

**COUNTY OF PULASKI, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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County of Pulaski, Virginia  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2023

Table of Contents

**INTRODUCTORY SECTION**

	<u>Page</u>
List of Elected and Appointed Officials.....	1-2

**FINANCIAL SECTION**

Independent Auditors' Report .....	3-5
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Position.....	1	6
Statement of Activities .....	2	7
Fund Financial Statements:		
Balance Sheet - Governmental Funds .....	3	8
Reconciliation of the Balance Sheet of Governmental Funds		
to the Statement of Net Position .....	4	9
Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Governmental Funds .....	5	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes		
in Fund Balances of Governmental Funds to the Statement of Activities .....	6	11
Statement of Net Position - Proprietary Funds.....	7	12
Statement of Revenues, Expenses, and Changes in Net Position -		
Proprietary Funds.....	8	13
Statement of Cash Flows - Proprietary Funds .....	9	14
Statement of Fiduciary Net Position - Fiduciary Funds .....	10	15
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	11	16
Notes to Financial Statements .....		17-91

**County of Pulaski, Virginia  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2023**

---

**Table of Contents (continued)**

---

	<u>Exhibit</u>	<u>Page</u>
<b>Required Supplementary Information:</b>		
Schedule of Revenues, Expenditures, and Change in Fund Balances -		
Budget and Actual:		
General Fund .....	12	92
Schedules Related to Pension Funding:		
Schedule of Employer’s Proportionate Share of Net Pension Liability (Asset) .....	13	93
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios -		
Component Unit School Board (nonprofessional) .....	14	94
Schedule of Employer Contributions .....	15	95
Notes to Required Supplementary Information .....	16	96
Schedules Related to Other Postemployment Benefits:		
Schedule of County’s Share of Net OPEB Liability - Healthcare OPEB Plan .....	17	97
Notes to Required Supplementary Information - Healthcare OPEB Plan .....	18	98
Schedule of County’s Share of Net OPEB Liability - Group Life Insurance Plan .....	19	99
Schedule of Employer Contributions - Group Life Insurance Plan .....	20	100
Notes to Required Supplementary Information - Group Life Insurance Plan .....	21	101
Schedule of County School Board’s Share of Net OPEB Liability - Teacher Employee		
Health Insurance Credit (HIC) Plan .....	22	102
Schedule of Employer Contributions - Teacher Employee Health Insurance		
Credit (HIC) Plan .....	23	103
Notes to Required Supplementary Information - Teacher Employee Health Insurance		
Credit (HIC) Plan .....	24	104
Schedule of Changes in the Component Unit School Board’s Net OPEB Liability and Related		
Ratios - Health Insurance Credit (HIC) Plan .....	25	105
Schedule of Employer Contributions - Health Insurance Credit (HIC) Plan .....	26	106
Notes to Required Supplementary Information -Health Insurance Credit (HIC) Plan .....	27	107
<b>Other Supplementary Information:</b>		
Combining and Individual Fund Financial Statements and Schedules:		
Schedule of Revenues, Expenditures, and Change in Fund Balance -		
Budget and Actual:		
Major Capital Projects Fund - County CIP Fund .....	28	108
Major Capital Projects Fund - School CIP Fund .....	29	109
Combining Statement of Fiduciary Net Position - Fiduciary Funds .....	30	110
Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds .....	31	111

County of Pulaski, Virginia  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2023

---

**Table of Contents (continued)**

---

	<u>Exhibit</u>	<u>Page</u>
<b>Other Supplementary Information: (continued)</b>		
Discretely Presented Component Unit - School Board:		
Balance Sheet .....	32	112
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	33	113
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	34	114

	<u>Table</u>	<u>Page</u>
<b>Statistical Information:</b>		
Government-Wide Information:		
Government-Wide Expenses by Function .....	1	115
Government-Wide Revenues .....	2	116
Fund Information:		
General Governmental Expenditures by Function .....	3	117
General Governmental Revenues by Source .....	4	118
Property Tax Levies and Collections .....	5	119
Assessed Value of Taxable Property .....	6	120
Property Tax Rates .....	7	121
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	8	122
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures .....	9	123

**COMPLIANCE SECTION**

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	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	124-125
Independent Auditor's Report on Compliance For Each Major Programs and on Internal Control over Compliance Required by the Uniform Guidance .....	126-128
Schedule of Expenditures of Federal Awards .....	129-130
Schedule of Findings and Questioned Costs .....	131-133
Summary Schedule of Prior Audit Findings .....	134

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## INTRODUCTORY SECTION

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**COUNTY OF PULASKI, VIRGINIA**

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**Board of Supervisors**

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Dirk I. Compton, Vice Chairman  
Christopher A. Stafford

Laura Walters, Chair  
  
Ashley Edmonds, Clerk

Michael D. Mooney  
Jeffrey G. Reeves

**County School Board**

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Timothy Hurst, Vice Chair  
Paige Cash

Beckie Cox, Chair  
  
Teresa Porter, Clerk

William Benson  
Penny Golden

**Social Services Board**

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Kimberly Matthews, Vice Chair  
Faye Powell Hawkins

Dean Pratt, Chair  
  
Kim Riffey, Clerk

Don Shelor  
Charles R. Bopp

**Library Board**

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T.J. Cox  
Carol Smith  
Robin Keener  
Kathy Weddle

Lynne Clark, Chair

Margaret Brewster  
Jan Booker  
Laura Walters  
Dr. Kevin Siers

COUNTY OF PULASKI, VIRGINIA

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Other Officials

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Commonwealth’s Attorney ..... Justin L. Griffith  
Commissioner of the Revenue ..... Kim Matthews  
Treasurer ..... Melinda Worrell  
Sheriff ..... Michael W. Worrell  
Clerk of the Circuit Court ..... Maetta H. Crewe  
Superintendent of Schools ..... Dr. Kevin Siers  
Director of Social Services ..... Guy Smith  
County Administrator ..... Jonathan Sweet  
County Attorney ..... Timothy Kirtner

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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

