

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

County of Pulaski, Virginia
 Annual Financial Report
 For the Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Dean K. Pratt, Vice Chairman
Ranny E. O'Dell

Andy McCreedy, Chair

Ashley Edmonds, Clerk

Joseph Guthrie
Charles R. Bopp

County School Board

Michael Barbour, Vice Chair
Dr. Paige Cash

Timothy Hurst, Chair

Teresa Porter, Clerk

Bill Benson
Beckie Cox

Social Services Board

Don Hanshew
Kimberly Matthews

Faye Powell, Chair

Kim Riffey, Clerk

Dean Pratt
Terri Sternberg

Library Board

Margaret Spradlin, Vice Chair
Lora Corey
Dr. Kevin Siers
Jan Booker

Lynne Clark, Chair

Meagan Pratt
Parks Lanier, Jr.
Jennifer McCarthy
Andrew Foxx

COUNTY OF PULASKI, VIRGINIA

Other Officials

Commonwealth’s Attorney..... K. Mike Fleenor
Commissioner of the Revenue..... Donna Gray
Treasurer Melinda Worrell
SheriffMichael W. Worrell
Clerk of the Circuit Court Maetta H. Crewe
Superintendent of Schools Dr. Kevin Siers
Director of Social ServicesGuy Smith
County AdministratorJonathan Sweet
County Attorney Timothy Kirtner

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2019, 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, 2019, 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 22 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. 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, 102, and 103-115 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 4, 2019 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 4, 2019

COUNTY OF PULASKI, VIRGINIA
Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2019 (FY19) 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 2018-19

- Total net position value of the primary government was \$53.9 million at the end of FY 19 based on total assets of \$144.6 million, total liabilities of \$81.2 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 19 combined program and general revenues of \$57.2 million exceeded general expenditures of \$46.9 million by approximately \$10.3 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 \$2.2 million or 4% less than the budgeted \$60.8 million revenue estimate while expenditures were \$6.8 million, or 11% less than the \$61.4 million budgeted expenditures (including transfers). The net change in fund balance was an increase of \$4.6 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 decrease of \$5.2 million from \$75.2 million on July 1, 2018 to \$70 million on June 30, 2019 (Note 6).
- As described in Note 19, the unassigned fund balance as of June 30, 2019 for the General fund was \$15.8 million, or 10.9% of budgeted FY 19 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$144.3 million. The Board of Supervisors has historically tried to maintain a reserve of the General fund balance of at least 10% of General, Special Revenue and Component Unit fund expenditures in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the general fund balance increased by approximately \$4 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 Economic 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 Economic Development Authority of Pulaski County (known as the *component units*). Financial information for component units are reported separately from the financial information presented for the primary government.

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

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

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

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

Financial Analysis of the County as a Whole

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

Summary of Net Position:

Details in the government-wide financial statements for FY 19 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 18 to FY 19.

Summary of Net Position:

	Total Primary Government		Component Unit School Board	
	2019	2018	2019	2018
Current and other assets	\$ 80.0	\$ 83.4	\$ 5.7	\$ 6.0
Capital assets, net	64.7	50.4	9.8	9.5
Total assets	\$ 144.7	\$ 133.8	\$ 15.5	\$ 15.5
Deferred Outflows of Resources	\$ 1.4	\$ 1.4	\$ 4.6	\$ 4.6
Other liabilities	\$ 11.2	\$ 5.4	\$ 3.7	\$ 3.9
Long term liabilities	70.0	75.2	41.3	44.2
Total liabilities	\$ 81.2	\$ 80.6	\$ 45.0	\$ 48.1
Deferred Inflows of Resources	\$ 10.9	\$ 10.9	\$ 6.6	\$ 6.6
Net Position:				
Net investment in capital assets	\$ 33.9	\$ 28.2	\$ 9.8	\$ 9.5
Restricted	0.3	0.0	0.0	0.0
Unrestricted	19.8	15.4	(41.2)	(44.1)
Total net position	\$ 54.0	\$ 43.6	\$ (31.4)	\$ (34.6)

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

The County's combined net position increased from \$43.6 million to \$54 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 \$19.8 million. The County's net investment in capital assets represents the amount of capital assets owned by the County totaling \$33.9 million. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. For example, seized asset funds are restricted so that they can be used for specific law enforcement purposes. The Component Unit School Board net position increased by \$3.2 million, from \$(34.6) million in FY18 to \$(31.4) million in FY 19. The School Board net investment in capital assets totaled \$9.8 million.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2019, as well as the change in capital assets for FY 19 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Non-Depreciable Assets:				
Land	\$ 3.0	\$ 2.8	\$ 0.9	\$ 0.9
Construction in Progress	17.0	2.8	0.2	0.2
Other Capital Assets:				
Buildings and systems	62.3	61.2	21.7	21.7
Machinery and Equipment	16.5	15.3	11.0	10.5
Accumulated Depreciation	(34.1)	(31.7)	(24.0)	(23.8)
Totals	<u>\$ 64.7</u>	<u>\$ 50.4</u>	<u>\$ 9.8</u>	<u>\$ 9.5</u>

County**Changes in Capital Assets:**

	Balance, June 30, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
	Non-Depreciable Assets:			
Land	\$ 2.8	\$ 0.2	\$ -	\$ 3.0
Construction in Progress	2.8	15.0	(0.8)	17.0
Other Capital Assets:				
Buildings and systems	61.2	1.1	0.0	62.3
Machinery and Equipment	15.2	1.3	0.0	16.5
Accumulated Depreciation	(31.7)	(2.4)	0.0	(34.1)
Totals	<u>\$ 50.3</u>	<u>\$ 15.2</u>	<u>\$ (0.8)</u>	<u>\$ 64.7</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>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
Non-Depreciable Assets:				
Land	\$ 0.9	\$ -	\$ -	\$ 0.9
Construction in Progress	0.2	0.0	0.0	0.2
Other Capital Assets:				
Buildings and systems	21.7	0.5	(0.5)	21.7
Machinery and Equipment	10.5	0.8	(0.3)	11.0
Accumulated Depreciation	(23.7)	(1.0)	0.7	(24.0)
Totals	\$ 9.6	\$ 0.3	\$ (0.1)	\$ 9.8

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 13 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, 2019, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$ 51.8	\$ 54.5	\$ -	\$ -
Literary Loans	3.7	4.2	-	-
Lease Revenue Note	6.9	7.8	-	-
Notes Payable	-	0.1	-	-
Unamortized Bond Premium	1.6	2.0	-	-
Unamortized Bond Discount	(0.5)	(0.5)	-	-
Landfill Post Closure Liability	0.3	0.3	-	-
Net OPEB Liabilities	2.0	2.0	8.3	8.6
Net Pension Liability	2.9	3.6	31.6	34.2
Compensated Absences	1.3	1.2	1.4	1.4
Total	\$ 70.0	\$ 75.2	\$ 41.3	\$ 44.2

Long-term obligations for the County decreased by \$5.2 million in FY19. Long-term obligations of the Component Unit-School Board decreased by \$2.9 million due to a significant decrease in net pension liability. Additional detailed information on long-term obligations activity can be found in Note 6 and Note 7 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 FY19 and the fiscal year ended June 30, 2019 (FY19) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for services	\$ 1.2	\$ 0.7	\$ 1.1	\$ 1.5
Operating grants and contributions	12.0	12.6	32.5	31.4
Capital grants and contributions	0.1	0.1	-	0.4
General Revenues:				
General property taxes	31.4	28.8	-	-
Other local taxes	7.8	7.6	-	-
Other	1.9	0.8	0.1	0.1
Payments from County	-	-	14.9	15.2
Total Revenues	\$ 54.4	\$ 50.6	\$ 48.6	\$ 48.6
Expenses:				
General government	\$ 2.7	\$ 2.8	\$ -	\$ -
Judicial administration	1.9	2.1	-	-
Public safety	10.7	9.9	-	-
Public works	1.9	2.6	-	-
Health and welfare	9.5	10.5	-	-
Education	15.5	16.5	45.4	45.1
Parks, recreation and cultural	1.6	1.6	-	-
Community development	1.2	3.5	-	-
Non-Departmental	-	-	-	-
Interest on long term debt	1.9	1.7	-	-
Total Expenses	\$ 46.9	\$ 51.2	\$ 45.4	\$ 45.1
Grants and Contributions (Not related to specific programs)	\$ 2.7	\$ 2.6	\$ -	\$ -
Transfers	-	-	-	-
Net Position, Beginning of Year	43.7	41.7	(34.6)	(38.1)
Net Position, End of Year	\$ 53.9	\$ 43.7	\$ (31.4)	\$ (34.6)

Revenues

For FY19, revenues from governmental funds totaled \$54.4 million. General property tax revenues, the County's largest revenue source, were \$31.4 million, an increase of \$2.6 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$7.8 million, with a \$0.2 increase over FY18. All other revenues increased with the exception of operating grants and capital grants.

The Component Unit School Board revenues totaled \$48.6 million for FY19, which equals revenues for fiscal year 2018 while expenses increased by \$0.3 million. Component Unit School Board state and federal revenues increased by \$1.1 million, while charges for services increased by \$0.3 million which resulted in a decrease of local government transfer of \$0.3 million.

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Expenses

For FY 19, expenses for primary governmental activities totaled \$46.9 million, a decrease of \$3.3 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 25% 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 FY19 contribution to FY20 to use towards School capital improvements in the amount of \$647,504.

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

Financial Analysis of the County's Funds

For FY19, the general fund reflects a fund balance of \$18.7 million, an increase of \$4 million from FY18. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2018 to the fiscal year ended June 30, 2019 amounts for the General Fund as shown in Exhibit 5.

	General Fund		
	2019	2018	Change
Revenues:			
General Property Taxes	\$ 31.3	\$ 28.8	\$ 2.5
Other Local Taxes	7.8	7.5	0.3
Permits, Fees and Licences	0.3	0.1	0.2
Fines and Forfeitures	0.4	0.1	0.3
Revenue from Use of Money/Property	0.5	0.4	0.1
Charges for Services	0.5	0.5	-
Miscellaneous	0.2	0.1	0.1
Recovered Costs	0.9	1.3	(0.4)
Revenue from Local Government	-	0.1	(0.1)
Revenue from Commonwealth	11.3	11.3	-
Revenue from Federal Government	3.5	3.7	(0.2)
Total Revenues	\$ 56.7	\$ 53.9	\$ 2.8
Expenditures:			
General Government Administration	\$ 2.9	\$ 2.8	\$ 0.1
Judicial Administration	2.1	2.1	-
Public Safety	9.8	9.2	0.6
Public Works	2.2	2.2	-
Health and Welfare	9.8	10.5	(0.7)
Education	14.9	14.9	-
Parks, Recreation and Cultural	1.6	1.5	0.1
Community Development	1.2	3.5	(2.3)
Non-Departmental	-	0.1	(0.1)
Principal	4.2	2.5	1.7
Interest	2.1	0.7	1.4
Bond Issuance Costs	-	0.2	(0.2)
Total Expenditures	\$ 50.8	\$ 50.2	\$ 0.6
Excess	\$ 5.9	\$ 3.7	\$ 2.2
Other Financing Sources (Uses)	(1.9)	(4.9)	3.0
Net Change in Fund Balance	4.00	(1.20)	5.2
Fund Balance, Beginning of Year	14.7	15.9	(1.2)
Fund Balance, End of Year	\$ 18.7	\$ 14.7	\$ 4.0

The General Fund saw increases in all revenue categories except for charges for services, recovered costs and state and federal revenues from FY18 to FY19 with an overall increase of \$2.8 million. This is mainly the result of an increase in the real estate tax rate increase due to issuance of school bonds in FY 18.

The total General Fund expenditures were decreased by \$2.4 million due largely to the decrease in other financing uses. Overall, other expenditure categories remained fairly consistent in FY19 with FY18 figures, with the exception of school debt service, resulting in a net increase in fund balance of \$4 million during FY 2019.

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

All school board unused appropriations from the 2019 fiscal year were carried over by the Board of Supervisors for use in the FY 2020 School Capital fund capital improvements in the amount of \$647,504.

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 19 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 30.4	\$ 31.0	\$ 31.3	0.3
Other Local Taxes	7.6	7.8	7.8	-
Permits, Fees and Licenses	0.1	0.3	0.3	-
Fines and Forfeitures	0.1	0.3	0.4	0.1
Revenue from Use of Money and Property	0.3	0.3	0.5	0.2
Charges for Services	0.6	0.5	0.5	-
Miscellaneous	0.0	0.1	0.2	0.1
Recovered Costs	1.0	1.2	0.9	(0.3)
Intergovernmental	13.1	13.2	11.3	(1.9)
Other	3.6	3.8	3.5	-0.3
Total	<u>\$ 56.8</u>	<u>\$ 58.5</u>	<u>\$ 56.7</u>	<u>(1.8)</u>
Expenditures and transfers:				
General Government Administration	\$ 3.1	\$ 3.3	\$ 2.9	0.4
Judicial Administration	2.0	2.2	2.1	0.1
Public Safety	9.8	10.6	9.8	0.8
Public Works	2.3	2.5	2.2	0.3
Health and Welfare	13.0	13.1	9.8	3.3
Education	15.1	15.5	14.9	0.6
Parks, Recreation and Cultural	1.5	1.7	1.6	0.1
Community Development	1.2	1.3	1.2	0.1
Non-departmental	0.0	0.0	0.0	0.0
Debt Service	5.1	5.0	4.2	0.8
Transfers	1.0	1.1	2.1	-1.0
Total	<u>\$ 54.1</u>	<u>\$ 56.3</u>	<u>\$ 50.8</u>	<u>5.5</u>

It should be noted that this schedule is shown on the budgetary basis. In comparing the original budget to the amended budget both revenues and expenditures increased with the amended budget. Most of this change can be attributed to carry-over appropriations for County construction projects, economic development projects, and unused FY18 local funding for the Component Unit – School Board.

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, and capital projects and improvement priorities.

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 FY19, the rate of increase in local revenues was 5%, however we expect the trend to continue at 3% annually. 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.

