824
Total Assets	\$ -		\$ 2,828,811	\$ 2,828,811
<b>LIABILITIES</b>				
Accounts Payable	\$ -		\$ 106,154	\$ 106,154
<b>FUND BALANCES:</b>				
Committed:				
Construction	\$ -		\$ 2,722,657	\$ 2,722,657
Total Fund Balances	\$ -		\$ 2,722,657	\$ 2,722,657
Total Liabilities and Fund Balances	\$ -		\$ 2,828,811	\$ 2,828,811

County of Pulaski, Virginia  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2018

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	
	Tornado <u>Relief Fund</u>	County <u>CIP Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ 34,122	\$ 34,122
Intergovernmental:			
Commonwealth	-	225,878	225,878
Federal Government	-	2,625	2,625
Total Revenues	<u>\$ -</u>	<u>\$ 262,625</u>	<u>\$ 262,625</u>
<b>EXPENDITURES:</b>			
Current:			
General Government Administration	\$ -	\$ 468,150	\$ 468,150
Public Safety	-	378,998	378,998
Public Works	-	1,028,252	1,028,252
Parks, Recreation and Cultural	-	127,975	127,975
Total Expenditures	<u>\$ -</u>	<u>\$ 2,003,375</u>	<u>\$ 2,003,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (1,740,750)</u>	<u>\$ (1,740,750)</u>
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 4,182,561	\$ 4,182,561
Transfers Out	(16,645)	-	(16,645)
Total Other Financing Sources (Uses)	<u>\$ (16,645)</u>	<u>\$ 4,182,561</u>	<u>\$ 4,165,916</u>
Net Change in Fund Balance	\$ (16,645)	\$ 2,441,811	\$ 2,425,166
Fund Balance - Beginning	16,645	280,846	297,491
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 2,722,657</u>	<u>\$ 2,722,657</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, 2018

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	Tornado Relief Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
Other Financing Sources (Uses)				
Transfers Out	\$ (16,645)	\$ (16,645)	\$ (16,645)	\$ -
Net Change in Fund Balance	\$ (16,645)	\$ (16,645)	\$ (16,645)	\$ -
Fund Balance - Beginning	16,645	16,645	16,645	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 32,085	\$ 34,122	\$ 2,037
Intergovernmental:				
Commonwealth	1,274,914	1,579,087	225,878	(1,353,209)
Federal Government	-	2,625	2,625	-
Total Revenues	<u>\$ 1,274,914</u>	<u>\$ 1,613,797</u>	<u>\$ 262,625</u>	<u>\$ (1,351,172)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 639,995	\$ 656,798	\$ 468,150	\$ 188,648
Public Safety	591,975	869,024	378,998	490,026
Public Works	1,751,121	2,360,576	1,028,252	1,332,324
Parks, Recreation and Cultural	1,298,601	1,337,002	127,975	1,209,027
Community Development	40,000	-	-	-
Total Expenditures	<u>\$ 4,321,692</u>	<u>\$ 5,223,400</u>	<u>\$ 2,003,375</u>	<u>\$ 3,220,025</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,046,778)</u>	<u>\$ (3,609,603)</u>	<u>\$ (1,740,750)</u>	<u>\$ 1,868,853</u>
Other Financing Sources (Uses)				
Transfers In	<u>\$ 3,046,778</u>	<u>\$ 4,182,561</u>	<u>\$ 4,182,561</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ -	\$ 572,958	\$ 2,441,811	\$ 1,868,853
Fund Balance - Beginning	-	(572,958)	280,846	853,804
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,722,657</u>	<u>\$ 2,722,657</u>



County of Pulaski, Virginia  
Major 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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ -	\$ 203	\$ 303,965	\$ 303,762
<b>EXPENDITURES</b>				
Current:				
Education	\$ 53,800	\$ 54,166	\$ 340,265	\$ (286,099)
Capital Projects	-	46,725,000	1,767,167	44,957,833
Debt Service:				
Interest and Other Fiscal Charges	-	-	216,680	(216,680)
Total Expenditures	\$ 53,800	\$ 46,779,166	\$ 2,324,112	\$ 44,455,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (53,800)	\$ (46,778,963)	\$ (2,020,147)	\$ 44,758,816
Other Financing Sources (Uses)				
Transfers Out	\$ -	\$ (275,000)	\$ (247,701)	\$ 27,299
Issuance of debt	-	47,000,000	47,495,273	495,273
Total Other Financing Sources (Uses)	\$ -	\$ 46,725,000	\$ 47,247,572	\$ 522,572
Net Change in Fund Balance	\$ (53,800)	\$ (53,963)	\$ 45,227,425	\$ 45,281,388
Fund Balance - Beginning	53,800	53,963	453,246	399,283
Fund Balance - Ending	\$ -	\$ -	\$ 45,680,671	\$ 45,680,671

County of Pulaski, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 19,784	\$ 88,260	\$ 85,430	\$ 193,474
<b>LIABILITIES</b>				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 19,784	\$ -	\$ -	\$ 19,784
Performance Bond Fund	-	88,260	-	88,260
Employee Flexible Benefits Fund	-	-	85,430	85,430
Total amounts held for others	<u>\$ 19,784</u>	<u>\$ 88,260</u>	<u>\$ 85,430</u>	<u>\$ 193,474</u>
Total Liabilities	<u>\$ 19,784</u>	<u>\$ 88,260</u>	<u>\$ 85,430</u>	<u>\$ 193,474</u>

County of Pulaski, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2018

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	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 14,382	\$ 79,568	\$ 74,166	\$ 19,784
Performance Bond Fund	44,683	43,577	-	88,260
Employee Flexible Benefits Fund	86,100	33,266	33,936	85,430
Total cash and cash equivalents	<u>\$ 145,165</u>	<u>\$ 156,411</u>	<u>\$ 108,102</u>	<u>\$ 193,474</u>
Total Assets	<u>\$ 145,165</u>	<u>\$ 156,411</u>	<u>\$ 108,102</u>	<u>\$ 193,474</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 14,382	\$ 79,568	\$ 74,166	\$ 19,784
Performance Bond Fund	44,683	43,577	-	88,260
Employee Flexible Benefits Fund	86,100	33,266	33,936	85,430
Total amounts held for others	<u>\$ 145,165</u>	<u>\$ 156,411</u>	<u>\$ 108,102</u>	<u>\$ 193,474</u>
Total Liabilities	<u>\$ 145,165</u>	<u>\$ 156,411</u>	<u>\$ 108,102</u>	<u>\$ 193,474</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

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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, 2018