**Report on the Audit of the Financial Statements**

***Opinions***

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 ("the County"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Pulaski, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As described in Note 24 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 86, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Pulaski, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Pulaski, Virginia's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, 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, Jarmon, Cox, Associates*

Blacksburg, Virginia  
May 21, 2024

## **Basic Financial Statements**

County of Pulaski, Virginia  
Statement of Net Position  
June 30, 2023

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 46,655,755	\$ 8,079,888	\$ 4,164,474	\$ 255,322
Receivables (Net of Allowance for Uncollectibles):				
Taxes	14,277,055	-	-	-
Other Local Taxes and Fees	613,746	-	-	-
Accounts Receivable	254,866	-	1,381,021	21,382
Lease Receivable	167,187	-	-	351,490
Note Receivable	38,417	-	-	28,205,295
Loan Receivable	286,365	-	2,120,678	-
Opioid Settlement	980,866	-	-	-
Insurance Recovery	2,250,000	-	-	-
Rent Receivable	-	-	-	124,454
Interest Receivable	-	-	-	683,841
Prepaid Items	293,488	276,991	22,610	17,815
Due from Primary Government	-	2,318,950	17,078	-
Due from Other Governmental Units	2,255,537	3,202,206	478,652	51,750
Due from Component Units	728,404	-	-	-
Advances to Component Units	-	-	-	-
Net Pension Asset	-	672,414	-	-
Restricted Assets:				
Cash and Cash Equivalents	1,661,826	-	367,874	542,476
Capital Assets, Not Being Depreciated/Amortized	5,984,321	7,718,773	681,563	2,166,360
Capital Assets, Net of Accumulated Depreciation/Amortization	85,137,186	14,086,729	26,821,670	14,030,773
Total Assets	\$ 161,585,019	\$ 36,355,951	\$ 36,055,620	\$ 46,450,958
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charges on Refunding	\$ 137,355	\$ -	\$ -	\$ -
Pension Related Items	1,885,285	6,918,719	317,393	-
OPEB Related Items	642,202	1,813,090	68,824	-
Total Deferred Outflows of Resources	\$ 2,664,842	\$ 8,731,809	\$ 386,217	\$ -
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,522,884	\$ 2,694,923	\$ 784,227	\$ 40,666
Accrued Wages	709,370	4,045,194	151,422	-
Accrued Expenses	8,970	-	-	-
Customer Deposits	-	-	168,178	18,642
Accrued Interest Payable	628,415	-	20,742	10,771
Due to Component Units	2,336,028	-	-	-
Due to Primary Government	-	136,553	505	591,346
Cash held for others	-	-	-	523,834
Unearned Revenue	2,607,350	-	-	16,207
Long-Term Liabilities:				
Due Within One Year	5,145,335	1,358,601	437,461	2,090,559
Due in More Than One Year	47,617,983	32,831,344	11,509,738	29,110,895
Total Liabilities	\$ 61,576,335	\$ 41,066,615	\$ 13,072,273	\$ 32,402,920
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue - Property Taxes	\$ 11,365,303	\$ -	\$ -	\$ -
Lease Related Items	165,230	-	-	342,619
Pension Related Items	2,547,836	6,282,583	410,566	-
OPEB Related Items	745,745	1,750,438	135,880	-
Total Deferred Inflows of Resources	\$ 14,824,114	\$ 8,033,021	\$ 546,446	\$ 342,619
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 44,681,424	\$ 21,805,502	\$ 17,133,373	\$ 12,943,603
Restricted	3,027,493	855,187	367,874	-
Unrestricted (Deficit)	40,140,495	(26,672,565)	5,321,871	761,816
Total Net Position	\$ 87,849,412	\$ (4,011,876)	\$ 22,823,118	\$ 13,705,419

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, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Public Service Authority	Economic Development Authority
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government Administration	\$ 2,941,654	\$ 48,525	\$ 411,018	\$ -	\$ (2,482,111)		
Judicial Administration	2,042,456	118,355	1,278,278	-	(645,823)		
Public Safety	16,336,680	1,619,261	5,189,044	-	(9,528,375)		
Public Works	3,469,150	54,268	132,866	-	(3,282,016)		
Health and Welfare	9,621,841	-	6,970,613	-	(2,651,228)		
Education	18,050,645	-	-	-	(18,050,645)		
Parks, Recreation and Cultural	640,357	206,690	249,763	-	(183,904)		
Community Development	3,935,891	-	-	10,666	(3,925,225)		
Interest on long-term debt	1,524,986	-	-	-	(1,524,986)		
Total Primary Government	\$ 58,563,660	\$ 2,047,099	\$ 14,231,582	\$ 10,666	\$ (42,274,313)		
<b>Component Units:</b>							
School Board	\$ 54,497,013	\$ 1,534,164	\$ 48,848,211	\$ -	\$ (4,114,638)	\$ -	\$ -
Public Service Authority	10,727,363	9,868,030	-	486,595	-	(372,738)	-
Economic Development Authority	2,269,491	1,398,649	58,374	20,083	-	-	(792,385)
Total Component Units	\$ 67,493,867	\$ 12,800,843	\$ 48,906,585	\$ 506,678	\$ (4,114,638)	\$ (372,738)	\$ (792,385)
<b>General Revenues:</b>							
General Property Taxes					\$ 38,046,136	\$ -	\$ -
Other Local Taxes							
Local Sales and Use Taxes					4,601,314	-	-
Consumers' Utility Taxes					673,703	-	-
Cigarette Tax					605,325	-	-
Business Licenses					1,029,968	-	-
Consumption Taxes					106,579	-	-
Motor Vehicle Licenses					659,179	-	-
Bank Stock Taxes					6,045	-	-
Taxes on Recordation and Wills					262,783	-	-
Hotel and Motel Room Taxes					536,588	-	-
Restaurant Food Taxes					1,986,744	-	-
Unrestricted Revenues from Use of Money					1,072,356	50,229	64,822
Miscellaneous					575,615	73,960	90,562
Payments from Primary Government					-	15,784,117	655,778
Grants and Contributions Not Restricted to Specific Programs					2,600,328	-	-
Gain (Loss) on Disposal of Capital Assets					-	-	117,722
Total General Revenues and Special Items					\$ 52,762,663	\$ 15,908,306	\$ 874,379
Change in Net Position					\$ 10,488,350	\$ 11,793,668	\$ 81,994
Net Position - Beginning					\$ 77,361,062	\$ (15,805,544)	\$ 22,859,919
Net Position - Ending					\$ 87,849,412	\$ (4,011,876)	\$ 13,623,425