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

State Revenues - Currently, state funding is projected to account for 32% or \$40.3 million, of the County and Component Unit School Board FY 2020 total budget, while local real estate taxes account for 39.8% percent of total County general fund revenues. A one percent change in state revenue results in a \$0.403 million change in the local budget, or the equivalent of a \$0.013 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, capital needs and the continuation of the State to partially fund initiatives. General fund contributions to the public school system amount to 31.3% of the county's annual budget in FY 19-20 and there was a 2.48% increase in the local contribution for FY 19-20 over the FY 18-19 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 \$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 future 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 potential increases in healthcare costs.
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 improvement.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the 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. 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, 2019

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
ASSETS				
Cash and Cash Equivalents	\$ 24,591,427	\$ 2,051,593	\$ 2,222,257	\$ 482,828
Receivables (Net of Allowance for Uncollectibles):				
Taxes	13,073,258	-	-	-
Other Local Taxes and Fees	401,337	-	-	-
Accounts Receivable	170,130	-	1,675,442	1,938
Capital Lease Receivable	-	-	-	4,898,100
Note Receivable	92,701	-	1,257,568	21,597,082
Rent Receivable	-	-	-	51,424
Interest Receivable	-	-	-	28,803
Prepaid Items	198,472	468,365	12,460	2,115
Due from Primary Government	-	2,258,138	-	300,000
Due from Other Governmental Units	2,136,155	1,007,599	-	-
Due from Component Units	405,481	-	-	-
Advances to Component Units	500,000	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	38,409,346	-	281,481	517,691
Capital Assets:				
Land	2,996,331	858,360	225,354	2,283,812
Buildings and Improvements	41,025,541	5,334,758	464,650	7,973,637
Machinery and Equipment	3,663,777	3,349,076	1,916,915	47,252
Infrastructure	-	-	21,393,505	-
Construction in Progress	16,996,732	214,121	2,109,040	277,400
Total Assets	<u>\$ 144,660,688</u>	<u>\$ 15,542,010</u>	<u>\$ 31,558,672</u>	<u>\$ 38,462,082</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refunding	\$ 274,711	\$ -	\$ -	\$ -
Pension Related Items	859,240	3,802,714	143,644	-
OPEB Related Items	291,447	835,948	17,783	-
Total Deferred Outflows of Resources	<u>\$ 1,425,398</u>	<u>\$ 4,638,662</u>	<u>\$ 161,427</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 7,841,995	\$ 89,147	\$ 735,869	\$ 252,575
Amounts Held for Others	-	-	-	517,691
Accrued Wages	-	3,596,513	-	-
Accrued Expenses	1,525	-	-	-
Customer Deposits	-	-	155,828	-
Accrued Interest Payable	852,049	-	15,200	31,612
Due to Component Units	2,558,138	-	-	-
Due to Primary Government	-	-	-	405,481
Unearned Revenue	-	-	-	22,416
Long-Term Liabilities:				
Due Within One Year	5,400,447	1,048,328	440,915	1,489,264
Due in More Than One Year	64,587,409	40,295,541	9,894,773	21,177,562
Total Liabilities	<u>\$ 81,241,563</u>	<u>\$ 45,029,529</u>	<u>\$ 11,242,585</u>	<u>\$ 23,896,601</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Taxes	\$ 9,953,929	\$ -	\$ -	\$ -
Pension Related Items	868,167	5,858,047	137,752	-
OPEB Related Items	77,555	738,600	33,981	-
Total Deferred Inflows of Resources	<u>\$ 10,899,651</u>	<u>\$ 6,596,647</u>	<u>\$ 171,733</u>	<u>\$ -</u>
NET POSITION				
Net Investment in Capital Assets	\$ 33,892,115	\$ 9,756,315	\$ 16,736,924	\$ 10,582,101
Restricted	287,975	-	281,481	-
Unrestricted (Deficit)	19,764,782	(41,201,819)	3,287,376	3,983,380
Total Net Position	<u>\$ 53,944,872</u>	<u>\$ (31,445,504)</u>	<u>\$ 20,305,781</u>	<u>\$ 14,565,481</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, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Public Service Authority	Economic Development Authority
Primary Government:							
Governmental Activities:							
General Government Administration	\$ 2,660,377	\$ 470	\$ 292,457	\$ -			
Judicial Administration	1,945,251	403,131	1,928,086	-			
Public Safety	10,668,415	427,323	2,414,874	-			
Public Works	1,949,125	26,615	12,407	-			
Health and Welfare	9,518,680	-	7,302,208	-			
Education	15,549,922	-	-	-			
Parks, Recreation and Cultural	1,566,378	294,141	139,294	-			
Community Development	1,181,486	-	-	128,397			
Interest	1,870,352	-	-	-			
Total Primary Government	\$ 46,909,986	\$ 1,151,680	\$ 12,089,326	\$ 128,397			
Component Units:							
School Board	\$ 45,365,648	\$ 1,132,536	\$ 32,542,305	\$ -	\$ (11,690,807)	\$ -	\$ -
Public Service Authority	9,342,541	9,153,406	-	-	-	(189,135)	-
Economic Development Authority	5,661,990	654,611	790,378	-	-	-	(4,217,001)
Total Component Units	\$ 60,370,179	\$ 10,940,553	\$ 33,332,683	\$ -	\$ (11,690,807)	\$ (189,135)	\$ (4,217,001)
General Revenues:							
General Property Taxes					\$ 31,370,107		
Other Local Taxes							
Local Sales and Use Taxes					3,543,264		
Consumers' Utility Taxes					657,497		
Business Licenses					894,443		
Consumption Taxes					103,268		
Motor Vehicle Licenses					576,367		
Bank Stock Taxes					21,402		
Taxes on Recordation and Wills					126,195		
Hotel and Motel Room Taxes					365,125		
Restaurant Food Taxes					1,562,132		
Unrestricted Revenues from Use of Money and Property					1,612,865		
Miscellaneous					301,726		
Payments from Primary Government						38,934	14,206
Grants and Contributions Not Restricted to Specific Programs						185,639	1,123
Total General Revenues					\$ 14,892,294	\$ 369,503	\$ 65,696
Change in Net Position					3,207,487	180,368	(4,151,305)
Net Position - Beginning, as restated					(34,646,991)	20,125,413	18,716,786
Net Position - Ending					\$ (31,445,504)	\$ 20,305,781	\$ 14,565,481

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>School CIP Fund</u>	<u>County CIP Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 18,731,804	\$ -	\$ 1,563,614	\$ 20,295,418
Receivables (Net of Allowance for Uncollectibles):				
Taxes	13,073,258	-	-	13,073,258
Other Local Taxes and Fees	401,337	-	-	401,337
Accounts	3,871	66,376	1,415	71,662
Loans	92,701	-	-	92,701
Due from Other Funds	248,104	294,412	-	542,516
Due from Other Governmental Units	2,092,850	-	43,305	2,136,155
Prepaid items	86,575	-	-	86,575
Due from Component Units	136,441	-	269,040	405,481
Advances to Component Units	500,000	-	-	500,000
Restricted:				
Cash and cash equivalents	-	38,409,346	-	38,409,346
Total Assets	<u>\$ 35,366,941</u>	<u>\$ 38,770,134</u>	<u>\$ 1,877,374</u>	<u>\$ 76,014,449</u>
LIABILITIES				
Accounts Payable	\$ 984,185	\$ 5,973,934	\$ 150,254	\$ 7,108,373
Due to Other Funds	181,612	248,104	181,228	610,944
Due to Component Units	2,558,138	-	-	2,558,138
Accrued liabilities	1,525	-	-	1,525
Total Liabilities	<u>\$ 3,725,460</u>	<u>\$ 6,222,038</u>	<u>\$ 331,482</u>	<u>\$ 10,278,980</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 12,782,400	\$ -	\$ -	\$ 12,782,400
Unearned Revenue - Loans	92,701	-	-	92,701
Total Deferred Inflows of Resources	<u>\$ 12,875,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,875,101</u>
FUND BALANCE				
Nonspendable	\$ 586,575	\$ -	\$ -	\$ 586,575
Restricted	287,975	32,548,096	-	32,836,071
Committed	-	-	1,545,892	1,545,892
Assigned	2,150,749	-	-	2,150,749
Unassigned	15,741,081	-	-	15,741,081
Total Fund Balances	<u>\$ 18,766,380</u>	<u>\$ 32,548,096</u>	<u>\$ 1,545,892</u>	<u>\$ 52,860,368</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 35,366,941</u>	<u>\$ 38,770,134</u>	<u>\$ 1,877,374</u>	<u>\$ 76,014,449</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, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	52,860,368	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			
Land	\$	2,996,331	
Building and Improvements		41,025,541	
Machinery and Equipment		3,663,777	
Construction in Progress		<u>16,996,732</u>	64,682,381
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	\$	2,828,471	
Loans Receivable		<u>92,701</u>	2,921,172
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.			
			3,841,180
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	859,240	
OPEB related items		<u>291,447</u>	1,150,687
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	\$	(51,754,587)	
Literary Loans		(3,732,865)	
Lease Revenue Notes		(6,926,969)	
Unamortized Bond Premiums		(1,607,901)	
Unamortized Bond Discounts		455,557	
Landfill Post-Closure Monitoring Costs		(270,116)	
Net Pension Liability		(2,873,283)	
Net OPEB Liabilities		(2,007,449)	
Deferred Charge on Refunding		274,711	
Compensated Absences		(1,270,243)	
Accrued Interest Payable		<u>(852,049)</u>	(70,565,194)
Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.			
Pension related items	\$	(868,167)	
OPEB related items		<u>(77,555)</u>	(945,722)
Net Position of Governmental Activities			<u>\$ 53,944,872</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, 2019

	General Fund	School CIP Fund	County CIP Fund	Total
REVENUES				
General Property Taxes	\$ 31,255,925	\$ -	\$ -	\$ 31,255,925
Other Local Taxes	7,849,693	-	-	7,849,693
Permits, Privilege Fees and Regulatory Licenses	258,938	-	-	258,938
Fines and Forfeitures	390,284	-	-	390,284
Revenue from Use of Money and Property	532,178	1,080,687	-	1,612,865
Charges for Services	502,458	-	-	502,458
Miscellaneous	229,624	-	109,375	338,999
Recovered Costs	950,000	-	5,590	955,590
Intergovernmental	14,752,667	-	128,397	14,881,064
Total Revenues	<u>\$ 56,721,767</u>	<u>\$ 1,080,687</u>	<u>\$ 243,362</u>	<u>\$ 58,045,816</u>
EXPENDITURES				
Current:				
General Government Administration	\$ 2,921,675	\$ -	\$ 387,625	\$ 3,309,300
Judicial Administration	2,083,683	-	-	2,083,683
Public Safety	9,812,450	-	1,537,936	11,350,386
Public Works	2,208,951	-	155,296	2,364,247
Health and Welfare	9,777,818	-	-	9,777,818
Education	14,858,552	-	-	14,858,552
Parks, Recreation and Cultural	1,587,933	-	499,458	2,087,391
Community Development	1,171,361	-	40,404	1,211,765
Non-Departmental	-	-	-	-
Capital Projects	-	14,213,262	-	14,213,262
Debt Service:				
Principal Retirement	4,177,665	-	-	4,177,665
Interest and Other Fiscal Charges	2,190,675	-	-	2,190,675
Total Expenditures	<u>\$ 50,790,763</u>	<u>\$ 14,213,262</u>	<u>\$ 2,620,719</u>	<u>\$ 67,624,744</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>\$ 5,931,004</u>	<u>\$ (13,132,575)</u>	<u>\$ (2,377,357)</u>	<u>\$ (9,578,928)</u>
Other Financing Sources (Uses)				
Transfers In	\$ 1,921,235	\$ -	\$ 1,200,592	\$ 3,121,827
Transfers Out	(3,816,721)	-	-	(3,816,721)
Total Other Financing Sources (Uses)	<u>\$ (1,895,486)</u>	<u>\$ -</u>	<u>\$ 1,200,592</u>	<u>\$ (694,894)</u>
Net Change in Fund Balance	\$ 4,035,518	\$ (13,132,575)	\$ (1,176,765)	\$ (10,273,822)
Fund Balance - Beginning	14,730,862	45,680,671	2,722,657	63,134,190
Fund Balance - Ending	<u>\$ 18,766,380</u>	<u>\$ 32,548,096</u>	<u>\$ 1,545,892</u>	<u>\$ 52,860,368</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, 2019

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

Net changes in fund balance - total governmental funds \$ (10,273,822)

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	\$ 16,784,979	
Depreciation expenses	<u>(2,463,664)</u>	14,321,315

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

Transfer of asset to IDA		(50,367)
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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	\$ 114,182	
Decrease (Increase) in unavailable revenue - loans	<u>(37,273)</u>	76,909

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:		
Landfill post-closure monitoring costs	\$ (2,735)	
Principal repayments:		
General obligation bonds	2,775,738	
Literary loans	425,914	
Lease revenue notes	912,548	
Note payable	<u>63,465</u>	4,174,930

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

Changes in OPEB related items	\$ 149,012	
Changes in pension related items	770,852	
(Increase) Decrease in compensated absences	(98,074)	
(Increase) Decrease in accrued interest payable	(54,929)	
Increase (Decrease) in deferred charge on refunding	(34,339)	
Amortization of bond premiums and discounts	<u>409,591</u>	1,142,113

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.