		School Operating Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$	1,968,280
Prepaid Items		578,005
Due from Primary Government		2,258,138
Due from Other Governmental Units		1,156,904
Total Assets	\$	5,961,327
<b>LIABILITIES</b>		
Accounts Payable	\$	274,428
Accrued Wages		3,633,751
Total Liabilities	\$	3,908,179
<b>FUND BALANCES</b>		
Nonspendable - Prepaid Items	\$	578,005
Committed		1,475,143
Total Fund Balances	\$	2,053,148
Total Liabilities and Fund Balances	\$	5,961,327
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	2,053,148
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	858,360
Building and System		5,195,660
Machinery and Equipment		3,218,531
Construction in Progress		214,121
		9,486,672
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	4,125,640
OPEB related items		473,846
		4,599,486
Long-term liabilities, including compensated absences, net pension liability, and net OPEB liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	\$	(1,417,420)
Net Pension Liability		(34,179,878)
Net OPEB liabilities		(8,599,200)
		(44,196,498)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension related items	\$	(6,243,799)
OPEB related items		(346,000)
		(6,589,799)
Net position of governmental activities - component unit school board	\$	(34,646,991)

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, 2018

		School Operating Fund
<b>REVENUES</b>		
Revenue from Use of Money and Property	\$	13,759
Charges for Services		1,445,471
Miscellaneous		37,671
Recovered Costs		751,848
Intergovernmental:		
Local Government		15,259,175
Commonwealth		26,587,634
Federal Government		4,803,103
Total Revenues	\$	48,898,661
<b>EXPENDITURES:</b>		
Current:		
Education	\$	47,499,832
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	1,398,829
Net Change in Fund Balance	\$	1,398,829
Fund Balance - Beginning		654,319
Fund Balance - Ending	\$	2,053,148
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	\$	1,398,829
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	\$	1,001,400
Depreciation		(948,215)
		53,185
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(1,134)
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	\$	32,566
Pension expense		2,040,776
OPEB expense		(92,200)
		1,981,142
Change in net position of governmental funds - component unit school board	\$	3,432,022

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, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ 8,092	\$ 8,092	\$ 13,759	\$ 5,667
Charges for Services	1,417,600	1,417,600	1,445,471	27,871
Miscellaneous	61,500	61,500	37,671	(23,829)
Recovered Costs	625,137	640,137	751,848	111,711
Intergovernmental:				
Local Government	14,944,034	15,610,983	15,259,175	(351,808)
Commonwealth	26,752,944	27,179,723	26,587,634	(592,089)
Federal Government	5,872,213	5,790,324	4,803,103	(987,221)
Total Revenues	\$ 49,681,520	\$ 50,708,359	\$ 48,898,661	\$ (1,809,698)
<b>EXPENDITURES:</b>				
Current:				
Education	\$ 49,681,520	\$ 50,982,518	\$ 47,499,832	\$ 3,482,686
Total Expenditures	\$ 49,681,520	\$ 50,982,518	\$ 47,499,832	\$ 3,482,686
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ (274,159)	\$ 1,398,829	\$ 1,672,988
Net Change in Fund Balance	\$ -	\$ (274,159)	\$ 1,398,829	\$ 1,672,988
Fund Balance - Beginning	-	274,159	654,319	380,160
Fund Balance - Ending	\$ -	\$ -	\$ 2,053,148	\$ 2,053,148

## Supporting Schedules



County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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	\$ 16,279,000	\$ 16,851,958	\$ 17,934,959	\$ 1,083,001
Real and personal public service corporation taxes	931,000	1,022,900	1,022,887	(13)
Personal property taxes	4,907,000	5,283,042	5,381,093	98,051
Mobile home taxes	41,000	41,000	39,933	(1,067)
Machinery and tools taxes	3,510,000	3,892,455	3,836,050	(56,405)
Airplane taxes	11,000	18,209	18,209	-
Penalties	200,000	217,200	210,875	(6,325)
Interest	200,000	260,030	261,692	1,662
Collection fees	60,000	60,000	69,581	9,581
Total General Property Taxes	<u>\$ 26,139,000</u>	<u>\$ 27,646,794</u>	<u>\$ 28,775,279</u>	<u>\$ 1,128,485</u>
Other Local Taxes:				
Local sales and use taxes	\$ 3,350,000	\$ 3,350,000	\$ 3,282,674	\$ (67,326)
Consumers' utility taxes	647,000	647,000	657,545	10,545
Business licenses	710,000	762,302	774,359	12,057
Consumption taxes	110,500	110,500	114,410	3,910
Motor vehicle licenses	560,000	576,200	586,905	10,705
Bank stock taxes	8,500	8,500	18,956	10,456
Taxes on recordation and wills	195,000	225,232	168,692	(56,540)
Hotel and motel room taxes	400,000	400,000	353,389	(46,611)
Restaurant food taxes	1,475,000	1,475,000	1,522,601	47,601
Total Other Local Taxes	<u>\$ 7,456,000</u>	<u>\$ 7,554,734</u>	<u>\$ 7,479,531</u>	<u>\$ (75,203)</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 25,000	\$ 25,000	\$ 21,758	\$ (3,242)
Land use application fees	650	650	855	205
Transfer fees	1,000	1,000	1,165	165
Zoning and subdivision permits	8,000	8,000	7,025	(975)
Erosion and sediment control permits	500	500	900	400
Building permits	100,000	100,000	114,249	14,249
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 135,150</u>	<u>\$ 135,150</u>	<u>\$ 145,952</u>	<u>\$ 10,802</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 78,426	\$ 48,426
Interest on local fines	4,000	4,700	4,803	103
Total Fines and Forfeitures	<u>\$ 34,000</u>	<u>\$ 34,700</u>	<u>\$ 83,229</u>	<u>\$ 48,529</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 251,333	\$ 266,333	\$ 311,665	\$ 45,332
Revenue from use of property	35,640	37,432	53,620	16,188
Total Revenue from Use of Money and Property	<u>\$ 286,973</u>	<u>\$ 303,765</u>	<u>\$ 365,285</u>	<u>\$ 61,520</u>
Charges for Services:				
Charges for clerk copies	\$ 10,000	\$ 10,000	\$ 9,394	\$ (606)
Charges for courthouse maintenance	18,500	18,500	19,645	1,145
Charges for courthouse security	75,000	80,300	84,170	3,870