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

County of Pulaski, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2023

	General	School CIP Fund	County CIP Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 32,796,382	\$ -	\$ 8,176,027	\$ 40,972,409
Receivables (Net of Allowance for Uncollectibles):				
Taxes	14,277,055	-	-	14,277,055
Other Local Taxes and Fees	613,746	-	-	613,746
Accounts	153,769	-	-	153,769
Loans	38,417	-	-	38,417
Leases	167,187	-	-	167,187
Opioid Settlement	980,866	-	-	980,866
Insurance Recovery	2,250,000	-	-	2,250,000
Due from Other Funds	59,227	294,412	-	353,639
Due from Other Governmental Units	2,244,871	-	10,666	2,255,537
Prepaid items	147,936	-	38,061	185,997
Due from Component Units	479,899	-	170,924	650,823
Restricted:				
Cash and cash equivalents	-	1,661,826	-	1,661,826
Total Assets	\$ 54,209,355	\$ 1,956,238	\$ 8,395,678	\$ 64,561,271
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,254,485	\$ 141,670	\$ 158,562	\$ 1,554,717
Accrued Wages	668,147	-	-	668,147
Due to Other Funds	225,562	-	181,228	406,790
Due to Component Units	2,335,342	-	-	2,335,342
Accrued liabilities	8,970	-	-	8,970
Unearned Revenue	2,607,350	-	-	2,607,350
Total Liabilities	\$ 7,099,856	\$ 141,670	\$ 339,790	\$ 7,581,316
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	\$ 14,515,728	\$ -	\$ -	\$ 14,515,728
Unavailable Revenue - Opioid Settlement	980,866	-	-	980,866
Lease Related Items	165,230	-	-	165,230
Total Deferred Inflows of Resources	\$ 15,661,824	\$ -	\$ -	\$ 15,661,824
<b>FUND BALANCE</b>				
Nonspendable	\$ 147,936	\$ -	\$ 38,061	\$ 185,997
Restricted	1,212,925	1,814,568	-	3,027,493
Committed	-	-	8,017,827	8,017,827
Assigned	1,817,588	-	-	1,817,588
Unassigned	28,269,226	-	-	28,269,226
Total Fund Balances	\$ 31,447,675	\$ 1,814,568	\$ 8,055,888	\$ 41,318,131
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,209,355	\$ 1,956,238	\$ 8,395,678	\$ 64,561,271

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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	41,318,131	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			
Capital assets, not being depreciated	\$	5,984,321	
Capital assets, net of accumulated depreciation/amortization		<u>85,137,186</u>	91,121,507
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	\$	3,150,425	
Unavailable Revenue - Opioid Settlement		980,866	
Loans Receivable		<u>286,365</u>	4,417,656
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.			5,012,590
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	1,885,285	
OPEB related items		<u>642,202</u>	2,527,487
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	\$	(40,900,000)	
Literary Loans		(1,938,124)	
Lease Revenue Notes		(4,817,799)	
Unamortized Bond Premiums		(379,458)	
Unamortized Bond Discounts		340,414	
Landfill Post-Closure Monitoring Costs		(308,789)	
Lease Liabilities		(319,688)	
Subscription Liabilities		(82,939)	
Net Pension Liability		(642,417)	
Net OPEB Liabilities		(1,916,579)	
Deferred Charge on Refunding		137,355	
Compensated Absences		(1,797,939)	
Accrued Interest Payable		<u>(628,415)</u>	(53,254,378)
Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.			
Pension related items	\$	(2,547,836)	
OPEB related items		<u>(745,745)</u>	(3,293,581)
Net Position of Governmental Activities			<u>\$ 87,849,412</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, 2023

	General Fund	School CIP Fund	County CIP Fund	Total
<b>REVENUES</b>				
General Property Taxes	\$ 38,271,387	\$ -	\$ -	\$ 38,271,387
Other Local Taxes	10,468,228	-	-	10,468,228
Permits, Privilege Fees and Regulatory Licenses	155,002	-	-	155,002
Fines and Forfeitures	112,776	-	-	112,776
Revenue from Use of Money and Property	1,032,298	88,113	-	1,120,411
Charges for Services	1,731,266	-	-	1,731,266
Miscellaneous	677,461	-	131,291	808,752
Recovered Costs	3,684,171	-	-	3,684,171
Intergovernmental	16,594,463	-	248,113	16,842,576
Total Revenues	\$ 72,727,052	\$ 88,113	\$ 379,404	\$ 73,194,569
<b>EXPENDITURES</b>				
Current:				
General Government Administration	\$ 3,645,599	\$ -	\$ 130,916	\$ 3,776,515
Judicial Administration	2,390,066	-	10,439	2,400,505
Public Safety	15,749,625	-	512,085	16,261,710
Public Works	2,940,244	-	566,858	3,507,102
Health and Welfare	9,465,899	-	155,804	9,621,703
Education	15,973,212	-	-	15,973,212
Parks, Recreation and Cultural	2,463,814	-	460,226	2,924,040
Community Development	2,290,083	-	940,064	3,230,147
Non-Departmental	8,316	-	-	8,316
Capital Projects	-	15,281	-	15,281
Debt Service:				
Principal Retirement	4,020,379	-	50,487	4,070,866
Interest and Other Fiscal Charges	1,737,804	-	11,692	1,749,496
Total Expenditures	\$ 60,685,041	\$ 15,281	\$ 2,838,571	\$ 63,538,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 12,042,011	\$ 72,832	\$ (2,459,167)	\$ 9,655,676
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ -	\$ 6,601,091	\$ 6,601,091
Transfers Out	(7,594,389)	-	-	(7,594,389)
Issuance of Subscription Liability	106,696	-	-	106,696
Total Other Financing Sources (Uses)	\$ (7,487,693)	\$ -	\$ 6,601,091	\$ (886,602)
Net Change in Fund Balance	\$ 4,554,318	\$ 72,832	\$ 4,141,924	\$ 8,769,074
Fund Balance - Beginning	26,893,357	1,741,736	3,913,964	32,549,057
Fund Balance - Ending	\$ 31,447,675	\$ 1,814,568	\$ 8,055,888	\$ 41,318,131

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, 2023

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

Net changes in fund balance - total governmental funds \$ 8,769,074

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/amortization expense.