866,071

Change in net position of governmental activities

\$ 10,257,149

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, 2019

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,296,009	\$ -	\$ 4,296,009
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	98,468	98,468
Due from Other Funds	-	68,428	68,428
Prepaid Items	-	111,897	111,897
Total Assets	<u>\$ 4,296,009</u>	<u>\$ 278,793</u>	<u>\$ 4,574,802</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 64,354	\$ 82,290	\$ 146,644
IBNR Payable	586,978	-	586,978
Total Liabilities	<u>\$ 651,332</u>	<u>\$ 82,290</u>	<u>\$ 733,622</u>
NET POSITION			
Unrestricted	<u>\$ 3,644,677</u>	<u>\$ 196,503</u>	<u>\$ 3,841,180</u>
Total Net Position	<u>\$ 3,644,677</u>	<u>\$ 196,503</u>	<u>\$ 3,841,180</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, 2019

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES			
Charges for Services:			
Information Technology Charges	\$ -	\$ 354,975	\$ 354,975
Garage Charges	-	1,723,547	1,723,547
Communication Charges	-	105,664	105,664
Other Revenues:			
Miscellaneous	-	53,179	53,179
Insurance Premiums	8,497,965	-	8,497,965
Total Operating Revenues	<u>\$ 8,497,965</u>	<u>\$ 2,237,365</u>	<u>\$ 10,735,330</u>
OPERATING EXPENSES			
Information Technology	\$ -	\$ 808,168	\$ 808,168
Central Garage	-	2,030,222	2,030,222
Communications	-	112,789	112,789
Insurance Claims and Expenses	7,611,883	-	7,611,883
	-	1,091	1,091
Total Operating Expenses	<u>\$ 7,611,883</u>	<u>\$ 2,952,270</u>	<u>\$ 10,564,153</u>
Operating Income (Loss)	<u>\$ 886,082</u>	<u>\$ (714,905)</u>	<u>\$ 171,177</u>
Transfer In	<u>\$ -</u>	<u>\$ 694,894</u>	<u>\$ 694,894</u>
Change in Net Position	<u>\$ 886,082</u>	<u>\$ (20,011)</u>	<u>\$ 866,071</u>
Net Position - Beginning	2,758,595	216,514	2,975,109
Net Position - Ending	<u>\$ 3,644,677</u>	<u>\$ 196,503</u>	<u>\$ 3,841,180</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, 2019

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Charges to County Department and other organizations	\$ -	\$ 2,215,103	\$ 2,215,103
Other receipts (payments)	-	53,179	53,179
Payments to suppliers for goods and services	-	(2,963,176)	(2,963,176)
Receipts for insurance premiums	8,497,965	-	8,497,965
Payments for insurance premiums	(7,387,744)	-	(7,387,744)
Total cash provided by (used for) operating activities	<u>\$ 1,110,221</u>	<u>\$ (694,894)</u>	<u>\$ 415,327</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>\$ -</u>	<u>\$ 694,894</u>	<u>\$ 694,894</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 1,110,221</u>	<u>\$ -</u>	<u>\$ 1,110,221</u>
Cash and Cash Equivalents - Beginning	<u>\$ 3,185,788</u>	<u>\$ -</u>	<u>\$ 3,185,788</u>
Cash and Cash Equivalents - Ending	<u>\$ 4,296,009</u>	<u>\$ -</u>	<u>\$ 4,296,009</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ 886,082</u>	<u>\$ (714,905)</u>	<u>\$ 171,177</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ 27,019	\$ 42,275	\$ 69,294
Increase (Decrease) in IBNR Payable	197,120	-	197,120
(Increase) Decrease in Accounts Receivable	-	8,303	8,303
(Increase) Decrease in Due from Other Funds	-	22,614	22,614
(Increase) Decrease in Prepaid Items	-	(53,181)	(53,181)
Total Adjustments	<u>\$ 224,139</u>	<u>\$ 20,011</u>	<u>\$ 244,150</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 1,110,221</u>	<u>\$ (694,894)</u>	<u>\$ 415,327</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, 2019

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	<u><u>\$ 229,121</u></u>
 LIABILITIES	
Current Liabilities:	
Amounts Held for Others:	
Special Welfare Fund	\$ 18,928
Performance Bond Fund	125,042
Employee Flexible Benefits Fund	<u>85,151</u>
Total amounts held for others	<u><u>\$ 229,121</u></u>
Total Liabilities	<u><u>\$ 229,121</u></u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

June 30, 2019

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, 2019

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, 2019, the County paid \$1,890,653 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 \$96,000 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 \$102,461 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, 2019

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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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

The 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, 2019

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, 2019

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:

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, 2019

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, 2019

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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 \$837,751 at June 30, 2019 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, 2019

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>
Building and Improvements	20-40
Infrastructure	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, 2019

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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability 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. 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, 2019

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)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

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 effective interest rate 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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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 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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

A. Budgetary Information: (continued)

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 2019.

C. Deficit Fund Balance:

At June 30, 2019, there were no funds that had a deficit fund balance.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 3- Deposits and Investments: (continued)

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank 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	Net Asset Value	
		(NAV)	1 Year
LGIP	\$ 113,603	\$ -	\$ 113,603
SNAP	40,792,386	-	40,792,386
VML/VACo Investment Pool	-	3,067,919	3,067,919
Total	<u>\$ 40,905,989</u>	<u>\$ 3,067,919</u>	<u>\$ 43,973,908</u>

Custodial Credit Risk (Investments):

The County’s rated debt investments as of June 30, 2019 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	\$ 113,603
SNAP	40,792,386
VML/VACo Investment Pool	3,067,919
Total	<u>\$ 43,973,908</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 3- Deposits and Investments: (continued)

External Investment Pools

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. There are no withdrawal limitations or restrictions imposed on participants.

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the County to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Note 4- Due From Other Governmental Units:

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

	Primary Government	Component Unit- School Board
	<u> </u>	<u> </u>
Local governments:		
Town of Dublin	\$ 51,600	\$ -
Commonwealth of Virginia:		
State sales tax	642,352	581,068
Communication sales tax	111,523	-
Other taxes	45,779	-
Categorical aid-shared expenses	279,611	-
Categorical aid-other	43,305	-
Categorical aid-VPA funds	155,865	-
Categorical aid-CSA funds	533,025	-
Federal Government:		
Categorical aid-VPA funds	246,944	-
Categorical aid-other	26,151	426,531
Totals	<u>\$ 2,136,155</u>	<u>\$ 1,007,599</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 5- Interfund Balances and Transfers:

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
Primary Government:		
General Fund	\$ 2,739,750	\$ 884,545
County CIP Fund	181,228	269,040
School CIP Fund	248,104	294,412
Information Technology, Garage, and Communication Service Fund	-	68,428
Component Units:		
School Fund	-	2,258,138
Economic Development Authority	905,481	300,000
Total	<u>\$ 4,074,563</u>	<u>\$ 4,074,563</u>
	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government:		
General Fund	\$ 1,921,235	\$ 3,816,721
County CIP Fund	1,200,592	-
Information Technology, Garage, and Communication Service Fund	694,894	-
Total	<u>\$ 3,816,721</u>	<u>\$ 3,816,721</u>

Details of advances to component unit amounts are as follows:

Pulaski County Economic 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, 2019

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, 2019.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 8,290,325	\$ -	\$ 1,115,738	\$ 7,174,587
Literary loans	4,158,779	-	425,914	3,732,865
Lease revenue notes	7,839,517	-	912,548	6,926,969
Note payable	63,465	-	63,465	-
Unamortized bond premiums	306,662	-	41,287	265,375
General obligation bonds	46,240,000	-	1,660,000	44,580,000
Unamortized bond premiums	1,739,615	-	397,089	1,342,526
Unamortized bond discounts	(484,342)	-	(28,785)	(455,557)
Landfill post-closure monitoring costs	267,381	2,735	-	270,116
Net OPEB liabilities	1,968,936	309,765	271,252	2,007,449
Net pension liability	3,619,908	4,056,653	4,803,278	2,873,283
Compensated absences	1,172,169	977,201	879,127	1,270,243
Total	\$ 75,182,415	\$ 5,346,354	\$ 10,540,913	\$ 69,987,856

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

Year Ending June 30,	Direct Borrowings and Placements					
	General Obligation Bonds		Lease Revenue Notes		Literary Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,125,048	\$ 261,723	\$ 930,964	\$ 235,632	\$ 436,378	\$ 74,657
2021	959,539	220,082	944,552	207,345	446,410	65,930
2022	930,000	180,969	594,237	182,105	451,338	57,002
2023	940,000	141,568	616,703	159,743	460,615	47,975
2024	410,000	114,663	639,287	136,438	468,971	38,763
2025-2029	2,295,000	333,265	3,201,226	300,795	1,469,153	59,114
2030-2034	515,000	10,429	-	-	-	-
Totals	\$ 7,174,587	\$ 1,262,699	\$ 6,926,969	\$ 1,222,058	\$ 3,732,865	\$ 343,441

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 6- Long-Term Obligations: (continued)

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2020	\$ 1,600,000	\$ 1,588,269
2021	1,680,000	1,508,268
2022	1,765,000	1,424,268
2023	1,855,000	1,336,019
2024	1,945,000	1,243,269
2025-2029	11,055,000	4,893,969
2030-2034	12,885,000	3,063,119
2035-2038	11,795,000	962,444
Totals	<u>\$ 44,580,000</u>	<u>\$ 16,019,625</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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
Direct Borrowings and Placements:						
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 88,180	\$ 43,641
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	2,180,000	545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	4,730,000	360,000
GO bond	1.81%	4/16/2014	2020	1,035,536	176,407	176,407
Subtotal GO bonds					<u>\$ 7,174,587</u>	<u>\$ 1,125,048</u>
Unamortized bond premium	n/a	11/7/2002	2023	436,841	87,369	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	21,070	2,007
Total general obligation bonds					<u>\$ 7,283,026</u>	<u>\$ 1,148,897</u>
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 3,285,000	\$ 260,000
Lease revenue note	2.47-3.25%	12/6/2013	2027	321,054	221,492	25,353
Lease revenue note	2.37%	6/15/2016	2028	3,443,000	2,671,800	269,500
School lease revenue note	2.05%	12/6/2013	2021	2,680,534	748,677	376,111
Subtotal lease revenue notes					<u>\$ 6,926,969</u>	<u>\$ 930,964</u>
Unamortized bond premium	n/a	5/15/2008	2029	348,754	156,936	17,438
Total lease revenue notes					<u>\$ 7,083,905</u>	<u>\$ 948,402</u>
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 3,732,865	\$ 436,378
Total Direct Borrowings and Placements					<u>\$ 18,099,796</u>	<u>\$ 2,533,677</u>
General obligation bonds:						
GO bond	3.00-5.00%	3/1/2018	2038	46,240,000	\$ 44,580,000	\$ 1,600,000
Unamortized bond premium	n/a	3/1/2018	2029	1,739,614	1,342,526	342,873
Unamortized bond discount	n/a	3/1/2018	2038	(484,342)	(455,557)	(28,785)
Total general obligation bonds					<u>\$ 45,466,969</u>	<u>\$ 1,914,088</u>
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 270,116	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,007,449	-
Net pension liability	n/a	n/a	n/a	n/a	2,873,283	-
Compensated absences	n/a	n/a	n/a	n/a	1,270,243	952,682
Total other obligations					<u>\$ 6,421,091</u>	<u>\$ 952,682</u>
Totals					<u>\$ 69,987,856</u>	<u>\$ 5,400,447</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 6- Long-Term Obligations: (continued)

In the event of default, the Lender of the lease revenue notes may declare the entire unpaid principal and interest on the issuance as due and payable. In the event of default on the GO Bonds, the Commonwealth can withhold funding and apply a sufficient portion of the amount withheld to the defaulted principal and interest.

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, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Net OPEB liabilities	\$ 8,599,200	\$ 1,151,000	\$ 1,386,500	\$ 8,363,700
Net pension liability	34,179,878	8,010,961	10,608,440	31,582,399
Compensated absences	1,417,420	1,043,415	1,063,065	1,397,770
Total	<u>\$ 44,196,498</u>	<u>\$ 10,205,376</u>	<u>\$ 13,058,005</u>	<u>\$ 41,343,869</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	\$ 8,363,700	\$ -
Net pension liability	n/a	n/a	n/a	n/a	31,582,399	-
Compensated absences	n/a	n/a	n/a	n/a	1,397,770	1,048,328
Total other obligations					<u>\$ 41,343,869</u>	<u>\$ 1,048,328</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County 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.

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Contributions

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

The County of Pulaski and the PSA's contractually required employer contribution rate for the year ended June 30, 2019 was 8.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$859,240 and \$923,644 for the County and \$143,608 and \$146,152 for the PSA for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

At June 30, 2019, the County and PSA reported a liability of \$2,873,283 and \$454,651 for their proportionate share of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018. 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 share of the net pension liability. Creditable compensation as of June 30, 2018 and 2017 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2018 and 2017, the County's proportion was 81.5237% and 81.5237%, respectively. At June 30, 2018 and 2017, the PSA's proportion was 12.8998% and 12.8998%, respectively.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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 Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 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%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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%

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, 2017, 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, 2018.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 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%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

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

Mortality rates: (Continued)

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%

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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, 2019

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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contribution by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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 share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 8,480,520	\$ 2,873,283	\$ (1,804,892)
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,341,904	\$ 454,651	\$ (285,595)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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, 2019, the County and PSA recognized pension expense of \$90,786 and \$8,712, 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, 2019, 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	\$ -	\$ 483,513	\$ -	\$ 76,496
Change in assumptions	-	46,740	-	7,396
Net difference between projected and actual earnings on pension plan investments	-	331,107	-	53,860
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,807	36	-
Employer contributions subsequent to the measurement date	859,240	-	143,608	-
Total	\$ 859,240	\$ 868,167	\$ 143,644	\$ 137,752

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

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

\$859,240 and \$143,608 is reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. 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
2020	\$ (149,110)	\$ (27,005)
2021	(228,373)	(33,069)
2022	(457,695)	(72,422)
2023	(32,989)	(5,220)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional)

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, 2017 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	89
Inactive members:	
Vested inactive members	14
Non-vested members	55
Inactive members active elsewhere in VRS	22
Total inactive members	91
Active members	96
Total covered employees	276

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 5.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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 \$116,793 and \$156,538 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (continued)

Changes in Net Pension Liability

	<u>Component School Board (nonprofessional)</u>		
	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 10,591,030	\$ 10,371,152	\$ 219,878
Changes for the year:			
Service cost	\$ 205,130	\$ -	\$ 205,130
Interest	721,459	-	721,459
Differences between expected and actual experience	(75,674)	-	(75,674)
Contributions - employer	-	156,401	(156,401)
Contributions - employee	-	108,131	(108,131)
Net investment income	-	761,233	(761,233)
Benefit payments, including refunds	(568,951)	(568,951)	-
Administrative expenses	-	(6,699)	6,699
Other changes	-	(672)	672
Net changes	<u>\$ 281,964</u>	<u>\$ 449,443</u>	<u>\$ (167,479)</u>
Balances at June 30, 2018	<u>\$ 10,872,994</u>	<u>\$ 10,820,595</u>	<u>\$ 52,399</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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)	\$ 1,356,853	\$ 52,399	\$ (1,041,532)

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

For the year ended June 30, 2019, the Component Unit School Board (nonprofessional) recognized pension expense of (\$239,828). At June 30, 2019, 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	\$ -	\$ 129,194
Change in assumptions	-	12,960
Net difference between projected and actual earnings on pension plan investments	-	86,893
Employer contributions subsequent to the measurement date	116,793	-
Total	<u>\$ 116,793</u>	<u>\$ 229,047</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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)

\$116,793 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, 2020. 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
2020	\$ (90,446)
2021	(22,190)
2022	(107,178)
2023	(9,233)

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Component Unit School Board (professional)

Plan Description

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).