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Charges for Services: (continued)				
Fees of Sheriff	\$ 3,000	\$ 3,741	\$ 4,210	\$ 469
Share of seized property	-	-	31	31
Charges for Commonwealth's Attorney	6,000	6,000	5,453	(547)
Miscellaneous jail and inmate fees	5,500	7,181	11,063	3,882
Concealed handgun permits	10,000	13,500	14,720	1,220
Charges for parks and recreation	298,500	308,413	273,525	(34,888)
Town tax book preparation	470	470	470	-
Charges for animal pound	7,000	11,000	12,026	1,026
Charges for landfill	43,000	43,000	42,110	(890)
Charges for library	21,000	23,384	24,772	1,388
Total Charges for Services	<u>\$ 497,970</u>	<u>\$ 525,489</u>	<u>\$ 501,589</u>	<u>\$ (23,900)</u>
Miscellaneous:				
Local contributions	\$ 10,000	\$ 17,763	\$ 18,576	\$ 813
Miscellaneous	51,400	138,163	137,939	(224)
Total Miscellaneous	<u>\$ 61,400</u>	<u>\$ 155,926</u>	<u>\$ 156,515</u>	<u>\$ 589</u>
Recovered Costs:				
Administrative fees	\$ 106,003	\$ 112,003	\$ 111,598	\$ (405)
Airport recoveries	209,374	213,824	217,343	3,519
School board recoveries	-	154,536	184,038	29,502
Juror costs	-	-	3,900	3,900
CSA recoveries	-	-	107,559	107,559
Insurance recoveries	-	9,198	14,127	4,929
Parks and recreation	88,000	108,000	76,486	(31,514)
Public safety recoveries	509,443	512,621	345,016	(167,605)
Welfare recoveries	-	-	11,461	11,461
Other recoveries	160,214	242,708	190,391	(52,317)
Total Recovered Costs	<u>\$ 1,073,034</u>	<u>\$ 1,352,890</u>	<u>\$ 1,261,919</u>	<u>\$ (90,971)</u>
Total Revenue from Local Sources	<u>\$ 35,683,527</u>	<u>\$ 37,709,448</u>	<u>\$ 38,769,299</u>	<u>\$ 1,059,851</u>
Intergovernmental:				
Revenue from Local Governments:				
Categorical Aid:				
Contribution from City of Radford - VIPER grant funding	\$ -	\$ -	\$ 121,076	\$ 121,076
Revenue from the Commonwealth:				
Noncategorical Aid:				
Motor vehicle carriers' tax	\$ 45,000	\$ 45,000	\$ 3,539	\$ (41,461)
Mobile home titling tax	35,000	35,000	30,202	(4,798)
Motor vehicle rental tax	5,000	5,000	3,715	(1,285)
Grantor's tax	110,000	130,000	131,521	1,521
State recordation tax	-	-	55,970	55,970
Telecommunication taxes	800,000	800,000	753,194	(46,806)
Personal property tax relief funds	1,594,529	1,594,529	1,594,529	-
Total Noncategorical Aid	<u>\$ 2,589,529</u>	<u>\$ 2,609,529</u>	<u>\$ 2,572,670</u>	<u>\$ (36,859)</u>

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 664,881	\$ 664,881	\$ 653,927	\$ (10,954)
Sheriff	1,816,132	1,825,148	1,845,792	20,644
Commissioner of the Revenue	144,652	144,652	143,143	(1,509)
Treasurer	111,977	111,977	111,926	(51)
Registrar/Electoral Board	41,000	41,000	42,321	1,321
Clerk of the Circuit Court	356,422	382,770	378,840	(3,930)
Total Shared Expenses	<u>\$ 3,135,064</u>	<u>\$ 3,170,428</u>	<u>\$ 3,175,949</u>	<u>\$ 5,521</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,920,421	\$ 2,920,421	\$ 2,054,350	\$ (866,071)
Comprehensive Services Act (CSA)	3,184,650	3,184,650	2,232,149	(952,501)
DMV animal friendly plates	-	-	900	900
Victim's assistance grant	185,316	185,316	46,329	(138,987)
Litter control grant	12,400	12,400	12,185	(215)
Library grant	143,482	143,552	143,552	-
Pretrial services grant	821,435	831,885	831,885	-
Supreme Court Drug Cort grant	-	36,300	31,125	(5,175)
Fire programs	66,000	75,456	77,735	2,279
Virginia Juvenile Commission Crime Control	21,321	21,321	21,321	-
Domestic violence DCJS grant	45,000	45,000	33,750	(11,250)
Commission on the arts	5,000	5,000	4,500	(500)
Public safety answer grant	44,000	58,694	62,051	3,357
DEQ grant	200	200	318	118
Other categorical aid	-	-	583	583
Total Other Categorical Aid	<u>\$ 7,449,225</u>	<u>\$ 7,520,195</u>	<u>\$ 5,552,733</u>	<u>\$ (1,967,462)</u>
Total Revenue from the Commonwealth	<u>\$ 13,173,818</u>	<u>\$ 13,300,152</u>	<u>\$ 11,301,352</u>	<u>\$ (1,998,800)</u>
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 32,500	\$ 32,500	\$ 51,814	\$ 19,314
Categorical Aid:				
Public assistance and welfare administration	\$ 3,717,792	\$ 3,717,792	\$ 3,308,618	\$ (409,174)
CDBG grants	-	3,000	-	(3,000)
Emergency management preparedness grant	16,904	16,904	4,956	(11,948)
RD Sheriff Vehicles	50,000	50,000	50,000	-
State and community highway safety	-	-	3,101	3,101
DCJS alternative community sentencing	44,653	66,854	35,522	(31,332)
DCJS equipment communication grant	-	31,485	-	(31,485)
HIDTA drug grant	-	32,383	11,807	(20,576)
Drug court	22,594	228,592	99,425	(129,167)
Alcohol Open Container Requirements	-	5,890	20,553	14,663
National Priority Safety Programs	-	-	5,657	5,657
Victim witness	-	-	138,989	138,989
Edward Byrne JAG Programt	-	-	3,213	3,213
DMV DUI Grant	-	18,740	-	(18,740)
Total Categorical Aid	<u>\$ 3,851,943</u>	<u>\$ 4,171,640</u>	<u>\$ 3,681,841</u>	<u>\$ (489,799)</u>