Detail of items supporting these adjustments is as follows:

Capital outlays	\$ 3,208,782	
Depreciation and amortization expenses	<u>(4,511,923)</u>	(1,303,141)

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

Disposal of assets	\$ (606,857)	
Transfer of assets to EDA	(18,933)	(625,790)

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	\$ (225,251)	
Decrease (Increase) in unavailable revenue - opioid settlement	(218,067)	
Decrease (Increase) in unavailable revenue - loans	<u>(15,070)</u>	(458,388)

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:		
Subscription liabilities	\$ (106,696)	
Principal repayments:		
General obligation bonds	2,795,000	
Literary loans	460,615	
Lease liabilities	91,463	
Subscription liabilities	23,757	
Lease revenue notes	700,031	
Decrease (increase) in estimated liability:		
Landfill post-closure monitoring costs	<u>(20,471)</u>	3,943,699

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	\$ 119,759	
Changes in pension related items	1,204,587	
(Increase) Decrease in compensated absences	(168,648)	
(Increase) Decrease in accrued interest payable	58,048	
Increase (Decrease) in deferred charge on refunding	(34,339)	
Amortization of bond premiums and discounts	<u>200,801</u>	1,380,208

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.

(1,217,312)

Change in net position of governmental activities

\$ 10,488,350

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, 2023

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,683,346	\$ -	\$ 5,683,346
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	101,097	101,097
Due from Other Funds	-	53,151	53,151
Prepaid Items	-	107,491	107,491
Due from Component Units	-	77,581	77,581
	<u>\$ 5,683,346</u>	<u>\$ 339,320</u>	<u>\$ 6,022,666</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 96,335	\$ 52,659	\$ 148,994
Accrued Wages	-	41,223	41,223
Due to component unit	-	686	686
IBNR Payable	819,173	-	819,173
Total Liabilities	<u>\$ 915,508</u>	<u>\$ 94,568</u>	<u>\$ 1,010,076</u>
<b>NET POSITION</b>			
Unrestricted	\$ 4,767,838	\$ 244,752	\$ 5,012,590
Total Net Position	<u>\$ 4,767,838</u>	<u>\$ 244,752</u>	<u>\$ 5,012,590</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, 2023

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges for Services:			
Information Technology Charges	\$ -	\$ 499,591	\$ 499,591
Garage Charges	-	2,230,175	2,230,175
Communication Charges	-	118,391	118,391
Other Revenues:			
Miscellaneous	-	20,050	20,050
Insurance Premiums	9,075,352	-	9,075,352
Total Operating Revenues	<u>\$ 9,075,352</u>	<u>\$ 2,868,207</u>	<u>\$ 11,943,559</u>
<b>OPERATING EXPENSES</b>			
Information Technology	\$ -	\$ 932,775	\$ 932,775
Central Garage	-	2,838,937	2,838,937
Communications	-	129,201	129,201
Insurance Claims and Expenses	10,253,256	-	10,253,256
Total Operating Expenses	<u>\$ 10,253,256</u>	<u>\$ 3,900,913</u>	<u>\$ 14,154,169</u>
Operating Income (Loss)	<u>\$ (1,177,904)</u>	<u>\$ (1,032,706)</u>	<u>\$ (2,210,610)</u>
Transfer In	\$ -	\$ 993,298	\$ 993,298
Change in Net Position	<u>\$ (1,177,904)</u>	<u>\$ (39,408)</u>	<u>\$ (1,217,312)</u>
Net Position - Beginning	5,945,742	284,160	6,229,902
Net Position - Ending	<u>\$ 4,767,838</u>	<u>\$ 244,752</u>	<u>\$ 5,012,590</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, 2023

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	Total Internal <u>Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Charges to County Department and other organizations	\$ -	\$ 2,911,112	\$ 2,911,112
Other receipts (payments)	-	20,050	20,050
Payments to suppliers for goods and services	-	(3,924,460)	(3,924,460)
Receipts for insurance premiums	9,075,352	-	9,075,352
Payments for insurance premiums	(9,776,766)	-	(9,776,766)
Total cash provided by (used for) operating activities	<u>\$ (701,414)</u>	<u>\$ (993,298)</u>	<u>\$ (1,694,712)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	\$ -	\$ 993,298	\$ 993,298
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (701,414)</u>	<u>\$ -</u>	<u>\$ (701,414)</u>
Cash and Cash Equivalents - Beginning	\$ 6,384,760	\$ -	\$ 6,384,760
Cash and Cash Equivalents - Ending	<u>\$ 5,683,346</u>	<u>\$ -</u>	<u>\$ 5,683,346</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (1,177,904)	\$ (1,032,706)	\$ (2,210,610)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ 60,657	\$ (9,574)	\$ 51,083
Increase (Decrease) in Accrued Wages	-	6,198	6,198
Increase (Decrease) in IBNR Payable	415,833	-	415,833
Increase (Decrease) in Due to Other Funds	-	686	686
(Increase) Decrease in Accounts Receivable	-	63,627	63,627
(Increase) Decrease in Due from Other Funds	-	13,945	13,945
(Increase) Decrease in Prepaid Items	-	(20,857)	(20,857)
(Increase) Decrease in Due from Component Units	-	(14,617)	(14,617)
Total Adjustments	<u>\$ 476,490</u>	<u>\$ 39,408</u>	<u>\$ 515,898</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (701,414)</u>	<u>\$ (993,298)</u>	<u>\$ (1,694,712)</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, 2023**