Additional information regarding the plan description 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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$3,309,921 and \$3,473,102 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$31,530,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.26811% as compared to 0.27614% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$999,000. 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, 2019

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, 2019, 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	\$ -	\$ 2,695,000
Net difference between projected and actual earnings on pension plan investments	-	669,000
Change in assumptions	376,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,265,000
Employer contributions subsequent to the measurement date	3,309,921	-
Total	<u>\$ 3,685,921</u>	<u>\$ 5,629,000</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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)

\$3,309,921 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, 2020. 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
2020	\$ (1,257,000)
2021	(1,335,000)
2022	(1,776,000)
2023	(666,000)
2024	(219,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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, 2019

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 75 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, 2017 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, 2019

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employers' Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 74.81%

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.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 48,162,000	\$ 31,530,000	\$ 17,762,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit Pulaski County PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:												
Primary Government	\$ 859,240	\$ 868,167	\$ 2,873,283	\$ 90,786	\$ 143,644	\$ 137,752	\$ 454,651	\$ 8,712	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	-	-	-	-	116,793	229,047	52,399	(239,828)
School Board Professional	-	-	-	-	-	-	-	-	3,685,921	5,629,000	31,530,000	999,000
Totals	\$ 859,240	\$ 868,167	\$ 2,873,283	\$ 90,786	\$ 143,644	\$ 137,752	\$ 454,651	\$ 8,712	\$ 3,802,714	\$ 5,858,047	\$ 31,582,399	\$ 759,172

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 9-Other Postemployment Benefits - Health Insurance:

In addition to the pension benefits described in Note 8, the County and School Board administer the Pulaski Post-Retirement Medical Plan (the Plan), which is a single-employer 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 provide 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 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, PSA and School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$124,300, \$0, and \$206,700 respectively.

Total OPEB Liability

At June 30, 2019, the County, PSA, and School Board reported a liability of \$\$1,218,300, \$184,400 and \$3,042,700, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2018 and 2017, the County's proportion was 27.37% and 26.28%, respectively, the PSA's proportion was 4.14% and 4.24%, respectively, and the School Board's proportion was 68.35% and 69.26%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62%
Healthcare Trend Rate	6.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%.
Salary Scale	2.50%

Mortality rates use RP-2014 Mortality Table, fully generational with base year 2006, using two-dimensional improvement scale MP-2018.

The actuarial assumptions used in the July 1, 2018 valuation were based on July 1, 2018 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2018 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 3.62% 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.

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, PSA, 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 (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate		
	1% Decrease (2.62%)	Current Discount (3.62%)	1% Increase (4.62%)
Proportionate share of the healthcare net OPEB liability: County	\$ 1,347,781	\$ 1,218,300	\$ 1,101,150
Component Unit Pulaski County PSA	\$ 203,866	\$ 184,400	\$ 166,560
Component Unit School Board	\$ 3,365,759	\$ 3,042,700	\$ 2,749,587

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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, PSA, 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:

	Rate		
	1% Decrease	Current Trend	1% Increase
Proportionate share of the healthcare net OPEB liability:			
County	\$ 1,064,666	\$ 1,218,300	\$ 1,400,359
Component Unit Pulaski County PSA	\$ 161,042	\$ 184,400	\$ 211,819
Component Unit School Board	\$ 2,658,747	\$ 3,042,700	\$ 3,497,059

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

For the year ended June 30, 2019, the County, PSA, and School Board recognized OPEB expense in the amount of \$100,700, \$15,000 and \$260,900, respectively. At June 30, 2019, the County, PSA and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit Pulaski County PSA		Component Unit School Board	
	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	\$ 57,700	\$ -	\$ -	\$ 12,600	\$ 150,500	\$ -
Changes in assumptions	-	5,000	-	9,900	-	296,600
Employer contributions subsequent to the measurement date	124,300	-	-	-	206,700	-
Total	\$ 182,000	\$ 5,000	\$ -	\$ 22,500	\$ 357,200	\$ 296,600

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

\$124,300, \$0, and \$206,700 were reported as deferred outflows of resources related to OPEB resulting from the County’s, PSA’s, and Component Unit School Board’s, respectively, contributions subsequent to the measurement date and will be recognized as reduction of the Total OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized OPEB expense as follows:

Year Ended June 30	Primary Government	Component Unit	
		Pulaski County PSA	Component Unit School Board
2020	\$ 8,700	\$ (3,700)	\$ (23,800)
2021	8,700	(3,700)	(23,800)
2022	8,700	(3,700)	(23,800)
2023	8,700	(3,700)	(23,800)
2024	8,700	(3,700)	(23,800)
Thereafter	9,200	(4,000)	(27,100)

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

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

Plan Description

The Group Life Insurance (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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI 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 GLI Program OPEB.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Eligible Employees

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

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI 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 GLI 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$52,381 and \$51,268 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit Pulaski County PSA were \$8,753 and \$8,112 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Contributions (continued)

Contributions to the Group Life Insurance Program from the Component Unit-School Board (nonprofessional) were \$12,082 and \$11,831 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit-School Board (professional) were \$112,755 and \$113,185 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$789,149 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit Pulaski County PSA reported a liability of \$124,870 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (nonprofessional) reported a liability of \$182,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (professional) reported a liability of \$1,735,000 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2018 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 GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2018, the County's proportion was 0.05197% as compared to 0.05163% at June 30, 2017.

At June 30, 2018, the Component Unit Pulaski County PSA's proportion was 0.008224% as compared to 0.008026% at June 30, 2017.

At June 30, 2018, the Component Unit-School Board (nonprofessional) proportion was 0.01197% as compared to 0.01177% at June 30, 2017.

At June 30, 2018, the Component Unit-School Board (professional) proportion was 0.11429% as compared to 0.11814% at June 30, 2017.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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 GLI Program OPEB (Continued)

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$9,783. 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, 2019, the Component Unit Pulaski County PSA recognized GLI OPEB expense of \$1,548. 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, 2019, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$2,000. 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.

For the year ended June 30, 2019, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$(1,000). 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.

At June 30, 2019, 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 Pulaski County PSA		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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,316	\$ 14,674	\$ 6,063	\$ 2,322	\$ 9,000	\$ 3,000	\$ 85,000	\$ 32,000
Change in assumptions	-	32,609	-	5,160	-	8,000	-	72,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	25,272	-	3,999	-	6,000	-	56,000
Changes in proportion	18,750	-	2,967	-	-	12,000	-	68,000
Employer contributions subsequent to the measurement date	52,381	-	8,753	-	12,082	-	112,755	-
Total	\$ 109,447	\$ 72,555	\$ 17,783	\$ 11,481	\$ 21,082	\$ 29,000	\$ 197,755	\$ 228,000

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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 GLI Program OPEB (Continued)

\$52,381, \$8,753, \$12,082, and \$112,755 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component Unit Pulaski County PSA's, Component-Unit School Board (Nonprofessional)'s, and Component-Unit School Board (Professional)'s, 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, 2020. 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 Pulaski County PSA	Component Unit-School Board (Non- professional)	Component Unit-School Board (Professional)
2020	\$ (7,337)	\$ (1,161)	\$ (5,000)	\$ (39,000)
2021	(7,337)	(1,161)	(5,000)	(39,000)
2022	(7,337)	(1,161)	(5,000)	(39,000)
2023	-	-	(3,000)	(22,000)
2024	4,892	774	(3,000)	(7,000)
Thereafter	1,630	258	1,000	3,000

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Actuarial Assumptions (Continued)

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*

*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 - 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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2017 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 - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 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:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Actuarial Assumptions (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees (continued)

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.

The actuarial assumptions used in the June 30, 2017 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:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Actuarial Assumptions (Continued)

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

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, 2019

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, 2017 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, 2019

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, 2017 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 GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
	<u> </u>
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u><u>\$ 1,518,735</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 51.22%

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, 2019

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, 2019

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 ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue 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>\$ 1,031,275</u>	<u>\$ 789,149</u>	<u>\$ 592,677</u>
Component Unit Pulaski County PSA	<u>\$ 163,182</u>	<u>\$ 124,870</u>	<u>\$ 93,782</u>
Component Unit-School Board (Nonprofessional)	<u>\$ 237,000</u>	<u>\$ 182,000</u>	<u>\$ 136,000</u>
Component Unit-School Board (Professional)	<u>\$ 2,268,000</u>	<u>\$ 1,735,000</u>	<u>\$ 1,303,000</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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

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. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC 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 HIC 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 HIC Program OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Benefit Amounts

The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. 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: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 HIC Program were \$259,911 and \$267,130 for the years ended June 30, 2019 and June 30, 2018, respectively.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB

At June 30, 2019, the school division reported a liability of \$3,404,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.26811% as compared to 0.27607% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$257,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 16,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	30,000
Change in proportion	-	136,000
Employer contributions subsequent to the measurement date	<u>259,911</u>	<u>-</u>
Total	<u>\$ 259,911</u>	<u>\$ 185,000</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB (Continued)

\$259,911 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, 2020. 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>	
2020	\$ (30,000)
2021	(30,000)
2022	(30,000)
2023	(28,000)
2024	(29,000)
Thereafter	(38,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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 OPEB liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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, 2017 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 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, 2019

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 HIC 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, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,381,313
Plan Fiduciary Net Position	111,639
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%

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.

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:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

Long-Term Expected Rate of Return (continued)

<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%.

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 ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue 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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

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

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 HIC 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	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,802,000	\$ 3,404,000	\$ 3,066,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Aggregate OPEB Information:

	Primary Government				Component Unit Pulaski County PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:												
Group Life Insurance Program:												
County	\$ 109,447	\$ 72,555	\$ 789,149	\$ 9,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski PSA	-	-	-	-	17,783	11,481	124,870	1,548	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	21,082	29,000	182,000	2,000
School Board Professional	-	-	-	-	-	-	-	-	197,755	228,000	1,735,000	(1,000)
Teacher Health Insurance Credit Program	-	-	-	-	-	-	-	-	259,911	185,000	3,404,000	257,000
County Stand-Alone Plan	182,000	5,000	1,218,300	100,700	-	22,500	184,400	15,000	357,200	296,600	3,042,700	260,900
Totals	\$ 291,447	\$ 77,555	\$ 2,007,449	\$ 110,483	\$ 17,783	\$ 33,981	\$ 309,270	\$ 16,548	\$ 835,948	\$ 738,600	\$ 8,363,700	\$ 518,900

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 13- Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,768,762	\$ 246,369	\$ (18,800)	\$ 2,996,331
Construction in progress	2,862,207	15,017,095	(882,570)	16,996,732
Total capital assets not being depreciated	<u>\$ 5,630,969</u>	<u>\$ 15,263,464</u>	<u>\$ (901,370)</u>	<u>\$ 19,993,063</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 61,170,348	\$ 1,211,463	\$ -	\$ 62,381,811
Machinery and equipment	15,299,895	1,192,622	(31,567)	16,460,950
Total capital assets, being depreciated	<u>\$ 76,470,243</u>	<u>\$ 2,404,085</u>	<u>\$ (31,567)</u>	<u>\$ 78,842,761</u>
Accumulated depreciation:				
Buildings and improvements	\$ (19,737,486)	\$ (1,618,784)	\$ -	\$ (21,356,270)
Machinery and equipment	(11,952,293)	(844,880)	-	(12,797,173)
Total accumulated depreciation	<u>\$ (31,689,779)</u>	<u>\$ (2,463,664)</u>	<u>\$ -</u>	<u>\$ (34,153,443)</u>
Total capital assets being depreciated, net	<u>\$ 44,780,464</u>	<u>\$ (59,579)</u>	<u>\$ (31,567)</u>	<u>\$ 44,689,318</u>
Governmental activities capital assets, net	<u>\$ 50,411,433</u>	<u>\$ 15,203,885</u>	<u>\$ (932,937)</u>	<u>\$ 64,682,381</u>

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

Governmental activities:	
General government administration	\$ 162,727
Judicial administration	4,598
Public safety	746,381
Public works	293,471
Health and welfare	13,655
Education	1,074,019
Parks, recreation and cultural	155,190
Community development	13,623
Total depreciation expense-governmental activities	<u>\$ 2,463,664</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 13- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 858,360	\$ -	\$ -	\$ 858,360
Construction in progress	214,121	-	-	214,121
Total capital assets not being depreciated	<u>\$ 1,072,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,481</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,638,233	\$ 530,500	\$ (490,546)	\$ 21,678,187
Machinery and equipment	10,528,723	750,167	(283,264)	10,995,626
Total capital assets, being depreciated	<u>\$ 32,166,956</u>	<u>\$ 1,280,667</u>	<u>\$ (773,810)</u>	<u>\$ 32,673,813</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,442,573)	\$ (391,402)	\$ 490,546	\$ (16,343,429)
Machinery and equipment	(7,310,192)	(572,443)	236,085	(7,646,550)
Total accumulated depreciation	<u>\$ (23,752,765)</u>	<u>\$ (963,845)</u>	<u>\$ 726,631</u>	<u>\$ (23,989,979)</u>
Total capital assets being depreciated, net	<u>\$ 8,414,191</u>	<u>\$ 316,822</u>	<u>\$ (47,179)</u>	<u>\$ 8,683,834</u>
Governmental activities capital assets, net	<u>\$ 9,486,672</u>	<u>\$ 316,822</u>	<u>\$ (47,179)</u>	<u>\$ 9,756,315</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 14- 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 2019, a total of \$7,611,883 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 \$586,978 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>
2018-19	\$ 389,858	\$ 7,809,003	\$ (7,611,883)	\$ 586,978
2017-18	436,458	8,200,409	(8,247,009)	389,858
2016-17	533,983	6,423,741	(6,521,266)	436,458

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 15- 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 16- Surety Bonds:

Primary Government:

<u>Fidelity and Deposit Company of Maryland-Surety</u>	
Maetta H. Crewe, Clerk of Circuit Court	\$ 145,000
Melinda Worrell, Treasurer	500,000
Donna Gray, Commissioner of the Revenue	3,000
Michael Worrell, Sheriff	30,000
The above constituional 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 Stated Fidelity and Guaranty</u>	
Jonathan Sweet, County Administrator	\$ 2,000
Componet 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, 2019

Note 17- 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, 2019, the total post-closure care liability (which represents the 2 years remaining) was \$270,116 representing what it would cost to perform all post-closure care in fiscal year 2019. 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 18- 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	\$ -	\$ 92,701
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current	-	2,828,471
2nd half assessments due in December 2019	9,735,490	9,735,490
Prepaid property taxes due in December 2019 but paid in advance by taxpayers	218,439	218,439
	<u>\$ 9,953,929</u>	<u>\$ 12,875,101</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 19- Fund Balance Classifications:

	General Fund	School CIP Fund	County CIP Fund
Nonspendable:			
Advances to Component Units	\$ 500,000	\$ -	\$ -
Prepaid Items	86,575	-	-
Total Nonspendable	<u>\$ 586,575</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:			
Commonwealth Attorney Seized			
Assets, State & Federal	\$ 15,270	\$ -	\$ -
Sheriff Seized Assets	11,292	-	-
Community Corrections Admin Fees	129,459	-	-
Clerk of Circuit Court TTF Funds	6,912		
Employee Escrow Account	125,042	-	-
School Construction	-	32,548,096	-
Total Restricted	<u>\$ 287,975</u>	<u>\$ 32,548,096</u>	<u>\$ -</u>
Committed:			
County Construction	\$ -	\$ -	\$ 1,545,892
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,545,892</u>
Assigned:			
Outstanding Encumbrances			
06/30/19 - Various Departments	\$ 758,891	\$ -	\$ -
Court Services Unit CE Richardson Grant	1,258	-	-
Sheriff Equipment	128,522	-	-
Joint Dispatch Equipment	133,890	-	-
Animal Control Donations	11,691		
Claytor Lake Festival	96	-	-
Office on Youth Kids Fishing Day	10,925	-	-
Wounded Warrior Donations	2,228		
Courthouse Exhibits & Commemorative Items	16,181		
Transfer to School Capital Fund	647,504	-	-
Transfer to EDA Fund	300,000		
Transfer to Internal Service Fund	139,563	-	-
Total Assigned	<u>\$ 2,150,749</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned:			
10% (Original FY 2019 Budget) Reserve Fund Balance	\$ 10,394,018	\$ -	\$ -
Unassigned	5,347,063	-	-
Total Unassigned	<u>\$ 15,741,081</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balance	<u>\$ 18,766,380</u>	<u>\$ 32,548,096</u>	<u>\$ 1,545,892</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 20 - Tax Abatement Programs:

A tax abatement 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 9 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 21 - 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, 2019</u>	<u>Funding Source</u>
Mendon Pipeline-Pulaski Co. Middle School Sewer	\$ 1,093,025	\$ 135,289	Local Funds
Mid Atlantic Sports-Randolph Park Tennis Courts	22,700	11,350	Local Funds
Branch & Associates-Pulaski Co. Middle School Construction	37,140,133	25,007,677	Local Funds
Branch Civil-Pulaski Co. Middle School Construction	3,615,885	1,132,792	Local Funds
Froehling & Robertson-Pulaski Co. Middle School Construction	243,977	174,473	Local Funds
RRMM Architect-Pulaski Co. Middle School Construction	2,041,675	383,631	Local Funds
Skanska USA-Pulaski Co. Middle School Construction	65,000	376,589	Local Funds

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2019

Note 22 - Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

Note 23 - Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Required Supplementary Information

County of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
General Property Taxes	\$ 30,362,500	\$ 30,946,586	\$ 31,255,925	\$ 309,339
Other Local Taxes	7,553,300	7,825,312	7,849,693	24,381
Permits, Privilege Fees and Regulatory Licenses	138,150	248,465	258,938	10,473
Fines and Forfeitures	44,750	303,530	390,284	86,754
Revenue from Use of Money and Property	335,640	335,640	532,178	196,538
Charges for Services	550,870	480,488	502,458	21,970
Miscellaneous	31,800	139,874	229,624	89,750
Recovered Costs	1,069,259	1,235,112	950,000	(285,112)
Intergovernmental:				
Commonwealth	13,107,172	13,203,958	11,193,459	(2,010,499)
Federal Government	3,630,804	3,798,277	3,559,208	(239,069)
Total Revenues	\$ 56,824,245	\$ 58,517,242	\$ 56,721,767	\$ (1,795,475)
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,165,238	\$ 3,326,029	\$ 2,921,675	\$ 404,354
Judicial Administration	1,973,184	2,169,014	2,083,683	85,331
Public Safety	9,759,358	10,584,845	9,812,450	772,395
Public Works	2,281,274	2,497,655	2,208,951	288,704
Health and Welfare	13,035,482	13,108,959	9,777,818	3,331,141
Education	15,117,792	15,515,301	14,858,552	656,749
Parks, Recreation and Cultural	1,481,403	1,712,319	1,587,933	124,386
Community Development	1,157,502	1,256,694	1,171,361	85,333
Non-Departmental	50,000	-	-	-
Debt Service:				
Principal Retirement	5,073,401	4,978,803	4,177,665	801,138
Interest and Other Fiscal Charges	1,016,072	1,110,670	2,190,675	(1,080,005)
Total Expenditures	\$ 54,110,706	\$ 56,260,289	\$ 50,790,763	\$ 5,469,526
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,713,539	\$ 2,256,953	\$ 5,931,004	\$ 3,674,051
Other Financing Sources (Uses)				
Transfers In	\$ 2,308,079	\$ 2,318,079	\$ 1,921,235	\$ (396,844)
Transfers Out	(5,021,618)	(5,149,313)	(3,816,721)	1,332,592
Total Other Financing Sources (Uses)	\$ (2,713,539)	\$ (2,831,234)	\$ (1,895,486)	\$ 935,748
Net Change in Fund Balance	\$ -	\$ (574,281)	\$ 4,035,518	\$ 4,609,799
Fund Balance - Beginning	-	574,281	14,730,862	14,156,581
Fund Balance - Ending	\$ -	\$ -	\$ 18,766,380	\$ 18,766,380

County of Pulaski, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
 For the Measurement Dates of June 30, 2014 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)
Primary Government - County of Pulaski Retirement Plan					
2018	81.5237%	\$ 2,873,283	\$ 9,814,514	29.28%	93.59%
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%
Component Unit Public Service Authority					
2018	12.8998%	\$ 454,651	\$ 1,552,987	29.28%	93.59%
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%
Component Unit School Board (professional)					
2018	0.2681%	\$ 31,530,000	\$ 21,717,893	145.18%	74.81%
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 Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 205,130	\$ 217,216	\$ 248,654	\$ 265,386	\$ 259,384
Interest	721,459	727,532	703,996	680,732	653,059
Differences between expected and actual experience	(75,674)	(407,240)	(78,558)	(89,812)	-
Changes in assumptions	-	(62,808)	-	-	-
Benefit payments, including refunds of employee contributions	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Net change in total pension liability	\$ 281,964	\$ (79,276)	\$ 352,345	\$ 330,137	\$ 404,385
Total pension liability - beginning	10,591,030	10,670,306	10,317,961	9,987,824	9,583,439
Total pension liability - ending (a)	<u>\$ 10,872,994</u>	<u>\$ 10,591,030</u>	<u>\$ 10,670,306</u>	<u>\$ 10,317,961</u>	<u>\$ 9,987,824</u>
Plan fiduciary net position					
Contributions - employer	\$ 156,401	\$ 151,950	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	108,131	105,216	111,956	121,343	123,727
Net investment income	761,233	1,146,141	164,816	424,421	1,281,760
Benefit payments, including refunds of employee contributions	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Administrative expense	(6,699)	(6,774)	(6,016)	(5,914)	(6,966)
Other	(672)	(1,014)	(72)	(90)	68
Net change in plan fiduciary net position	\$ 449,443	\$ 841,543	\$ (48,079)	\$ 232,329	\$ 1,135,996
Plan fiduciary net position - beginning	10,371,152	9,529,609	9,577,688	9,345,359	8,209,363
Plan fiduciary net position - ending (b)	<u>\$ 10,820,595</u>	<u>\$ 10,371,152</u>	<u>\$ 9,529,609</u>	<u>\$ 9,577,688</u>	<u>\$ 9,345,359</u>
School Division's net pension liability - ending (a) - (b)	\$ 52,399	\$ 219,878	\$ 1,140,697	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability	99.52%	97.92%	89.31%	92.83%	93.57%
Covered payroll	\$ 2,271,156	\$ 2,171,340	\$ 2,279,771	\$ 2,434,851	\$ 2,474,506
School Division's net pension liability as a percentage of covered payroll	2.31%	10.13%	50.04%	30.40%	25.96%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions - Pension Plans
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 859,240	\$ 859,240	\$ -	\$ 10,056,520	8.54%
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%
Component Unit Public Service Authority					
2019	\$ 143,608	\$ 143,608	\$ -	\$ 1,680,489	8.55%
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%
Component Unit School Board (nonprofessional)					
2019	\$ 116,793	\$ 116,793	\$ -	\$ 2,320,345	5.03%
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%
Component Unit School Board (professional)					
2019	\$ 3,309,921	\$ 3,309,921	\$ -	\$ 21,659,328	15.28%
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%

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. The PSA participates in VRS plans through the County; therefore, no additional data is currently available for the PSA as a result.

County of Pulaski, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2019

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:

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%

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%

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 Years Ended June 30, 2019 and 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>				
2018	27.37%	\$ 1,218,300	N/A	N/A
2017	26.28%	1,191,800	N/A	N/A
<u>Component Unit Public Service Authority:</u>				
2018	4.14%	\$ 184,400	N/A	N/A
2017	4.24%	192,300	N/A	N/A
<u>Component Unit - School Board:</u>				
2018	68.35%	\$ 3,042,700	N/A	N/A
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 Years Ended June 30, 2017 through June 30, 2019

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)
<u>Primary Government:</u>					
2019	\$ 124,300	\$ 124,300	\$ -	N/A	N/A
2018	48,800	48,800	-	N/A	N/A
2017	48,800	48,800	-	N/A	N/A
<u>Component Unit Public Service Authority:</u>					
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	900	900	-	N/A	N/A
2017	900	900	-	N/A	N/A
<u>Component Unit - School Board:</u>					
2019	\$ 206,700	\$ 206,700	\$ -	N/A	N/A
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 - Healthcare OPEB Plan
For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
Measurement Date: 7/1/2018

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	3.62%
Healthcare Trend Rate	6.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%.
Salary Scale	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generated with base year 2006, projected using two-dimensional improvement scale MP-2018.

County of Pulaski, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

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)
<u>Primary Government</u>					
2018	0.05197%	\$ 789,149	\$ 9,814,514	8.04%	51.22%
2017	0.05163%	777,136	9,341,508	8.32%	48.86%
<u>Component Unit Public Service Authority</u>					
2018	0.00822%	\$ 124,870	\$ 1,552,987	8.04%	51.22%
2017	0.00803%	120,808	1,498,406	8.06%	48.86%
<u>Component Unit - School Board (nonprofessional)</u>					
2018	0.01197%	\$ 182,000	\$ 2,271,156	8.01%	51.22%
2017	0.01177%	177,000	2,171,340	8.15%	48.86%
<u>Component Unit - School Board (professional)</u>					
2018	0.11429%	\$ 1,735,000	\$ 21,717,893	7.99%	51.22%
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, 2010 through June 30, 2019

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)
<u>Primary Government:</u>					
2019	\$ 52,381	\$ 52,381	\$ -	\$ 10,073,360	0.52%
2018	51,268	51,268	-	9,814,514	0.52%
2017	49,634	49,634	-	9,341,508	0.53%
<u>Component Unit Public Service Authority:</u>					
2019	\$ 8,753	\$ 8,753	\$ -	\$ 1,683,303	0.52%
2018	8,112	8,112	-	1,552,987	0.52%
2017	7,716	7,716	-	1,498,406	0.51%
<u>Component Unit - School Board (nonprofessional):</u>					
2019	\$ 12,082	\$ 12,082	\$ -	\$ 2,323,486	0.52%
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%
<u>Component Unit - School Board (professional):</u>					
2019	\$ 112,755	\$ 112,755	\$ -	\$ 21,683,706	0.52%
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%

Schedule is intended to show information for 10 years. Prior to 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. The PSA participates in VRS plans through the County; therefore, no additional data is currently available for the PSA as a result.

County of Pulaski, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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:

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

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 Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

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)
2018	0.26811% \$	3,404,000 \$	21,717,893	15.67%	8.08%
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 Employee Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 259,911	\$ 259,911	\$ -	\$ 21,659,328	1.20%
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%

County of Pulaski, Virginia
 Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2019

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 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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 107,264	\$ 109,375	\$ 2,111
Recovered Costs	-	30,370	5,590	(24,780)
Intergovernmental:				
Commonwealth	-	1,701,921	128,397	(1,573,524)
Total Revenues	\$ -	\$ 1,839,555	\$ 243,362	\$ (1,596,193)
EXPENDITURES:				
Current:				
General Government Administration	\$ 509,000	\$ 765,583	\$ 387,625	\$ 377,958
Public Safety	832,130	1,571,769	1,537,936	33,833
Public Works	65,000	1,396,498	155,296	1,241,202
Parks, Recreation and Cultural	118,170	1,967,710	499,458	1,468,252
Community Development	239,750	333,045	40,404	292,641
Total Expenditures	\$ 1,764,050	\$ 6,034,605	\$ 2,620,719	\$ 3,413,886
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,764,050)	\$ (4,195,050)	\$ (2,377,357)	\$ 1,817,693
Other Financing Sources (Uses)				
Transfers In	\$ 1,190,592	\$ 1,210,592	\$ 1,210,592	\$ -
Transfers Out	-	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	\$ 1,190,592	\$ 1,200,592	\$ 1,200,592	\$ -
Net Change in Fund Balance	\$ (573,458)	\$ (2,994,458)	\$ (1,176,765)	\$ 1,817,693
Fund Balance - Beginning	573,458	2,994,458	2,722,657	(271,801)
Fund Balance - Ending	\$ -	\$ -	\$ 1,545,892	\$ 1,545,892

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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ -	\$ 328,867	\$ 1,080,687	\$ 751,820
EXPENDITURES				
Capital Projects	\$ -	\$ 46,287,485	\$ 14,213,262	\$ 32,074,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (45,958,618)	\$ (13,132,575)	\$ 32,826,043
Net Change in Fund Balance	\$ -	\$ (45,958,618)	\$ (13,132,575)	\$ 32,826,043
Fund Balance - Beginning	-	45,958,618	45,680,671	(277,947)
Fund Balance - Ending	\$ -	\$ -	\$ 32,548,096	\$ 32,548,096