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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 the Federal Government: (continued)				
Total Revenue from the Federal Government	\$ 3,884,443	\$ 4,204,140	\$ 3,733,655	\$ (470,485)
Total General Fund	\$ 52,741,788	\$ 55,213,740	\$ 53,925,382	\$ (1,288,358)
Major Capital Projects Funds:				
School CIP Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ 203	\$ 303,965	\$ 303,762
Total School CIP Fund	\$ -	\$ 203	\$ 303,965	\$ 303,762
Nonmajor Capital Projects Funds:				
County CIP Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 32,085	\$ 34,122	\$ 2,037
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ 1,007,414	\$ 1,311,587	\$ 83,378	\$ (1,228,209)
Land conservation grant	125,000	125,000	-	(125,000)
Other categorical aid	142,500	142,500	142,500	-
Total Other Categorical Aid	\$ 1,274,914	\$ 1,579,087	\$ 225,878	\$ (1,353,209)
Total Revenue from the Commonwealth	\$ 1,274,914	\$ 1,579,087	\$ 225,878	\$ (1,353,209)
Revenue from the Federal Government:				
Categorical Aid:				
CDBG	\$ -	\$ 2,625	\$ 2,625	\$ -
Total Categorical Aid	\$ -	\$ 2,625	\$ 2,625	\$ -
Total Revenue from the Federal Government	\$ -	\$ 2,625	\$ 2,625	\$ -
Total County CIP Fund	\$ 1,274,914	\$ 1,613,797	\$ 262,625	\$ (1,351,172)
Total Nonmajor Capital Projects Funds	\$ 1,274,914	\$ 1,614,000	\$ 566,590	\$ (1,047,410)
Total Primary Government	\$ 54,016,702	\$ 56,827,740	\$ 54,491,972	\$ (2,335,768)
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	\$ 5,692	\$ 5,692	\$ 9,859	\$ 4,167
Revenue from use of property	2,400	2,400	3,900	1,500
Total Revenue from Use of Money and Property	\$ 8,092	\$ 8,092	\$ 13,759	\$ 5,667

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Revenue from Local Sources: (continued)				
Charges for Services:				
Charges for education	\$ 150,000	\$ 150,000	\$ 187,771	\$ 37,771
Cafeteria sales	825,000	825,000	711,000	(114,000)
Tuition and payments from other divisions	442,600	442,600	546,700	104,100
Total Charges for Services	\$ 1,417,600	\$ 1,417,600	\$ 1,445,471	\$ 27,871
Miscellaneous:				
Miscellaneous	\$ 61,500	\$ 61,500	\$ 37,671	\$ (23,829)
Recovered Costs:				
Medicaid reimbursements	\$ 125,000	\$ 125,000	\$ 285,303	\$ 160,303
Insurance recoveries	-	-	2,805	2,805
Joint services reimbursements	65,637	65,637	65,696	59
Salary reimbursements	87,500	87,500	82,155	(5,345)
School activity reimbursements	125,000	125,000	65,221	(59,779)
Title I indirect costs	-	-	14,655	14,655
Other recoveries	222,000	237,000	236,013	(987)
Total Recovered Costs	\$ 625,137	\$ 640,137	\$ 751,848	\$ 111,711
Total Revenue from Local Sources	\$ 2,112,329	\$ 2,127,329	\$ 2,248,749	\$ 121,420
Intergovernmental:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-County CIP Fund	\$ -	\$ -	\$ 340,265	\$ 340,265
Contribution from County of Pulaski, Virginia-General Fund	14,944,034	15,610,983	14,918,889	(692,094)
Contribution from Economic Development Authority of Pulaski County	-	-	21	21
Total Revenues from Local Governments	\$ 14,944,034	\$ 15,610,983	\$ 15,259,175	\$ (351,808)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 354,748	\$ 354,748	\$ 354,748	\$ -
At risk payments	500,058	500,058	510,134	10,076
Basic school aid	12,695,295	12,695,295	12,650,411	(44,884)
Career technology education	42,258	42,258	1,000	(41,258)
Early reading intervention	105,814	105,814	112,568	6,754
English as a second language	25,304	25,304	25,304	-
Gifted and talented	133,092	133,092	132,843	(249)
GLI instructional	55,455	55,455	55,351	(104)
Governor's School	362,506	366,912	427,825	60,913
Homebound education	-	-	27,482	27,482
ISAEF	15,717	16,587	16,587	-
Mentor teaching program	4,002	4,002	3,516	(486)
Special education jail	10,000	10,000	-	(10,000)
Primary class size	600,553	600,553	580,084	(20,469)
Project graduation	8,055	8,055	8,055	-
Remedial education	532,369	532,369	531,373	(996)
Remedial summer education	126,085	126,085	78,415	(47,670)
Retirement	1,843,882	1,843,882	1,907,442	63,560
School food	45,500	45,500	56,369	10,869
Share of state sales tax	4,758,986	4,758,986	4,506,617	(252,369)

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Social security	\$ 804,099	\$ 804,099	\$ 735,587	\$ (68,512)
Special education	1,719,108	1,719,108	1,715,894	(3,214)
Special education - foster care	20,410	20,410	7,560	(12,850)
Standards of learning algebra readiness	59,077	59,077	63,825	4,748
State lottery payments	760,068	760,068	759,338	(730)
Textbook payment	304,393	304,393	303,824	(569)
Vocational education-equipment	-	-	7,877	7,877
Vocational occupational preparedness	-	-	28,109	28,109
Vocational standards of quality payments	393,731	393,731	392,995	(736)
VPSA technology grant	284,000	542,000	284,000	(258,000)
PBIS grant	-	34,810	25,000	(9,810)
State cybercamp program	-	10,000	10,000	-
CTE STEM-H industry credentials	-	5,000	5,000	-
CTE STEM Academy Supplement	-	-	15,444	15,444
VTSF Virginia tobacco settlement	59,100	59,100	57,695	(1,405)
VA workplace readiness skills	-	-	1,232	1,232
Gear up access Virginia	-	113,693	-	(113,693)
Race to GED grant	-	-	44,093	44,093
Math and science teacher recruitment	-	-	15,000	15,000
Compensation supplement	129,279	129,279	129,037	(242)
Total Categorical Aid	\$ 26,752,944	\$ 27,179,723	\$ 26,587,634	\$ (592,089)
Total Revenue from the Commonwealth	\$ 26,752,944	\$ 27,179,723	\$ 26,587,634	\$ (592,089)
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 19,841	\$ 19,841
Title I	1,492,160	1,374,757	1,011,024	(363,733)
Title VI-B, special education	1,576,613	1,418,412	1,005,436	(412,976)
Title VI-B, pre-school	47,542	47,542	34,592	(12,950)
Title V	-	26,159	4,050	(22,109)
Vocational education	76,879	76,879	39,865	(37,014)
Fresh fruits and vegetables	-	-	51,613	51,613
CACFP	-	-	4,283	4,283
Title III, LEP	-	-	3,055	3,055
Title II, Part A-Teacher quality grant	258,814	243,703	181,836	(61,867)
Title IV, Part 21	253,386	436,053	315,120	(120,933)
School food	1,516,000	1,516,000	1,879,815	363,815
Project aware	612,829	612,829	252,573	(360,256)
Other	37,990	37,990	-	(37,990)
Total Categorical Aid	\$ 5,872,213	\$ 5,790,324	\$ 4,803,103	\$ (987,221)
Total Revenue from the Federal Government	\$ 5,872,213	\$ 5,790,324	\$ 4,803,103	\$ (987,221)
Total Discretely Presented Component Unit-School Board	\$ 49,681,520	\$ 50,708,359	\$ 48,898,661	\$ (1,809,698)