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ <u><u>268,401</u></u>
 <b>NET POSITION</b>	
Restricted:	
Special Welfare	\$ 29,479
Performance Bond	146,642
Employee Flexible Benefits	92,280
Total net position	\$ <u><u>268,401</u></u>

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

County of Pulaski, Virginia  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023

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		<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Expenditure reimbursement	\$	8,623
Support enforcements		35,402
Benefits reimbursements		31,229
Total contributions	\$	<u>75,254</u>
Total additions		<u>75,254</u>
 <b>DEDUCTIONS</b>		
Special welfare payments	\$	41,763
Flexible benefits		30,361
Total deductions	\$	<u>72,124</u>
Net increase (decrease) in fiduciary net position	\$	3,130
Net position, beginning		<u>265,271</u>
Net position, ending	\$	<u><u>268,401</u></u>

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements  
June 30, 2023

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### **Note 1-Summary of Significant Accounting Policies:**

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

#### A. Financial Reporting Entity:

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

Blended Component Units - None

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

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

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

The Pulaski County Economic Development Authority encourages and provides financing for economic 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, 2023, the County paid \$2,104,669 for the confinement of prisoners.



## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

#### A. Financial Reporting Entity: (continued)

The County and the Counties of Montgomery, Giles, Floyd, and the City of Radford participate in supporting New River Valley Community Services (NRVCS). The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$105,600 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 (NRVJDH). The County contributed \$149,606 to the NRVJDH 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.

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.

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

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.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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*. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

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

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

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

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

The County reports the following major governmental funds:

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 one of 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 CIP fund is reported as one of 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 County capital projects as well as acquisitions of other types of capital assets.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

*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 Custodial 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 custodial funds.

Additionally, the County reports the following fund types:

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 funds:

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.

The School Activity Fund is a special revenue fund that accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

1. Cash and Cash Equivalents

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

Restricted cash consists of reserve accounts established as required by Rural Development bond covenants and unspent bond proceeds.

2. Investments

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

3. Receivables and Payables

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

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

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

4. Property Taxes

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

5. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$4,187,039 at June 30, 2023 and is comprised of \$998,471 in real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years and \$3,188,568 for unpaid ambulance services.

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 are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental activities column 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.

As the government constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

8. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Type	Years
Building and Improvements	20-40
Infrastructure	20-40
Machinery and Equipment	4-30
Lease assets - Machinery and Equipment	3-5
Lease assets - Building and Improvements	6
Subscription asset	3-5

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 resulted from the difference between 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 pension and OPEB. For more detailed information on these items, reference the related notes.

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

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

##### 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.

##### 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 fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### 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, HIC, 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, 2023

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

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

14. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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.

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

##### 15. Net Position

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

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

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.

##### 16. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

###### *Lessor*

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

16. Leases and Subscription-Based IT Arrangements (continued)

*Lessee*

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

*Subscriptions*

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

*Key Estimates and Judgments*

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor) or lease liability (lessee).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure, the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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### Note 2-Stewardship, Compliance, and Accountability:

#### A. Budgetary Information:

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

1. Prior to April 1<sup>st</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
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.
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 exceeded appropriations for the School Board Cafeteria fund during fiscal year 2023.

#### C. Deficit Fund Balance:

At June 30, 2023, there were no funds that had a deficit fund balance.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 3- Deposits and Investments:**

**Deposits:**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Investments:**

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

**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	\$ 120,538	\$ -	\$ 120,538
SNAP	1,661,826	-	1,661,826
VML/VACo Investment Pool	-	3,256,912	3,256,912
<b>Total</b>	<b>\$ 1,782,364</b>	<b>\$ 3,256,912</b>	<b>\$ 5,039,276</b>

**Custodial Credit Risk (Investments):**

The County’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

**County’s Rated Debt Investments’ Values**

Rated Debt Investments	Ratings	
	AAAm	
LGIP	\$	120,538
SNAP		1,661,826
VML/VACo Investment Pool		3,256,912
<b>Total</b>	<b>\$</b>	<b>5,039,276</b>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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:

	<b>Primary Government</b>	<b>Component Unit- School Board</b>
Local governments:		
City of Radford	\$ 38,328	-
Town of Pulaski	86,092	-
Commonwealth of Virginia:		
State sales tax	809,652	881,406
Communication sales tax	90,754	-
Other taxes	44,061	-
Categorical aid-shared expenses	332,750	-
Categorical aid-other	79,454	-
Categorical aid-VPA funds	162,117	-
Categorical aid-CSA funds	235,183	-
Federal Government:		
Categorical aid-VPA funds	247,762	-
Categorical aid-other	129,384	2,320,800
<b>Totals</b>	<b>\$ 2,255,537</b>	<b>\$ 3,202,206</b>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 5- Interfund Balances and Transfers:**

Fund	Due from	Due to
Primary Government:		
General Fund	\$ 59,227	\$ 225,562
County CIP Fund	-	181,228
School CIP Fund	294,412	-
Information Technology, Garage, and Communication Service Fund	53,151	-
Component Units:		
Primary Government	728,404	2,336,028
School Fund	2,318,950	136,553
Economic Development Authority	-	591,346
Public Service Authority	17,078	505
Total	\$ 3,471,222	\$ 3,471,222
	Transfers in	Transfers out
Primary Government:		
General Fund	\$ -	\$ 7,594,389
County CIP Fund	6,601,091	-
Information Technology, Garage, and Communication Service Fund	993,298	-
Total	\$ 7,594,389	\$ 7,594,389

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 and is included in totals reported above. During July 2022, the amount was forgiven and reported as a contribution from the County to the Authority.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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, 2023.