County of Pulaski, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 18,928	\$ 125,042	\$ 85,151	\$ 229,121
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 18,928	\$ -	\$ -	\$ 18,928
Performance Bond Fund	-	125,042	-	125,042
Employee Flexible Benefits Fund	-	-	85,151	85,151
Total amounts held for others	<u>\$ 18,928</u>	<u>\$ 125,042</u>	<u>\$ 85,151</u>	<u>\$ 229,121</u>
Total Liabilities	<u>\$ 18,928</u>	<u>\$ 125,042</u>	<u>\$ 85,151</u>	<u>\$ 229,121</u>

County of Pulaski, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 19,784	\$ 79,317	\$ 80,173	\$ 18,928
Performance Bond Fund	88,260	36,782	-	125,042
Employee Flexible Benefits Fund	85,430	46,539	46,818	85,151
Total cash and cash equivalents	<u>\$ 193,474</u>	<u>\$ 162,638</u>	<u>\$ 126,991</u>	<u>\$ 229,121</u>
Total Assets	<u>\$ 193,474</u>	<u>\$ 162,638</u>	<u>\$ 126,991</u>	<u>\$ 229,121</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 19,784	\$ 79,317	\$ 80,173	\$ 18,928
Performance Bond Fund	88,260	36,782	-	125,042
Employee Flexible Benefits Fund	85,430	46,539	46,818	85,151
Total amounts held for others	<u>\$ 193,474</u>	<u>\$ 162,638</u>	<u>\$ 126,991</u>	<u>\$ 229,121</u>
Total Liabilities	<u>\$ 193,474</u>	<u>\$ 162,638</u>	<u>\$ 126,991</u>	<u>\$ 229,121</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

MAJOR GOVERNMENTAL FUND

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

County of Pulaski, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2019

		School Operating Fund
ASSETS		
Cash and Cash Equivalents	\$	2,051,593
Prepaid Items		468,365
Due from Primary Government		2,258,138
Due from Other Governmental Units		1,007,599
Total Assets	\$	5,785,695
LIABILITIES		
Accounts Payable	\$	89,147
Accrued Wages		3,596,513
Total Liabilities	\$	3,685,660
FUND BALANCES		
Nonspendable - Prepaid Items	\$	468,365
Committed		1,631,670
Total Fund Balances	\$	2,100,035
Total Liabilities and Fund Balances	\$	5,785,695
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	2,100,035
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	858,360
Building and System		5,334,758
Machinery and Equipment		3,349,076
Construction in Progress		214,121
		9,756,315
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension Related Items	\$	3,802,714
OPEB Related Items		835,948
		4,638,662
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	\$	(1,397,770)
Net Pension Liability		(31,582,399)
Net OPEB liabilities		(8,363,700)
		(41,343,869)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension Related Items	\$	(5,858,047)
OPEB Related Items		(738,600)
		(6,596,647)
Net position of governmental activities - component unit school board	\$	(31,445,504)

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, 2019

		School Operating Fund
REVENUES		
Revenue from Use of Money and Property	\$	13,826
Charges for Services		1,132,536
Miscellaneous		35,574
Recovered Costs		573,827
Intergovernmental:		
Local Government		14,842,894
Commonwealth		27,614,957
Federal Government		4,927,348
Total Revenues	\$	49,140,962
EXPENDITURES:		
Current:		
Education	\$	49,094,075
Excess (Deficiency) of Revenues Over (Under)		
Expenditures	\$	46,887
Net Change in Fund Balance	\$	46,887
Fund Balance - Beginning		2,053,148
Fund Balance - Ending	\$	2,100,035
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	\$	46,887
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	\$	1,280,667
Depreciation		(963,845)
		316,822
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(47,179)
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	\$	19,650
Changes in pension related items		2,660,305
Changes in OPEB related items		205,002
Change in net position of governmental funds - component unit school board	\$	3,201,487

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, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ 7,200	\$ 7,200	\$ 13,826	\$ 6,626
Charges for Services	1,249,000	1,249,000	1,132,536	(116,464)
Miscellaneous	76,973	76,973	35,574	(41,399)
Recovered Costs	622,137	642,137	573,827	(68,310)
Intergovernmental:				
Local Government	15,132,134	15,484,328	14,842,894	(641,434)
Commonwealth	27,304,046	27,603,733	27,614,957	11,224
Federal Government	6,306,834	6,178,762	4,927,348	(1,251,414)
Total Revenues	\$ 50,698,324	\$ 51,242,133	\$ 49,140,962	\$ (2,101,171)
EXPENDITURES:				
Current:				
Education	\$ 50,698,324	\$ 51,242,133	\$ 49,094,075	\$ 2,148,058
Total Expenditures	\$ 50,698,324	\$ 51,242,133	\$ 49,094,075	\$ 2,148,058
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 46,887	\$ 46,887
Net Change in Fund Balance	\$ -	\$ -	\$ 46,887	\$ 46,887
Fund Balance - Beginning	-	-	2,053,148	2,053,148
Fund Balance - Ending	\$ -	\$ -	\$ 2,100,035	\$ 2,100,035

Supporting Schedules

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 19,600,000	\$ 19,672,200	\$ 19,824,620	\$ 152,420
Real and personal public service corporation taxes	1,030,000	1,066,000	1,066,022	22
Personal property taxes	5,210,000	5,417,000	5,487,364	70,364
Mobile home taxes	40,000	50,466	52,681	2,215
Machinery and tools taxes	4,000,000	4,201,660	4,230,032	28,372
Airplane taxes	17,500	17,500	10,779	(6,721)
Penalties	220,000	249,960	259,764	9,804
Interest	220,000	220,000	266,144	46,144
Collection fees	25,000	51,800	58,519	6,719
Total General Property Taxes	\$ 30,362,500	\$ 30,946,586	\$ 31,255,925	\$ 309,339
Other Local Taxes:				
Local sales and use taxes	\$ 3,375,000	\$ 3,519,618	\$ 3,543,084	\$ 23,466
Moped sales tax	-	-	180	180
Consumers' utility taxes	654,000	654,000	657,497	3,497
Business licenses	719,000	846,394	894,443	48,049
Consumption taxes	105,300	105,300	103,268	(2,032)
Motor vehicle licenses	560,000	560,000	576,367	16,367
Bank stock taxes	5,000	5,000	21,402	16,402
Taxes on recordation and wills	200,000	200,000	126,195	(73,805)
Hotel and motel room taxes	410,000	410,000	365,125	(44,875)
Restaurant food taxes	1,525,000	1,525,000	1,562,132	37,132
Total Other Local Taxes	\$ 7,553,300	\$ 7,825,312	\$ 7,849,693	\$ 24,381
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 18,000	\$ 18,000	\$ 29,059	\$ 11,059
Land use application fees	650	650	656	6
Transfer fees	1,000	1,000	1,065	65
Zoning and subdivision permits	8,000	8,000	4,920	(3,080)
Erosion and sediment control permits	500	500	1,000	500
Building permits	110,000	220,315	222,238	1,923
Total Permits, Privilege Fees and Regulatory Licenses	\$ 138,150	\$ 248,465	\$ 258,938	\$ 10,473
Fines and Forfeitures:				
Court fines and forfeitures	\$ 40,000	\$ 298,780	\$ 385,407	\$ 86,627
Interest on local fines	4,750	4,750	4,877	127
Total Fines and Forfeitures	\$ 44,750	\$ 303,530	\$ 390,284	\$ 86,754
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 300,000	\$ 300,000	\$ 472,846	\$ 172,846
Revenue from use of property	35,640	35,640	59,332	23,692
Total Revenue from Use of Money and Property	\$ 335,640	\$ 335,640	\$ 532,178	\$ 196,538
Charges for Services:				
Charges for clerk copies	\$ 10,000	\$ 10,000	\$ 7,731	\$ (2,269)
Charges for courthouse maintenance	19,500	19,500	26,615	7,115
Charges for courthouse security	80,000	80,000	118,145	38,145

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 95,700	\$ 14,966	\$ 16,408	\$ 1,442
Share of seized property	-	-	6,014	6,014
Charges for Commonwealth's Attorney	5,000	5,000	5,116	116
Miscellaneous jail and inmate fees	6,500	6,600	3,912	(2,688)
Concealed handgun permits	10,000	10,000	14,207	4,207
Charges for parks and recreation	252,000	261,534	269,053	7,519
Town tax book preparation	470	470	470	-
Charges for animal pound	10,000	10,000	9,699	(301)
Charges for landfill	40,000	40,000	-	(40,000)
Charges for library	21,700	22,418	25,088	2,670
Total Charges for Services	\$ 550,870	\$ 480,488	\$ 502,458	\$ 21,970
Miscellaneous:				
Local contributions	\$ -	\$ 14,019	\$ 16,494	\$ 2,475
Miscellaneous	31,800	125,855	213,130	87,275
Total Miscellaneous	\$ 31,800	\$ 139,874	\$ 229,624	\$ 89,750
Recovered Costs:				
Administrative fees	\$ 105,000	\$ 153,020	\$ 135,925	\$ (17,095)
Airport recoveries	209,833	229,320	213,981	(15,339)
Juror costs	-	10,260	10,260	-
CSA recoveries	-	-	49,632	49,632
Insurance recoveries	214	22,362	23,009	647
Parks and recreation	80,000	117,203	111,412	(5,791)
Public safety recoveries	464,416	468,320	248,187	(220,133)
Public works recoveries	55,000	55,000	-	(55,000)
Drug court	-	12,800	13,400	600
Other recoveries	154,796	166,827	144,194	(22,633)
Total Recovered Costs	\$ 1,069,259	\$ 1,235,112	\$ 950,000	\$ (285,112)
Total Revenue from Local Sources	\$ 40,086,269	\$ 41,515,007	\$ 41,969,100	\$ 454,093
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Motor vehicle carriers' tax	\$ 43,000	\$ 43,000	\$ 82,938	\$ 39,938
Mobile home titling tax	35,000	35,000	28,339	(6,661)
Motor vehicle rental tax	5,000	5,000	4,170	(830)
Grantor's tax	120,000	135,062	132,262	(2,800)
State recordation tax	-	-	69,380	69,380
Telecommunication taxes	775,000	775,000	698,725	(76,275)
Personal property tax relief funds	1,594,529	1,594,529	1,594,529	-
Total Noncategorical Aid	\$ 2,572,529	\$ 2,587,591	\$ 2,610,343	\$ 22,752

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 640,000	\$ 640,000	\$ 665,049	\$ 25,049
Sheriff	1,686,891	1,686,891	1,823,951	137,060
Commissioner of the Revenue	140,000	140,000	137,867	(2,133)
Treasurer	112,000	112,000	112,154	154
Registrar/Electoral Board	41,000	42,436	42,436	-
Clerk of the Circuit Court	375,000	406,892	430,347	23,455
Total Shared Expenses	<u>\$ 2,994,891</u>	<u>\$ 3,028,219</u>	<u>\$ 3,211,804</u>	<u>\$ 183,585</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,836,402	\$ 2,837,080	\$ 2,066,864	\$ (770,216)
Comprehensive Services Act (CSA)	3,250,000	3,250,000	1,950,942	(1,299,058)
DMV animal friendly plates	600	600	800	200
Victim's assistance grant	189,024	189,024	47,256	(141,768)
Litter control grant	12,000	12,407	12,407	-
Library grant	132,660	134,794	134,794	-
Pretrial services grant	831,885	831,885	832,690	805
Supreme Court Drug Cort grant	15,000	15,000	-	(15,000)
Fire programs	75,000	75,000	80,482	5,482
Virginia Juvenile Commission Crime Control	21,321	21,321	21,321	-
Domestic violence DCJS grant	45,000	45,000	56,250	11,250
Commission on the arts	4,500	4,500	4,500	-
Public safety answer grant	126,160	139,852	131,172	(8,680)
DEQ grant	200	200	349	149
DCJS Equipment Communication Grant	-	31,485	31,485	-
Total Other Categorical Aid	<u>\$ 7,539,752</u>	<u>\$ 7,588,148</u>	<u>\$ 5,371,312</u>	<u>\$ (2,216,836)</u>
Total Revenue from the Commonwealth	<u>\$ 13,107,172</u>	<u>\$ 13,203,958</u>	<u>\$ 11,193,459</u>	<u>\$ (2,010,499)</u>
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 30,000	\$ 30,000	\$ 52,998	\$ 22,998
Categorical Aid:				
Public assistance and welfare administration	\$ 3,554,131	\$ 3,556,841	\$ 3,284,402	\$ (272,439)
CDBG grants	-	30,000	-	(30,000)
Emergency management preparedness grant	16,904	33,808	33,808	-
RD Sheriff Vehicles	-	50,000	-	(50,000)
State and community highway safety	-	13,620	8,650	(4,970)
DCJS alternative community sentencing	29,769	29,769	612	(29,157)
HIDTA drug grant	-	1,095	1,095	-
Drug court	-	21,945	25,935	3,990
Alcohol Open Container Requirements	-	31,199	9,940	(21,259)
Victim witness	-	-	141,768	141,768
Total Categorical Aid	<u>\$ 3,600,804</u>	<u>\$ 3,768,277</u>	<u>\$ 3,506,210</u>	<u>\$ (262,067)</u>
Total Revenue from the Federal Government	<u>\$ 3,630,804</u>	<u>\$ 3,798,277</u>	<u>\$ 3,559,208</u>	<u>\$ (239,069)</u>
Total General Fund	<u>\$ 56,824,245</u>	<u>\$ 58,517,242</u>	<u>\$ 56,721,767</u>	<u>\$ (1,795,475)</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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>
Major Capital Projects Funds:				
School CIP Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ 328,867	\$ 1,080,687	\$ 751,820
Total School CIP Fund	\$ -	\$ 328,867	\$ 1,080,687	\$ 751,820
Nonmajor Capital Projects Funds:				
County CIP Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 107,264	\$ 109,375	\$ 2,111
Recovered Costs:				
Other recoveries	\$ -	\$ 30,370	\$ 5,590	\$ (24,780)
Total Revenue from Local Sources	\$ -	\$ 137,634	\$ 114,965	\$ (22,669)
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 1,701,921	\$ 128,397	\$ (1,573,524)
Total Revenue from the Commonwealth	\$ -	\$ 1,701,921	\$ 128,397	\$ (1,573,524)
Total County CIP Fund	\$ -	\$ 1,839,555	\$ 243,362	\$ (1,596,193)
Total Primary Government	\$ 56,824,245	\$ 60,685,664	\$ 58,045,816	\$ (2,639,848)
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	\$ 4,800	\$ 4,800	\$ 11,726	\$ 6,926
Revenue from use of property	2,400	2,400	2,100	(300)
Total Revenue from Use of Money and Property	\$ 7,200	\$ 7,200	\$ 13,826	\$ 6,626
Charges for Services:				
Charges for education	\$ 150,000	\$ 150,000	\$ 152,084	\$ 2,084
Cafeteria sales	637,000	637,000	495,352	(141,648)
Tuition and payments from other divisions	462,000	462,000	485,100	23,100
Total Charges for Services	\$ 1,249,000	\$ 1,249,000	\$ 1,132,536	\$ (116,464)
Miscellaneous:				
Miscellaneous	\$ 76,973	\$ 76,973	\$ 35,574	\$ (41,399)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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)				
Recovered Costs:				
Medicaid reimbursements	\$ 212,500	\$ 212,500	\$ 223,364	\$ 10,864
Insurance recoveries	-	-	1,114	1,114
E-Rate	-	-	112,560	112,560
Joint services reimbursements	65,637	65,637	-	(65,637)
Salary reimbursements	80,000	80,000	36,079	(43,921)
School activity reimbursements	65,000	65,000	68,233	3,233
Title I indirect costs	-	-	12,257	12,257
Other recoveries	199,000	219,000	120,220	(98,780)
Total Recovered Costs	\$ 622,137	\$ 642,137	\$ 573,827	\$ (68,310)
Total Revenue from Local Sources	\$ 1,955,310	\$ 1,975,310	\$ 1,755,763	\$ (219,547)
Intergovernmental:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 15,132,134	\$ 15,484,328	\$ 14,842,894	\$ (641,434)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 430,674	\$ 430,674	\$ 430,674	\$ -
At risk payments	528,446	528,446	582,563	54,117
Basic school aid	12,797,413	12,797,413	12,683,705	(113,708)
Career technology education	33,264	33,264	6,917	(26,347)
Early reading intervention	113,782	113,782	127,436	13,654
English as a second language	30,229	30,229	32,061	1,832
Enrollment loss	168,097	168,097	168,097	-
Gifted and talented	134,005	134,005	133,266	(739)
GLI instructional	56,282	56,282	55,972	(310)
Governor's School	344,002	344,002	346,018	2,016
Homebound education	27,271	27,271	38,440	11,169
ISAEF	15,717	16,710	16,710	-
Mentor teaching program	3,516	3,516	4,333	817
Special education jail	10,275	10,275	-	(10,275)
Preschool social services	-	-	3,685	3,685
Primary class size	624,811	624,811	647,380	22,569
Project graduation	9,491	9,491	9,491	-
Gear up Virginia	-	76,540	65,488	(11,052)
Remedial education	536,021	536,021	533,065	(2,956)
Remedial summer education	79,280	79,280	109,665	30,385
Retirement	1,795,671	1,795,671	1,785,768	(9,903)
School food	56,700	56,700	79,506	22,806
Share of state sales tax	4,810,779	4,810,779	4,865,590	54,811