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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	\$ 191,571	\$ 256,936	\$ 276,103	\$ (19,167)
General and Financial Administration:				
County Administrator	\$ 333,383	\$ 548,567	\$ 394,092	\$ 154,475
Assistant County Administrator	259,251	259,251	256,805	2,446
County Attorney	31,150	41,150	33,565	7,585
Independent Auditor	71,750	72,612	72,612	-
Commissioner of the Revenue	473,068	473,660	464,486	9,174
Treasurer	524,209	525,209	530,176	(4,967)
Management Services	145,449	200,374	200,239	135
Director of Finance	264,110	221,749	219,105	2,644
Other General and Financial Administration	124,981	162,696	158,539	4,157
Total General and Financial Administration	\$ 2,227,351	\$ 2,505,268	\$ 2,329,619	\$ 175,649
Board of Elections:				
Electoral Board	\$ 81,257	\$ 81,257	\$ 80,733	\$ 524
Registrar	112,134	112,134	102,205	9,929
Total Board of Elections	\$ 193,391	\$ 193,391	\$ 182,938	\$ 10,453
Total General Government Administration	\$ 2,612,313	\$ 2,955,595	\$ 2,788,660	\$ 166,935
Judicial Administration:				
Courts:				
Circuit Court	\$ 68,790	\$ 68,790	\$ 63,965	\$ 4,825
General District Court	7,936	7,936	7,814	122
Juvenile and Domestic Relations Court	6,175	6,175	5,835	340
Clerk of the Circuit Court	638,844	665,192	630,721	34,471
Law Library	6,668	6,668	6,976	(308)
Victim's Witness Assistance	211,531	211,531	207,788	3,743
Drug Court Local Assistance	31,121	67,421	63,847	3,574
Domestic Relations Legal Services	45,000	242,554	132,057	110,497
Women's Resource Victims Assistance	23,347	23,347	23,347	-
Total Courts	\$ 1,039,412	\$ 1,299,614	\$ 1,142,350	\$ 157,264
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 918,934	\$ 934,344	\$ 919,402	\$ 14,942
Total Judicial Administration	\$ 1,958,346	\$ 2,233,958	\$ 2,061,752	\$ 172,206
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,590,313	\$ 3,766,659	\$ 3,593,375	\$ 173,284

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Fire and Rescue Services:				
E-911	\$ 1,438,309	\$ 1,490,472	\$ 1,451,122	\$ 39,350
Wireless E-911	2,000	2,000	-	2,000
Forest Fire Protection	8,661	8,661	8,661	-
Fire Department	14,000	14,000	14,000	-
Volunteer Fire Departments	294,466	372,239	342,343	29,896
Alternative Community Sentencing	44,653	53,969	37,081	16,888
Pulaski County Special Operations	12,000	18,205	7,098	11,107
Western Virginia EMS	7,382	8,220	7,352	868
Contribution to REMSI	283,518	283,518	283,518	-
Total Fire and Rescue Services	<u>\$ 2,104,989</u>	<u>\$ 2,251,284</u>	<u>\$ 2,151,175</u>	<u>\$ 100,109</u>
Correction and Detention:				
Regional Jail Payments	\$ 2,051,401	\$ 1,801,401	\$ 1,704,388	\$ 97,013
Court Services	6,700	8,766	6,935	1,831
Pretrial Services Grant	836,435	948,632	875,072	73,560
NRV Juvenile Detention Home	107,680	107,680	107,680	-
Total Correction and Detention	<u>\$ 3,002,216</u>	<u>\$ 2,866,479</u>	<u>\$ 2,694,075</u>	<u>\$ 172,404</u>
Inspections:				
Building Inspections	\$ 182,310	\$ 208,473	\$ 201,712	\$ 6,761
Code Enforcement	74,848	80,547	75,685	4,862
Total Inspections	<u>\$ 257,158</u>	<u>\$ 289,020</u>	<u>\$ 277,397</u>	<u>\$ 11,623</u>
Other Protection:				
Animal Control	\$ 338,589	\$ 357,921	\$ 351,687	\$ 6,234
Medical Examiner	900	900	620	280
Emergency Management	133,420	141,702	137,100	4,602
Total Other Protection	<u>\$ 472,909</u>	<u>\$ 500,523</u>	<u>\$ 489,407</u>	<u>\$ 11,116</u>
Total Public Safety	<u>\$ 9,427,585</u>	<u>\$ 9,673,965</u>	<u>\$ 9,205,429</u>	<u>\$ 468,536</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 348,742	\$ 377,422	\$ 368,391	\$ 9,031
Landfill	118,950	132,950	121,214	11,736
Public Works	-	-	4,569	(4,569)
Clean Community Council	18,974	18,974	17,886	1,088
Total Sanitation and Waste Removal	<u>\$ 486,666</u>	<u>\$ 529,346</u>	<u>\$ 512,060</u>	<u>\$ 17,286</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 1,071,010	\$ 1,300,310	\$ 1,179,658	\$ 120,652
Cleaning Services	248,504	248,504	201,405	47,099
NRV Airport Salaries and Benefits Reimbursement	336,890	364,490	217,344	147,146
NRV Airport Maintenance Contribution	-	-	127,516	(127,516)
Property cleanup	25,000	2,000	266	1,734
Total Maintenance of General Buildings and Grounds	<u>\$ 1,681,404</u>	<u>\$ 1,915,304</u>	<u>\$ 1,726,189</u>	<u>\$ 189,115</u>
Total Public Works	<u>\$ 2,168,070</u>	<u>\$ 2,444,650</u>	<u>\$ 2,238,249</u>	<u>\$ 206,401</u>