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct Borrowings and Placements:				
General obligation bonds	\$ 4,160,000	\$ -	\$ 940,000	\$ 3,220,000
Literary loans	2,398,739	-	460,615	1,938,124
Lease revenue notes	5,517,830	-	700,031	4,817,799
Unamortized bond premiums	141,514	-	41,287	100,227
General obligation bonds	39,535,000	-	1,855,000	37,680,000
Unamortized bond premiums	467,531	-	188,300	279,231
Unamortized bond discounts	(369,200)	-	(28,786)	(340,414)
Lease liabilities	411,151	-	91,463	319,688
Subscription liabilities	-	106,696	23,757	82,939
Landfill post-closure monitoring costs	288,318	20,471	-	308,789
Net OPEB liabilities	1,880,515	726,656	690,592	1,916,579
Net pension liability (A)	-	3,419,170	2,776,753	642,417
Compensated absences	1,629,291	1,390,616	1,221,968	1,797,939
<b>Total</b>	<u>\$ 56,060,689</u>	<u>\$ 5,663,609</u>	<u>\$ 8,960,980</u>	<u>\$ 52,763,318</u>

(A) Net pension asset as of June 30, 2022



**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

Year Ending June 30,	Direct Borrowings and Placements		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 1,604,361	\$ 327,479	\$ 1,945,000	\$ 1,243,269
2025	1,662,781	275,595	2,045,000	1,146,019
2026	1,710,415	221,301	2,145,000	1,043,769
2027	1,772,396	164,586	2,220,000	968,694
2028	1,289,037	105,582	2,290,000	902,094
2029-2033	1,936,933	102,400	12,510,000	3,438,419
2034-2038	-	-	14,525,000	1,420,538
Totals	<u>\$ 9,975,923</u>	<u>\$ 1,196,943</u>	<u>\$ 37,680,000</u>	<u>\$ 10,162,800</u>

  

Year Ending June 30,	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 98,209	\$ 13,080	\$ 22,030	\$ 1,928
2025	84,552	7,737	22,806	1,471
2026	67,930	4,173	23,609	997
2027	60,046	1,356	14,494	507
2028	8,951	34	-	-
Totals	<u>\$ 319,688</u>	<u>\$ 26,380</u>	<u>\$ 82,939</u>	<u>\$ 4,903</u>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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 (B):						
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	\$ 3,220,000	\$ 410,000
Unamortized bond premium	n/a	1/13/2010	2030	40,136	13,042	2,007
Total general obligation bonds					<u>\$ 3,233,042</u>	<u>\$ 412,007</u>
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 1,938,124	\$ 468,971
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 2,170,000	\$ 315,000
Lease revenue note (A)	2.47-3.25%	12/6/2013	2027	321,054	116,212	27,986
Lease revenue note (A)	2.37%	6/15/2016	2028	3,443,000	1,554,300	296,300
Landfill sewer line revenue note	3.30%	3/5/2014	2034	1,842,628	977,287	86,104
Subtotal lease revenue notes					<u>\$ 4,817,799</u>	<u>\$ 725,390</u>
Unamortized bond premium	n/a	5/15/2008	2029	348,754	87,185	17,437
Total lease revenue notes					<u>\$ 4,904,984</u>	<u>\$ 742,827</u>
Total Direct Borrowings and Placements					<u>\$ 10,076,150</u>	<u>\$ 1,623,805</u>
General obligation bonds (B):						
GO bond	3.00-5.00%	3/1/2018	2038	46,240,000	\$ 37,680,000	\$ 1,945,000
Unamortized bond premium	n/a	3/1/2018	2029	1,739,614	279,231	136,623
Unamortized bond discount	n/a	3/1/2018	2038	(484,342)	(340,414)	(28,786)
Total general obligation bonds					<u>\$ 37,618,817</u>	<u>\$ 2,052,837</u>
Lease Liabilities:						
Vehicle 1	7.53%	12/1/2019	2024	29,354	\$ 9,404	\$ 6,534
Vehicle 2	7.46%	12/1/2019	2024	29,402	9,409	6,538
Vehicle 3	7.46%	12/1/2019	2024	29,402	9,409	6,538
Vehicle 4	7.46%	12/1/2019	2024	29,402	9,409	6,538
Vehicle 5	7.46%	12/1/2019	2024	29,402	9,409	6,538
Vehicle 6	6.97%	9/1/2020	2025	28,271	13,386	5,928
Vehicle 7	7.10%	4/1/2021	2026	25,635	15,123	5,162
Vehicle 8	10.75%	2/1/2022	2027	26,513	20,198	4,881
Vehicle 9	8.13%	1/1/2022	2026	31,019	22,839	5,879
Building 1	3.00%	9/1/2021	2028	274,350	201,102	43,673
Total lease liabilities					<u>\$ 319,688</u>	<u>\$ 98,209</u>
Subscription Liabilities:						
Rave Mobile Safety	3.50%	7/1/2022	2026	36595	\$ 27,839	\$ 8,957
King Moore	3.50%	12/1/2022	2027	70101	55,100	13,073
Total subscription liabilities					<u>\$ 82,939</u>	<u>\$ 22,030</u>
Other obligations:						
Landfill post-closure monitoring cost	n/a	n/a	n/a	n/a	\$ 308,789	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,916,579	-
Compensated absences	n/a	n/a	n/a	n/a	1,797,939	1,348,454
Total other obligations					<u>\$ 4,665,724</u>	<u>\$ 1,348,454</u>
Totals					<u>\$ 52,763,318</u>	<u>\$ 5,145,335</u>

(A) In the event of default, the entire unpaid principal and interest may be declared as due and payable.

(B) In the event of default, the Commonwealth can withhold funding and apply a sufficient portion of the amount withheld to the defaulted principal and interest.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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, 2023:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Net OPEB liabilities	\$ 8,326,208	\$ 2,320,117	\$ 2,251,188	\$ 8,395,137
Net pension liability (A)	19,257,140	18,743,684	14,017,484	23,983,340
Compensated absences	1,783,057	1,365,704	1,337,293	1,811,468
<b>Total</b>	<b>\$ 29,366,405</b>	<b>\$ 22,429,505</b>	<b>\$ 17,605,965</b>	<b>\$ 34,189,945</b>

(A) Non-Instructional is a net pension asset as of June 30, 2023; therefore, ending balance is not reported above.