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 814,752	\$ 814,752	\$ 810,430	\$ (4,322)
STEM grant	-	5,000	5,000	-
VPSA E-learning backpack grant	-	164,000	164,000	-
Special education	1,857,313	1,857,313	1,983,575	126,262
Special education - foster care	8,348	8,348	-	(8,348)
Standards of learning algebra readiness	64,680	64,680	62,404	(2,276)
State lottery payments	900,730	900,730	970,578	69,848
Textbook payment	269,860	269,860	268,372	(1,488)
Vocational education-equipment	-	-	6,034	6,034
Vocational occupational preparedness	-	-	55,601	55,601
Vocational standards of quality payments	439,537	439,537	437,113	(2,424)
VPSA technology grant	284,000	284,000	-	(284,000)
PBIS grant	-	31,918	31,919	1
VTSF Virginia tobacco settlement	59,100	36,243	42,003	5,760
Race to GED grant	-	44,093	44,093	-
Math and science teacher recruitment	-	-	7,000	7,000
Compensation supplement	-	-	1,005	1,005
Total Categorical Aid	\$ 27,304,046	\$ 27,603,733	\$ 27,614,957	\$ 11,224
Total Revenue from the Commonwealth	\$ 27,304,046	\$ 27,603,733	\$ 27,614,957	\$ 11,224
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 19,072	\$ 19,072
Title I	1,417,433	1,413,623	980,231	(433,392)
Title VI-B, special education	1,692,867	1,477,382	967,737	(509,645)
Title VI-B, pre-school	45,949	46,778	39,722	(7,056)
Title V	21,998	92,929	26,887	(66,042)
Vocational education	83,723	83,723	78,901	(4,822)
Fresh fruits and vegetables	-	-	52,217	52,217
CACFP	-	-	34,716	34,716
Title III, LEP	-	-	3,492	3,492
Title II, Part A-Teacher quality grant	221,894	224,178	146,310	(77,868)
Title IV, Part 21	496,970	454,149	271,808	(182,341)
School food	1,750,000	1,750,000	1,922,156	172,156
School food-Summer program	-	-	77,429	77,429
Project aware	538,817	538,817	222,373	(316,444)
CN school meals equipment	-	-	24,297	24,297
EPA clean diesel program	-	60,000	60,000	-
Other	37,183	37,183	-	(37,183)
Total Categorical Aid	\$ 6,306,834	\$ 6,178,762	\$ 4,927,348	\$ (1,251,414)
Total Revenue from the Federal Government	\$ 6,306,834	\$ 6,178,762	\$ 4,927,348	\$ (1,251,414)
Total Discretely Presented Component Unit-School Board	\$ 50,698,324	\$ 51,242,133	\$ 49,140,962	\$ (2,101,171)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 191,481	\$ 234,276	\$ 195,391	\$ 38,885
General and Financial Administration:				
County Administrator	\$ 514,276	\$ 528,954	\$ 391,107	\$ 137,847
Assistant County Administrator	141,650	198,939	193,324	5,615
County Attorney	33,450	38,450	35,769	2,681
Independent Auditor	74,000	74,000	72,775	1,225
Commissioner of the Revenue	467,948	503,948	459,937	44,011
Treasurer	565,211	565,698	534,783	30,915
Management Services	206,837	211,617	209,572	2,045
Director of Finance	222,159	227,159	220,622	6,537
GIS Department	104,809	104,809	71,217	33,592
Other General and Financial Administration	417,928	410,975	344,732	66,243
Total General and Financial Administration	\$ 2,748,268	\$ 2,864,549	\$ 2,533,838	\$ 330,711
Board of Elections:				
Electoral Board	\$ 80,643	\$ 81,851	\$ 52,166	\$ 29,685
Registrar	144,846	145,353	140,280	5,073
Total Board of Elections	\$ 225,489	\$ 227,204	\$ 192,446	\$ 34,758
Total General Government Administration	\$ 3,165,238	\$ 3,326,029	\$ 2,921,675	\$ 404,354
Judicial Administration:				
Courts:				
Circuit Court	\$ 67,292	\$ 76,090	\$ 73,579	\$ 2,511
General District Court	6,531	6,531	4,248	2,283
Magistrate	150	150	-	150
Juvenile and Domestic Relations Court	7,467	7,467	6,544	923
Clerk of the Circuit Court	622,460	712,299	679,881	32,418
Law Library	6,824	7,334	6,273	1,061
Victim's Witness Assistance	209,234	227,054	212,112	14,942
Drug Court Local Assistance	44,950	79,950	59,673	20,277
Domestic Relations Legal Services	45,000	66,945	67,836	(891)
Women's Resource Victims Assistance	24,047	24,047	24,047	-
Total Courts	\$ 1,033,955	\$ 1,207,867	\$ 1,134,193	\$ 73,674
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 939,229	\$ 961,147	\$ 949,490	\$ 11,657
Total Judicial Administration	\$ 1,973,184	\$ 2,169,014	\$ 2,083,683	\$ 85,331
Public Safety:				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,773,234	\$ 4,106,908	\$ 3,938,162	\$ 168,746

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 1,523,413	\$ 1,704,192	\$ 1,435,395	\$ 268,797
Forest Fire Protection	8,661	8,661	-	8,661
Fire Department	14,000	14,268	14,268	-
Volunteer Fire Departments	293,846	357,929	355,343	2,586
Alternative Community Sentencing	29,769	29,769	17,910	11,859
Pulaski County Special Operations	6,000	6,000	6,656	(656)
Western Virginia EMS	7,352	7,352	7,352	-
Ambulance and Rescue Services	-	-	4,524	(4,524)
Contribution to REMSI	421,018	421,018	421,018	-
Total Fire and Rescue Services	<u>\$ 2,304,059</u>	<u>\$ 2,549,189</u>	<u>\$ 2,262,466</u>	<u>\$ 286,723</u>
Correction and Detention:				
Regional Jail Payments	\$ 2,000,000	\$ 2,000,000	\$ 1,890,653	\$ 109,347
Court Services	7,330	7,330	3,340	3,990
Pretrial Services Grant	851,885	981,452	796,220	185,232
NRV Juvenile Detention Home	102,461	102,461	102,461	-
Total Correction and Detention	<u>\$ 2,961,676</u>	<u>\$ 3,091,243</u>	<u>\$ 2,792,674</u>	<u>\$ 298,569</u>
Inspections:				
Building Inspections	\$ 178,927	\$ 182,890	\$ 173,798	\$ 9,092
Code Enforcement	78,094	81,394	78,411	2,983
Total Inspections	<u>\$ 257,021</u>	<u>\$ 264,284</u>	<u>\$ 252,209</u>	<u>\$ 12,075</u>
Other Protection:				
Animal Control	\$ 325,497	\$ 399,761	\$ 389,666	\$ 10,095
Medical Examiner	900	900	800	100
Emergency Management	136,971	172,560	176,473	(3,913)
Total Other Protection	<u>\$ 463,368</u>	<u>\$ 573,221</u>	<u>\$ 566,939</u>	<u>\$ 6,282</u>
Total Public Safety	<u>\$ 9,759,358</u>	<u>\$ 10,584,845</u>	<u>\$ 9,812,450</u>	<u>\$ 772,395</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 316,499	\$ 343,784	\$ 329,520	\$ 14,264
Landfill	148,810	183,810	164,601	19,209
Public Works	3,500	3,500	2,949	551
Clean Community Council	18,966	39,966	49,020	(9,054)
Total Sanitation and Waste Removal	<u>\$ 487,775</u>	<u>\$ 571,060</u>	<u>\$ 546,090</u>	<u>\$ 24,970</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 1,216,481	\$ 1,338,805	\$ 1,100,339	\$ 238,466
Cleaning Services	218,728	219,500	210,720	8,780
NRV Airport Salaries and Benefits Reimbursement	209,287	219,287	213,981	5,306
NRV Airport Maintenance Contribution	128,003	128,003	128,003	-
Natural disaster cleanup	-	-	9,818	(9,818)
Property cleanup	21,000	21,000	-	21,000
Total Maintenance of General Buildings and Grounds	<u>\$ 1,793,499</u>	<u>\$ 1,926,595</u>	<u>\$ 1,662,861</u>	<u>\$ 263,734</u>
Total Public Works	<u>\$ 2,281,274</u>	<u>\$ 2,497,655</u>	<u>\$ 2,208,951</u>	<u>\$ 288,704</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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	\$ 344,679	\$ 354,193	\$ 344,679	\$ 9,514
Behavioral Health and Development Services:				
Community Services Board	\$ 96,000	\$ 96,000	\$ 96,000	\$ -
Welfare:				
Public Assistance	\$ 7,422,645	\$ 7,426,042	\$ 5,909,676	\$ 1,516,366
Welfare Administration	81,967	81,967	41,178	40,789
Comprehensive Services Act	4,465,000	4,465,000	2,743,617	1,721,383
Area Agency on Aging	17,312	17,587	17,587	-
Office on Youth	127,400	153,520	148,723	4,797
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	24,418	12,209	12,209
Virginia Juvenile Commission on Crime	85,605	90,567	86,924	3,643
Pulaski Community Youth Center	-	27,000	4,835	22,165
Fairview District Home	94,801	94,801	94,801	-
Brain Injury Services of SWVa	2,500	2,500	2,500	-
RSVP Program	17,037	17,037	16,762	275
Beans and Rice	8,750	8,750	8,750	-
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	-
United Way	2,500	2,500	2,500	-
Commission on Children and Families	25,000	25,000	25,000	-
Contributions to Other Local Organizations	55,000	45,000	45,000	-
Total Welfare	\$ 12,594,803	\$ 12,658,766	\$ 9,337,139	\$ 3,321,627
Total Health and Welfare	\$ 13,035,482	\$ 13,108,959	\$ 9,777,818	\$ 3,331,141
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,658	\$ 15,658	\$ 15,658	\$ -
Contribution to Pulaski County School Board	15,102,134	15,499,643	14,842,894	656,749
Total Education	\$ 15,117,792	\$ 15,515,301	\$ 14,858,552	\$ 656,749
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 14,625	\$ 15,024	\$ 13,835	\$ 1,189
Recreation	411,640	448,707	364,569	84,138
Friends of Claytor Lake	81,250	153,396	145,743	7,653
Randolph Park	230,069	285,597	280,889	4,708
Claytor Lake Celebration	10,000	12,146	12,750	(604)
Total Parks and Recreation	\$ 747,584	\$ 914,870	\$ 817,786	\$ 97,084
Cultural Enrichment:				
Fine Arts Center	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
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, 2019