County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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:				
Health:				
Supplement of Local Health Department	\$ 339,922	\$ 339,922	\$ 339,922	\$ -
Mental health and mental Retardation:				
Community Services Board	\$ 93,204	\$ 93,204	\$ 93,204	\$ -
Welfare:				
Public Assistance	\$ 7,669,770	\$ 7,669,770	\$ 5,788,520	\$ 1,881,250
Welfare Administration	60,625	60,625	46,868	13,757
Comprehensive Services Act	4,500,000	4,500,000	3,618,514	881,486
Area Agency on Aging	17,312	17,312	17,037	275
Office on Youth	134,714	146,937	141,931	5,006
Feeding America	2,820	2,820	2,820	-
Pulaski Area Transit	62,000	62,000	62,000	-
New River Community Action	47,660	47,660	47,660	-
NRV Disability Services	12,209	12,209	12,209	-
Virginia Juvenile Commission on Crime	81,606	81,606	76,924	4,682
Pulaski Community Youth Center	-	30,000	3,000	27,000
Fairview District Home	93,275	93,275	93,275	-
Brain Injury Services of SWVa	2,500	2,500	2,500	-
RSVP Program	17,037	17,037	17,312	(275)
Beans and Rice	11,500	11,500	11,500	-
NRV Cares	847	847	847	-
Free Clinic of Pulaski County	61,500	61,500	61,500	-
Literacy Volunteers of America	2,250	2,250	2,250	-
Commission on Children and Families	25,000	25,000	24,913	87
Contributions to Other Local Organizations	55,000	55,000	55,000	-
Total Welfare	\$ 12,857,625	\$ 12,899,848	\$ 10,086,580	\$ 2,813,268
Total Health and Welfare	\$ 13,290,751	\$ 13,332,974	\$ 10,519,706	\$ 2,813,268
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 16,130	\$ 20,211	\$ 20,211	\$ -
Contribution to Pulaski County School Board	14,604,134	15,271,083	14,918,889	352,194
Total Education	\$ 14,620,264	\$ 15,291,294	\$ 14,939,100	\$ 352,194
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 14,725	\$ 14,725	\$ 11,034	\$ 3,691
Recreation	429,687	429,687	392,741	36,946
Friends of Claytor Lake	37,335	111,138	112,342	(1,204)
Randolph Park	219,587	227,063	230,739	(3,676)
Claytor Lake Celebration	10,000	12,904	12,904	-
Total Parks and Recreation	\$ 711,334	\$ 795,517	\$ 759,760	\$ 35,757
Cultural Enrichment:				
Fine Arts Center	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Historical Landmarks	10,000	10,000	10,000	-

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Parks, Recreation and Cultural: (continued)				
Cultural Enrichment: (continued)				
Friends of the Pulaski Theater	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Cloyd's Mountain	-	400	48	352
Round the Mountain	5,531	5,531	5,531	-
Commemorative Items	-	21	21	-
Total Cultural Enrichment	<u>\$ 25,531</u>	<u>\$ 25,952</u>	<u>\$ 25,600</u>	<u>\$ 352</u>
Library:				
Library Administration	\$ 546,009	\$ 547,843	\$ 544,802	\$ 3,041
Library State Aid	143,482	143,552	142,027	1,525
Total Library	<u>\$ 689,491</u>	<u>\$ 691,395</u>	<u>\$ 686,829</u>	<u>\$ 4,566</u>
Total Parks, Recreation and Cultural	<u>\$ 1,426,356</u>	<u>\$ 1,512,864</u>	<u>\$ 1,472,189</u>	<u>\$ 40,675</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 391,466	\$ 391,169	\$ 394,038	\$ (2,869)
Economic Development	256,725	276,650	232,608	44,042
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	135	135	123	12
Visitors' Center	85,168	88,592	86,134	2,458
Planning and Zoning	188,123	203,465	491,686	(288,221)
NRV Planning District Commission	29,551	29,551	29,551	-
Baskerville Housing Project	-	-	-	-
NR Highland RC&D	7,100	7,600	6,600	1,000
NRV Competitiveness Center	47,950	47,950	33,626	14,324
I 81 Corridor Coalition	4,000	4,000	-	4,000
VDOT Refund - Shae Dawn Project	-	-	-	-
Contribution to Pulaski County IDA	554,345	2,355,478	1,951,133	404,345
Contribution to Pulaski County PSA	-	3,000	132,862	(129,862)
Total Planning and Community Development	<u>\$ 1,574,563</u>	<u>\$ 3,417,590</u>	<u>\$ 3,368,361</u>	<u>\$ 49,229</u>
Environmental Management:				
Contribution to Soil and Water District	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative Extension Program:				
Extension Office	\$ 115,672	\$ 115,672	\$ 100,563	\$ 15,109
Total Community Development	<u>\$ 1,703,235</u>	<u>\$ 3,546,262</u>	<u>\$ 3,481,924</u>	<u>\$ 64,338</u>
Non-Departmental:				
Other Non-Departmental	\$ 47,335	\$ -	\$ 52,143	\$ (52,143)
Debt Service:				
Principal Retirement	\$ 2,324,999	\$ 2,541,462	\$ 2,482,797	\$ 58,665
Interest and Other Fiscal Charges	628,744	687,281	738,402	(51,121)
Bond Issuance Costs	-	-	247,701	(247,701)
Total Debt Service	<u>\$ 2,953,743</u>	<u>\$ 3,228,743</u>	<u>\$ 3,468,900</u>	<u>\$ (240,157)</u>
Total General Fund	<u>\$ 50,207,998</u>	<u>\$ 54,220,305</u>	<u>\$ 50,228,052</u>	<u>\$ 3,992,253</u>