**Details of Long-Term Obligations:**

	<b>Interest Rates</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Balance Governmental Activities</b>	<b>Amount Due Within One Year</b>
Other obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 8,395,137	\$ -
Net pension liability	n/a	n/a	n/a	n/a	23,983,340	-
Compensated absences	n/a	n/a	n/a	n/a	1,811,468	1,358,601
<b>Total other obligations</b>					<b>\$ 34,189,945</b>	<b>\$ 1,358,601</b>

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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### **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 with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***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, 2023 was 9.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$1,242,091 and \$1,089,888 for the County and \$199,160 and \$177,811 for the PSA for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Net Pension Liability (Asset)***

At June 30, 2023, the County and PSA reported a liability (asset) of \$642,417 and \$104,808, respectively, for their proportionate share of the net pension liability. The County and PSA's net pension liability (asset) was measured as of June 30, 2022. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. In order to allocate the net pension liability (asset) to all employers included in the plan, the County and PSA are required to determine their proportionate share of the net pension liability (asset). Creditable compensation as of June 30, 2022 and 2021 was used as a basis for allocation to determine the County's proportionate share of the net pension liability (asset). At June 30, 2022 and 2021, the County's proportion was 85.3120% and 85.4460%, respectively. At June 30, 2022 and 2021, the PSA's proportion was 13.9183% and 13.9370%, respectively.

***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, 2021, 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, 2022.

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Actuarial Assumptions - General Employees (Continued)**

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:



COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

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

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

**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.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Long-Term Expected Rate of Return (continued)**

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	2.50%
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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 (Asset) to Changes in the Discount Rate***

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

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	<u>\$ 8,068,664</u>	<u>\$ 642,417</u>	<u>\$ (5,407,111)</u>
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	<u>\$ 1,316,369</u>	<u>\$ 104,808</u>	<u>\$ (882,148)</u>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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, 2023, the County and PSA recognized pension expense of \$37,512 and \$20,349, 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, 2023, 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	\$ -	\$ 829,254	\$ -	\$ 134,624
Change in assumptions	573,335	-	93,516	-
Net difference between projected and actual earnings on pension plan investments	1,911	1,639,524	-	275,942
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,948	79,058	24,717	-
Employer contributions subsequent to the measurement date	1,242,091	-	199,160	-
<b>Total</b>	<b>\$ 1,885,285</b>	<b>\$ 2,547,836</b>	<b>\$ 317,393</b>	<b>\$ 410,566</b>

\$1,242,091 and \$199,160 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, 2024. 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
2024	\$ (557,862)	\$ (83,235)
2025	(1,014,933)	(155,012)
2026	(1,102,789)	(179,862)
2027	770,942	125,776

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	98
Inactive members:	
Vested inactive members	21
Non-vested members	82
Inactive members active elsewhere in VRS	<u>26</u>
Total inactive members	129
Active members	<u>86</u>
Total covered employees	<u><u>313</u></u>

***Contributions***

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 4.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$98,639 and \$104,981 for the years ended June 30, 2023 and June 30, 2022, respectively.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Component Unit School Board (Nonprofessional) (continued)**

***Net Pension Liability (Asset)***

The net pension liability (asset) (NPLA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

***Changes in Net Pension Liability (Asset)***

	<b>Component School Board (Nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total</b>	<b>Plan</b>	<b>Net</b>
	<b>Pension</b>	<b>Fiduciary</b>	<b>Pension</b>
	<b>Liability</b>	<b>Net Position</b>	<b>Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2021	\$ 12,294,832	\$ 13,563,852	\$ (1,269,020)
Changes for the year:			
Service cost	\$ 191,886	\$ -	\$ 191,886
Interest	818,144	-	818,144
Differences between expected and actual experience	(211,088)	-	(211,088)
Contributions - employer	-	104,766	(104,766)
Contributions - employee	-	113,981	(113,981)
Net investment income	-	(8,182)	8,182
Benefit payments, including refunds	(732,125)	(732,125)	-
Administrative expenses	-	(8,535)	8,535
Other changes	-	306	(306)
Net changes	\$ 66,817	\$ (529,789)	\$ 596,606
Balances at June 30, 2022	\$ 12,361,649	\$ 13,034,063	\$ (672,414)

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Component Unit School Board (Nonprofessional) (continued)**

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 857,350	\$ (672,414)	\$ (1,931,283)

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

For the year ended June 30, 2023, the Component Unit School Board (nonprofessional) recognized pension expense of \$(108,253). At June 30, 2023, 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	\$ -	\$ 96,366
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	400,285
Employer contributions subsequent to the measurement date	98,639	-
Total	<u>\$ 98,639</u>	<u>\$ 496,651</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Component Unit School Board (Nonprofessional) (continued)**

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

\$98,639 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, 2024. 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
2024	\$ (250,001)
2025	(160,699)
2026	(267,177)
2027	181,226

**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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$4,191,222 and \$3,742,313 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.



**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Component Unit School Board (Professional) (continued)**

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

At June 30, 2023, the school division reported a liability of \$23,983,340 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.2519% as compared to 0.2481% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$581,281. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, 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	\$ -	\$ 1,653,746
Net difference between projected and actual earnings on pension plan investments	-	3,126,925
Change in assumptions	2,261,146	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	367,712	1,005,261
Employer contributions subsequent to the measurement date	4,191,222	-
Total	\$ 6,820,080	\$ 5,785,932

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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**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***

\$4,191,222 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, 2024. 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
2024	\$ (1,289,480)
2025	(1,337,191)
2026	(2,030,221)
2027	1,499,818

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Component Unit School Board (Professional) (continued)**

***Actuarial Assumptions (continued)***

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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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, 2022, 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	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability (Asset)	<u>\$ 9,520,598</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 82.61%

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.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 42,836,081	\$ 23,983,340	\$ 8,633,063

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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			
	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	\$ 1,885,285	\$ 2,547,836	\$ 642,417	\$ 37,512	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski County PSA	-	-	-	-	317,393	410,566	104,808	20,349
Totals	<u>\$ 1,885,285</u>	<u>\$ 2,547,836</u>	<u>\$ 642,417</u>	<u>\$ 37,512</u>	<u>\$ 317,393</u>	<u>\$ 410,566</u>	<u>\$ 104,808</u>	<u>\$ 20,349</u>

  

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	\$ 98,639	\$ 496,651	\$ (672,414)	\$ (180,253)
School Board Professional	6,820,080	5,785,932	23,983,340	581,281
Totals	<u>\$ 6,918,719</u>	<u>\$ 6,282,583</u>	<u>\$ 23,310,926</u>	<u>\$ 401,028</u>

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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### **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 provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's and School Board's pension plans. The plan does not issue a publicly available financial report.