<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	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Cloyd's Mountain	100	100	223	(123)
Round the Mountain	5,531	5,531	5,531	-
Commemorative Items	20	13,105	11,122	1,983
Total Cultural Enrichment	<u>\$ 24,651</u>	<u>\$ 37,736</u>	<u>\$ 35,876</u>	<u>\$ 1,860</u>
Library:				
Library Administration	\$ 576,508	\$ 624,919	\$ 595,819	\$ 29,100
Library State Aid	132,660	134,794	138,452	(3,658)
Total Library	<u>\$ 709,168</u>	<u>\$ 759,713</u>	<u>\$ 734,271</u>	<u>\$ 25,442</u>
Total Parks, Recreation and Cultural	<u>\$ 1,481,403</u>	<u>\$ 1,712,319</u>	<u>\$ 1,587,933</u>	<u>\$ 124,386</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 640,859	\$ 502,348	\$ 458,820	\$ 43,528
Economic Development	144,613	152,794	87,992	64,802
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	135	135	114	21
Visitors' Center	84,778	84,778	82,484	2,294
Planning and Zoning	-	214,295	178,817	35,478
NRV Planning District Commission	29,552	29,552	29,551	1
NRV Home Consortium	-	-	78	(78)
NR Highland RC&D	8,000	8,000	6,600	1,400
NRV Competitiveness Center	37,950	37,950	19,675	18,275
I 81 Corridor Coalition	4,000	4,000	4,000	-
Workforce Development Program	20,000	20,000	8,154	11,846
Community Impact Grants	45,000	45,000	26,225	18,775
Tourism	-	-	294	(294)
Contribution to Pulaski County PSA	-	-	135,930	(135,930)
Total Planning and Community Development	<u>\$ 1,024,887</u>	<u>\$ 1,108,852</u>	<u>\$ 1,048,734</u>	<u>\$ 60,118</u>
Environmental Management:				
Contribution to Soil and Water District	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative Extension Program:				
Extension Office	\$ 119,615	\$ 134,842	\$ 109,627	\$ 25,215
Total Community Development	<u>\$ 1,157,502</u>	<u>\$ 1,256,694</u>	<u>\$ 1,171,361</u>	<u>\$ 85,333</u>
Non-Departmental:				
Other Non-Departmental	\$ 50,000	\$ -	\$ -	\$ -
Debt Service:				
Principal Retirement	\$ 5,073,401	\$ 4,978,803	\$ 4,177,665	\$ 801,138
Interest and Other Fiscal Charges	1,016,072	1,110,670	2,190,675	(1,080,005)
Total Debt Service	<u>\$ 6,089,473</u>	<u>\$ 6,089,473</u>	<u>\$ 6,368,340</u>	<u>\$ (278,867)</u>
Total General Fund	<u>\$ 54,110,706</u>	<u>\$ 56,260,289</u>	<u>\$ 50,790,763</u>	<u>\$ 5,469,526</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<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:				
Capital Projects:				
Middle School Replacement	\$ -	\$ 46,287,485	\$ 14,213,262	\$ 32,074,223
Total School CIP Fund	\$ -	\$ 46,287,485	\$ 14,213,262	\$ 32,074,223
Nonmajor Capital Project Funds:				
County CIP Fund:				
General Government Administration:				
County Administrator	\$ -	\$ 32,550	\$ 32,550	\$ -
Information Technology	295,000	412,533	268,270	144,263
Communications	-	25,000	13,902	11,098
GIS Department	14,000	14,000	-	14,000
Central Garage	-	56,500	47,903	8,597
Property Assessment	200,000	200,000	-	200,000
Commissioner of Revenue	-	25,000	25,000	-
Total General Government Administration	\$ 509,000	\$ 765,583	\$ 387,625	\$ 377,958
Public Safety:				
Law Enforcement and Traffic Control:				
Pulaski County Special Operations	\$ 65,425	\$ 69,425	\$ 69,184	\$ 241
Sheriff	276,500	314,577	286,249	28,328
Total Law Enforcement and Traffic Control	\$ 341,925	\$ 384,002	\$ 355,433	\$ 28,569
Fire and Rescue Services:				
Volunteer Emergency Operations	\$ 300,000	\$ 619,404	\$ 619,404	\$ -
Volunteer Fire Departments	-	429,108	429,108	-
Emergency Services	53,205	2,255	801	1,454
Public Safety	130,000	130,000	130,000	-
Total Fire and Rescue Services	\$ 483,205	\$ 1,180,767	\$ 1,179,313	\$ 1,454
Inspections:				
Building Inspection	\$ 7,000	\$ 7,000	\$ 3,190	\$ 3,810
Total Public Safety	\$ 832,130	\$ 1,571,769	\$ 1,537,936	\$ 33,833
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Maintenance	\$ -	\$ 565,438	\$ 44,126	\$ 521,312
Maintenance of General Building and Grounds:				
General Properties	\$ 65,000	\$ 831,060	\$ 111,170	\$ 719,890
Total Public Works	\$ 65,000	\$ 1,396,498	\$ 155,296	\$ 1,241,202

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Nonmajor Capital Project Funds: (continued)				
County CIP Fund: (continued)				
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ -	\$ 38,951	\$ 27,256	\$ 11,695
Recreation	45,000	1,794,686	390,409	1,404,277
Swimming pools	20,000	40,000	-	40,000
Loving field	-	38,903	28,632	10,271
NRV Fair	25,000	25,000	24,992	8
Total Parks and Recreation	\$ 90,000	\$ 1,937,540	\$ 471,289	\$ 1,466,251
Cultural Enrichment:				
Library	\$ 28,170	\$ 30,170	\$ 28,169	\$ 2,001
Total Parks, Recreation and Cultural	\$ 118,170	\$ 1,967,710	\$ 499,458	\$ 1,468,252
Community Development:				
Planning and Community Development:				
County building improvements	\$ 208,750	\$ 302,045	\$ 19,564	\$ 282,481
Contribution to Airport Authority	10,000	10,000	-	10,000
Other community development	21,000	21,000	20,840	160
Total Community Development	\$ 239,750	\$ 333,045	\$ 40,404	\$ 292,641
Total County CIP Fund	\$ 1,764,050	\$ 6,034,605	\$ 2,620,719	\$ 3,413,886
Total Nonmajor Capital Project Funds	\$ 1,764,050	\$ 52,322,090	\$ 16,833,981	\$ 35,488,109
Total Primary Government	\$ 55,874,756	\$ 108,582,379	\$ 67,624,744	\$ 40,957,635
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 2,033,644	\$ 2,103,644	\$ 1,999,015	\$ 104,629
Instructional:				
Instruction	\$ 35,468,989	\$ 35,111,396	\$ 33,426,267	\$ 1,685,129
Other operating costs:				
Pupil transportation	\$ 2,774,114	\$ 2,794,114	\$ 2,734,977	\$ 59,137
Operation and maintenance of school plant	5,831,231	5,883,764	5,726,342	157,422
Food services	2,475,000	2,475,000	2,611,730	(136,730)
Technical resources	2,115,346	2,426,346	1,993,052	433,294
Facilities	-	447,869	602,692	(154,823)
Total other operating costs	\$ 13,195,691	\$ 14,027,093	\$ 13,668,793	\$ 358,300
Total Education	\$ 50,698,324	\$ 51,242,133	\$ 49,094,075	\$ 2,148,058
Total Discretely Presented Component Unit-School Board	\$ 50,698,324	\$ 51,242,133	\$ 49,094,075	\$ 2,148,058

Other Statistical Information

Table 1

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

Fiscal Year	General										Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development				
2018-19	\$ 2,660,377	\$ 1,945,251	\$ 10,668,415	\$ 1,949,125	\$ 9,518,680	\$ 15,549,922	\$ 1,566,378	\$ 1,181,486	\$ 1,870,352	\$ 46,909,986		
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		

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				
2018-19	\$ 1,151,680	\$ 12,089,326	\$ 128,397	\$ 31,370,107	\$ 7,849,693	\$ 1,612,865	\$ 301,726	\$ 2,663,341	\$ 57,167,135			
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			

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
2018-19	\$ 3,309,300	\$ 2,083,683	\$ 11,350,386	\$ 2,364,247	\$ 9,777,818	\$ 49,109,733	\$ 2,087,391	\$ 1,211,765	\$ -	\$ 6,368,340	\$ 87,662,663
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

(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
2018-19	\$ 31,255,925	\$ 7,849,693	\$ 258,938	\$ 390,284	\$ 546,004	\$ 1,634,994	\$ 374,573	\$ 1,529,417	\$ 47,423,369	\$ 91,263,197
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

(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		
2018-19	\$ 32,948,802	\$ 32,161,771	97.61%	\$ 104,256	\$ 32,266,027	97.93%	\$ 4,187,829	12.71%	
2017-18	30,535,084	29,717,045	97.32%	110,615	29,827,660	97.68%	3,749,643	12.28%	
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%	

(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
2018-19	\$ 2,575,140,103	\$ 342,672,126	\$ 280,377,041	\$ 138,533,409	\$ 3,336,722,679
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

(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
2018-19	\$ 0.77	\$ 2.35	\$ 1.5	\$ 0.77
2017-18 (5)	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 (4)	0.59/0.64	2.35	1.50	0.64
2013-14	0.59	2.35	1.50	0.59
2012-13 (3)	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 (2)	0.50/0.54	2.14	1.50	0.50

(1) Per \$100 of assessed value.

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

(3) Real estate rates increased from \$0.54 to \$.59 beginning with the first half 2013

(4) Real estate rates increased from \$0.59 to \$.64 beginning with the first half 2015

(5) 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
2018-19	34,872	\$ 3,336,723	\$ 62,414,421	\$ 62,414,421	1.87%	\$ 1,790
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

(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
2018-19	\$ 4,177,665	\$ 2,190,675	\$ 6,368,340	\$ 87,662,663	7.26%
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%

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia as of and for the year ended June 30, 2019, 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 4, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

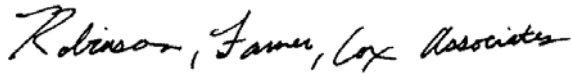
As part of obtaining reasonable assurance about whether the County of Pulaski, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

County of Pulaski, Virginia's Response to Findings

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

Purpose of this Report

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



Blacksburg, Virginia
December 4, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Pulaski, Virginia's major federal programs for the year ended June 30, 2019. 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.

County of Pulaski, Virginia's basic financial statements include the operations of the Pulaski County Public Service Authority, which expended \$1,627,096 in federal awards which is not included in the County of Pulaski, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2019.

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, 2019.

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 4, 2019

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Suprecipients
Department of Health and Human Services:				
Pass through Payments:				
Department of Social Services:				
<i>Child Care and Development Fund Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760118/760119	\$ 80,246	
Promoting Safe and Stable Families	93.556	950117/950118	2,978	
<i>TANF Cluster:</i>				
Temporary Assistance for Needy Families (TANF)	93.558	400118/400119	432,525	
Refugee and Entrant Assistance - State Administered Programs	93.566	500118/500119	290	
Low-Income Home Energy Assistance	93.568	600418/600419	72,682	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900118	531	
Foster Care - Title IV-E	93.658	1100118/1100119	489,990	
Adoption Assistance	93.659	1120118/1120119	702,739	
Social Services Block Grant	93.667	1000118/1000119	402,853	
Chafee Foster Care Independence Program	93.674	9150118	9,230	
Children's Health Insurance Program	93.767	540118/540119	12,464	
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200118/1200119	569,467	
Chafee Education and Training Vouchers Program	93.599	9160118	3,215	
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	Not available	<u>222,373</u>	
Total Department of Health and Human Services			<u>\$ 3,001,583</u>	
Department of Agriculture:				
Pass through Payments:				
Department of Agriculture:				
Child Nutrition Discretionary Grants Limited Availability	10.579	Not available	\$ 24,297	
<i>Child Nutrition Cluster:</i>				
Summer Food Service Program for Children	10.559	60302/60303	\$ 80,414	
National School Lunch Program (Note 3)	10.555	40252/40253	\$ 185,467	
Department of Education:				
National School Lunch Program	10.555	40254	<u>1,186,245</u>	<u>1,371,712</u>
School Breakfast Program	10.553	40253	<u>547,459</u>	
<i>Total Child Nutrition Cluster</i>				
Child and Adult Care Food Program (CACFP)	10.558	70027/70028	\$ 34,716	
Fresh Fruit and Vegetable Program	10.582	40252	52,217	
<i>Forest Service Schools and Roads Cluster:</i>				
Schools and Roads - Grants to States	10.665	Not available	19,072	
Department of Social Services:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10118/10119 40118/40119	<u>505,192</u>	
Total Department of Agriculture			<u>\$ 2,635,079</u>	
Department of Justice:				
Pass through Payments:				
Department of Criminal Justice Services:				
Juvenile Justice and Delinquency Prevention	16.540	13MUFX0045/13MUFX0045	\$ 612	
Crime Victim Assistance	16.575	17VAGX0018	141,768	
Drug Court Discretionary Grant Program	16.585	Not available	<u>25,935</u>	
Total Department of Justice			<u>\$ 168,315</u>	
Department of Transportation:				
Pass-through payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2018-58020-8020	\$ 9,940	
Virginia Department of Transportation:				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	FSC-2018-58032-8032	<u>8,650</u>	
Total Department of Transportation			<u>\$ 18,590</u>	
Department of Education:				
Pass through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	429010	\$ 980,231	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	430710	\$ 967,737	
Special Education - Preschool Grants	84.173	625210	<u>39,722</u>	
<i>Total Special Education Cluster</i>				
Career and Technical Education - Basic Grants to States	84.048	610950	1,007,459	
Twenty-first Century Community Learning Centers	84.287	605650	78,901	
English Language Acquisition State Grants	84.365	Not available	271,808	
Supporting Effective Instruction State Grant	84.367	614800	3,492	
Student Support and Academic Enrichment	84.424	602810	<u>146,310</u>	
Total Department of Education			<u>\$ 2,515,088</u>	

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2019

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 Labor:				
Pass through Payments:				
Virginia Community College System:				
WIA/WIOA Cluster:				
WIA/WIOA Adult Program	17.258	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	\$ 634,304	
WIA/WIOA Dislocated Worker Formula Grants	17.278	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	547,698	
WIA/WIOA Youth Activities	17.259	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	708,169	
Total WIA/WIOA Cluster			<u>\$ 1,890,171</u>	1,890,171
Total Department of Labor			<u>\$ 1,890,171</u>	
Executive Office of the President:				
Pass through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Not available	\$ 1,095	
Department of Homeland Security:				
Pass through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2018-EP-00007	\$ 33,808	
Environmental Protection Agency:				
Pass through Payments:				
National Clean Diesel Emissions Reduction Program	66.039	Not available	\$ 60,000	
Total Federal Expenditures			<u>\$ 10,323,729</u>	<u>\$ 1,890,171</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, 2019. 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, 2019, 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	\$ 14,752,667
Other Governmental Funds	128,397
Less: Payments from Commonwealth	(11,321,856)
Add: Direct Payments to New River Valley Regional Commission	1,890,171
Less: Payments in Lieu of Taxes	(52,998)
Total Primary Government	<u>\$ 5,396,381</u>

Component Unit School Board:

School Operating Fund	\$ 4,927,348
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 10,323,729</u>
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County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559 93.778	Child Nutrition Cluster Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

2019-001

Criteria:	An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.
Cause of Condition:	The County does not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Recommendation:	The County should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Status of Prior Audit Findings and Questioned Costs

None reported.