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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)				
Major Capital Project Funds:				
School CIP Fund:				
Education:				
Other Instructional Costs:				
Contribution to Pulaski County School Board	\$ 53,800	\$ 54,166	\$ 340,265	\$ (286,099)
Capital Projects:				
Middle School Replacement	\$ -	\$ 46,725,000	\$ 1,767,167	\$ 44,957,833
Debt Service:				
Interest and Other Fiscal Charges	\$ -	\$ -	\$ 216,680	\$ (216,680)
Total School CIP Fund	\$ 53,800	\$ 46,779,166	\$ 2,324,112	\$ 44,455,054
Nonmajor Capital Project Funds:				
County CIP Fund:				
General Government Administration:				
County Administrator	\$ 54,000	\$ 30,780	\$ 30,780	\$ -
Information Technology	348,000	388,000	289,499	98,501
Communications	30,000	30,023	4,376	25,647
Commissioner of Revenue	75,000	75,000	10,500	64,500
Total General Government Administration	\$ 507,000	\$ 523,803	\$ 335,155	\$ 188,648
Board of Elections:				
Electoral Board	\$ 132,995	\$ 132,995	\$ 132,995	\$ -
Total General and Financial Administration	\$ 639,995	\$ 656,798	\$ 468,150	\$ 188,648
Public Safety				
Law Enforcement and Traffic Control:				
Pulaski County Special Operations	\$ 10,000	\$ 10,000	\$ 6,000	\$ 4,000
Sheriff	85,000	113,844	120,162	(6,318)
Total Law Enforcement and Traffic Control	\$ 95,000	\$ 123,844	\$ 126,162	\$ (2,318)
Fire and Rescue Services:				
Volunteer Emergency Operations	\$ 250,000	\$ 250,000	\$ 239	\$ 249,761
Volunteer Fire Departments	241,975	436,975	194,422	242,553
Emergency Services	\$ -	\$ 53,205	\$ 53,175	\$ 30
Public Safety	5,000	5,000	5,000	-
Total Fire and Rescue Services	\$ 496,975	\$ 745,180	\$ 252,836	\$ 492,344
Total Public Safety	\$ 591,975	\$ 869,024	\$ 378,998	\$ 490,026
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Maintenance	\$ -	\$ 378,068	\$ 304,509	\$ 73,559
Maintenance of General Building and Grounds:				
General Properties	\$ 1,751,121	\$ 1,982,508	\$ 723,743	\$ 1,258,765
Total Public Works	\$ 1,751,121	\$ 2,360,576	\$ 1,028,252	\$ 1,332,324

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

<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>
Nonmajor Capital Project Funds: (continued)				
County CIP Fund: (continued)				
Parks, Recreational and Cultural:				
Parks and Recreation:				
Recreation	\$ 1,115,601	\$ 1,115,601	\$ 26,487	\$ 1,089,114
Swimming pools	46,000	60,318	15,392	44,926
Loving field	60,000	91,924	18,937	72,987
NRV Fair	25,000	25,000	25,000	-
Total Parks and Recreation	\$ 1,246,601	\$ 1,292,843	\$ 85,816	\$ 1,207,027
Cultural Enrichment:				
Library	\$ 52,000	\$ 44,159	\$ 42,159	\$ 2,000
Total Parks, Recreation and Cultural	\$ 1,298,601	\$ 1,337,002	\$ 127,975	\$ 1,209,027
Primary Government: (continued)				
Nonmajor Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Community Development:				
Planning and Community Development:				
Other community development	\$ 40,000	\$ -	\$ -	\$ -
Total County CIP Fund	\$ 4,321,692	\$ 5,223,400	\$ 2,003,375	\$ 3,220,025
Total Nonmajor Capital Project Funds	\$ 4,375,492	\$ 52,002,566	\$ 4,327,487	\$ 47,675,079
Total Primary Government	\$ 54,583,490	\$ 106,222,871	\$ 54,555,539	\$ 51,667,332
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 1,884,889	\$ 2,081,831	\$ 2,005,126	\$ 76,705
Instructional:				
Instruction	\$ 35,077,348	\$ 34,733,732	\$ 32,929,831	\$ 1,803,901
Other operating costs:				
Pupil transportation	\$ 2,422,467	\$ 2,527,467	\$ 2,452,548	\$ 74,919
Operation and maintenance of school plant	5,591,411	5,786,411	5,512,308	274,103
Food services	2,414,192	2,414,192	2,614,843	(200,651)
Technical resources	1,951,313	2,225,413	1,666,216	559,197
Facilities	339,900	1,213,472	318,960	894,512
Total other operating costs	\$ 12,719,283	\$ 14,166,955	\$ 12,564,875	\$ 1,602,080
Total Education	\$ 49,681,520	\$ 50,982,518	\$ 47,499,832	\$ 3,482,686
Total Discretely Presented Component Unit-School Board	\$ 49,681,520	\$ 50,982,518	\$ 47,499,832	\$ 3,482,686

## Other 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
2017-18	\$ 2,801,349	\$ 2,067,758	\$ 9,874,829	\$ 2,586,077	\$ 10,515,792	\$ 16,553,189	\$ 1,621,925	\$ 3,504,042	\$ 1,717,409	\$ 51,242,370
2016-17	2,700,402	2,109,851	10,833,574	2,617,920	10,957,406	15,480,363	1,615,012	1,149,908	785,624	48,250,060
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

Table 2

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

Fiscal Year	Program Revenues				General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2017-18	\$ 730,770	\$ 12,636,401	\$ 123,701	\$ 28,799,097	\$ 7,479,531	\$ 669,250	\$ 137,700	\$ 2,624,484	\$ 53,200,934		
2016-17	784,304	13,695,749	139,906	26,556,425	7,476,305	371,956	113,955	2,653,536	51,792,136		
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		

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
2017-18	\$ 3,256,810	\$ 2,061,752	\$ 9,584,427	\$ 3,266,501	\$ 10,519,706	\$ 47,520,022	\$ 1,600,164	\$ 3,481,924	\$ 52,143	\$ 3,685,580	\$ 85,029,029
2016-17	2,705,363	2,015,564	10,764,367	2,755,809	11,099,772	48,196,247	1,555,062	1,889,719	-	3,253,181	84,235,084
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	1,600,164	3,481,924	52,143	3,293,977	79,658,266

(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.



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
2017-18	\$ 28,775,279	\$ 7,479,531	\$ 145,952	\$ 83,229	\$ 379,044	\$ 1,947,060	\$ 228,308	\$ 2,013,767	\$ 46,775,323	\$ 87,827,493
2016-17	26,298,277	7,476,305	134,340	60,363	383,286	1,952,158	227,596	2,508,787	47,773,424	86,814,536
2015-16	25,713,685	7,247,877	128,556	30,051	319,238	1,887,874	138,056	1,670,611	46,644,090	83,780,038
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

(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		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2017-18	\$ 30,535,084	\$ 29,717,045	97.32%	\$ 110,615	\$ 29,827,660	97.68%	\$ 3,634,099	11.90%	
2016-17	28,049,095	27,267,139	97.21%	82,924	27,350,063	97.51%	3,634,099	12.96%	
2015-16	27,548,852	26,677,079	96.84%	170,543	26,847,622	97.45%	3,232,106	11.73%	
2014-15	26,742,150	26,254,911	98.18%	93,368	26,348,279	98.53%	3,428,552	12.82%	
2013-14	25,423,667	24,518,687	96.44%	1,167,629	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%	

(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	Public Service (2)	Total
2017-18	\$ 2,550,432,050	\$ 332,759,391	\$ 260,827,009	\$ 145,064,073	\$ 3,289,082,523
2016-17	2,537,515,050	319,208,214	236,896,594	149,228,267	3,242,848,125
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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes
2017-18 (6)	\$ 0.64/0.77	\$ 2.35	\$ 1.50	\$ 0.64
2016-17	0.64	2.35	1.50	0.64
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

- (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) Real estate rates increased from \$0.64 to \$0.77 beginning with the first half 2018.

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
2017-18	34,872	\$ 3,289,083	\$ 66,528,621	\$ 66,528,621	2.02%	\$ 1,908
2016-17	34,872	3,242,848	22,709,144	22,709,144	0.70%	651
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

(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
2017-18	\$ 2,482,797	\$ 738,402	\$ 3,221,199	\$ 85,029,029	3.79%
2016-17	2,433,902	819,279	3,253,181	84,235,084	3.86%
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	79,658,266	4.14%
2007-08	1,269,450	1,365,481	2,634,931	73,698,115	3.58%

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

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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To the Honorable Members of  
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, 2018, 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 December 7, 2018.

### 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

### 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, James, Cox Associates*

Blacksburg, Virginia  
December 7, 2018

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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To the Honorable Members of  
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, 2018. 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, 2018.

## 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, Famer, Cox Associates*

Blacksburg, Virginia  
December 7, 2018

County of Pulaski, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2018

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:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115/760116	\$ 74,598	
Promoting Safe and Stable Families	93.556	950114/950115	19,112	
Temporary Assistance for Needy Families (TANF)	93.558	400115/400116	440,017	
Refugee and Entrant Assistance - State Administered Programs	93.566	500115/500116	682	
Low-Income Home Energy Assistance	93.568	600415/600416	63,861	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115/900116	1,555	
Foster Care - Title IV-E	93.658	1100115/1100116	597,638	
Adoption Assistance	93.659	1120115/1120116	641,093	
Social Services Block Grant	93.667	1000115/1000116	453,197	
Chafee Foster Care Independence Program	93.674	9150115/9150116	4,195	
Children's Health Insurance Program	93.767	540115/540116	20,391	
Medical Assistance Program	93.778	1200115/1200116	500,980	
Chafee Education and Training Vouchers Program	93.599	9160114/9160115	4,568	
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	50324	<u>252,573</u>	
Total Department of Health and Human Services			\$ <u>3,074,460</u>	
Department of Agriculture:				
Pass through Payments:				
Department of Agriculture:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	Not available	\$ 2,831	
National School Lunch Program (Note 3)	10.555	40623	\$ 184,140	
Department of Education:				
National School Lunch Program	10.555	40623	<u>1,162,960</u>	1,347,100
School Breakfast Program	10.553	40253/40591	<u>529,884</u>	
Total Child Nutrition Cluster				\$ 1,879,815
Child and Adult Care Food Program (CACFP)	10.558	Not available	4,283	
Fresh Fruit and Vegetable Program	10.582	40599/40251/40252	51,613	
Schools and Roads - Grants to States	10.665	Not available	19,841	
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10115/10116 40115/10116	<u>486,731</u>	
Direct Payments:				
Community Facilities Loans and Grants	10.766	N/A	\$ <u>50,000</u>	
Total Department of Agriculture			\$ <u>2,492,283</u>	
Department of Justice:				
Pass through Payments:				
Department of Criminal Justice Services:				
Juvenile Justice and Delinquency Prevention	16.540	Not available	\$ 35,522	
Crime Victim Assistance	16.575	14VAGX0051/15VAGX0043	138,989	
Drug Court Discretionary Grant Program	16.585	Not available	99,425	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	<u>3,213</u>	
Total Department of Justice			\$ <u>277,149</u>	
Department of Transportation:				
Pass-through payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Not available	\$ 20,553	
Virginia Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	86851	\$ 3,101	
National Priority Safety Programs	20.616	Not available	<u>5,657</u>	
Total Highway Safety Cluster			<u>8,758</u>	
Total Department of Transportation			\$ <u>29,311</u>	
Department of Education:				
Pass through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	86600	\$ 1,011,024	
Special Education Cluster:				
Special Education - Grants to States	84.027	430710	\$ 1,005,436	
Special Education - Preschool Grants	84.173	625210	<u>34,592</u>	
Total Special Education Cluster			1,040,028	
Career and Technical Education - Basic Grants to States	84.048	86665	39,865	
Twenty-first Century Community Learning Centers	84.287	86784/86787/86788	315,120	
English Language Acquisition State Grants	84.365	Not available	3,055	
Supporting Effective Instruction State Grant	84.367	86730/86732	181,836	
Student Support and Academic Enrichment	84.424	Not available	<u>4,050</u>	
Total Department of Education			\$ <u>2,594,978</u>	

County of Pulaski, Virginia  
Schedule of Expenditures of Federal Awards (continued)  
For the Fiscal Year Ended June 30, 2018

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 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	\$ 2,625	
Department of Labor:				
Pass through Payments:				
Virginia Community College System:				
WIA/WIOA Cluster:				
WIA/WIOA Adult Program	17.258	86630	\$ 710,198	
WIA/WIOA Dislocated Worker Formula Grants	17.278	86632	801,395	
WIA/WIOA Youth Activities	17.259	Not available	918,203	
Total WIA/WIOA Cluster			<u>2,429,796</u>	2,429,796
Total Department of Labor			<u>2,429,796</u>	
Executive Office of the President				
Pass through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Not available	\$ 11,807	
Department of Homeland Security:				
Pass through Payments:				
Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not available	\$ 4,956	
Total Department of Homeland Security			<u>4,956</u>	
Total Federal Expenditures			<u>\$ 10,917,365</u>	<u>\$ 2,429,796</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 award activity of County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2018. 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass through entity identifying numbers are presented where available.
- (3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2018, the County had no food commodities in inventory.

Note 4 -- Outstanding Balance of Federal Loans

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note 5 -- 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	\$ 15,156,083
Other Governmental Funds	228,503
Less: Payments from Commonwealth	(11,527,230)
Less: Payments from Local Governments	(121,076)
Add: Direct Payments to New River Valley Regional Commission	2,429,796
Less: Payments in Lieu of Taxes	(51,814)
Total Primary Government	<u>\$ 6,114,262</u>

Component Unit School Board:

School Operating Fund	\$ 4,803,103
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Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 10,917,365

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? No

Significant deficiency(ies)? 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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I: Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
17.258/17.278/17.259	WIA/WIOA Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Status of Prior Audit Findings and Questioned Costs

None reported.