#### ***Benefits Provided***

The 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, 2023 was \$19,712, \$2,139, and \$59,849 respectively.

#### ***Total OPEB Liability***

At June 30, 2023, the County, PSA, and School Board reported a liability of \$1,166,900, \$126,600 and \$3,542,900, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2022 and 2021, the County's proportion was 24.13% and 24.82%, respectively, the PSA's proportion was 2.62% and 3.08%, respectively, and the School Board's proportion was 73.25% and 72.10%, respectively.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2022 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 Actuarial Cost Method
Discount Rate	3.69%
Healthcare Trend Rate	County and School: 6.75% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Scale	2.50%

RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on July 1, 2022 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2022 actuarial valuation report.

**Discount Rate**

The discount rate has been set equal to 3.69% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

**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 (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	1% Decrease (2.69%)	Current Discount (3.69%)	1% Increase (4.69%)
Proportionate share of the healthcare net OPEB liability:			
County	\$ 1,283,411	\$ 1,166,900	\$ 1,060,739
Component Unit Pulaski County PSA	\$ 139,241	\$ 126,600	\$ 115,082
Component Unit School Board	\$ 3,896,648	\$ 3,542,900	\$ 3,220,579

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**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	\$ 1,028,288	\$ 1,166,900	\$ 1,329,857
Component Unit Pulaski County PSA	\$ 111,562	\$ 126,600	\$ 144,280
Component Unit School Board	\$ 3,122,050	\$ 3,542,900	\$ 4,037,663

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

For the year ended June 30, 2023, the County, PSA, and School Board recognized OPEB expense in the amount of \$39,800, (\$8,100) and \$247,700, respectively. At June 30, 2023, 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	\$ 202,600	\$ 348,400	\$ 4,100	\$ 72,500	\$ 407,200	\$ 379,000
Changes in assumptions	166,700	247,300	21,500	38,900	476,800	658,300
Employer contributions subsequent to the measurement date	19,712	-	2,139	-	59,849	-
Total	\$ 389,012	\$ 595,700	\$ 27,739	\$ 111,400	\$ 943,849	\$ 1,037,300

\$19,712, \$2,139, and \$59,849 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, 2024. 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
2024	\$ (50,100)	\$ (22,100)	\$ (42,000)
2025	(50,400)	(22,100)	(41,700)
2026	(57,200)	(18,700)	(21,800)
2027	(50,100)	(15,700)	(23,300)
2028	(15,600)	(5,900)	(17,200)
Thereafter	(3,000)	(1,300)	(7,300)

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.



## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

#### ***Plan Description***

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

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

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

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

#### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Contributions (continued)***

Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Plan from the County were \$79,911 and \$73,126 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Pulaski County PSA were \$12,816 and \$11,931 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Nonprofessional) were \$15,221 and \$13,512 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$143,111 and \$127,044 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, the County reported a liability of \$749,679 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit Pulaski County PSA reported a liability of \$122,307 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (Nonprofessional) reported a liability of \$138,471 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (Professional) reported a liability of \$1,302,351 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

At June 30, 2022, the County's proportion was 0.06228% as compared to 0.05751% at June 30, 2021.

At June 30, 2022, the Component Unit Pulaski County PSA's proportion was 0.01016% as compared to 0.00938% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (Nonprofessional) proportion was 0.01150% as compared to 0.01120% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (Professional) proportion was 0.10820% as compared to 0.10630% at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$47,505. 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, 2023, the Component Unit Pulaski County PSA recognized GLI OPEB expense of \$7,750. 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, 2023, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$643. 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, 2023, the Component-Unit School Board (Professional) recognized GLI OPEB expense of \$14,102. 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.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

At June 30, 2023, 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	\$ 59,366	\$ 30,075	\$ 9,684	\$ 4,907	\$ 10,965	\$ 5,555	\$ 103,130	\$ 52,247
Change in assumptions	27,962	73,022	4,562	11,913	5,165	13,488	48,576	126,854
Net difference between projected and actual earnings on GLI OPEB plan investments	-	46,844	-	7,643	-	8,652	-	81,378
Changes in proportionate share	85,951	104	14,023	17	4,001	8,053	27,310	75,290
Employer contributions subsequent to the measurement date	79,911	-	12,816	-	15,221	-	143,111	-
<b>Total</b>	<b>\$ 253,190</b>	<b>\$ 150,045</b>	<b>\$ 41,085</b>	<b>\$ 24,480</b>	<b>\$ 35,352</b>	<b>\$ 35,748</b>	<b>\$ 322,127</b>	<b>\$ 335,769</b>

\$79,911, \$12,816, \$15,221, and \$143,111 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, 2024. 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	Primary Government	Component Unit Pulaski County PSA	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
June 30				
2024	\$ 9,055	\$ 1,477	\$ (4,721)	\$ (48,586)
2025	7,306	1,191	(3,443)	(40,326)
2025	(19,609)	(3,199)	(7,969)	(74,779)
2026	20,896	3,409	768	12,477
2027	5,586	911	(252)	(5,539)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates - Teachers**

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Actuarial Assumptions (Continued)**

**Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 10-Group Life Insurance (GLI) Plan (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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Actuarial Assumptions (Continued)**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>	
	<hr/>	
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,204,096
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		  67.21%

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, 2023

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

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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, 2022 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 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Proportionate share of the GLI Plan Net OPEB Liability:	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County	\$ 1,090,870	\$ 749,679	\$ 473,950
Component Unit Pulaski County PSA	\$ 177,971	\$ 122,307	\$ 77,322
Component Unit-School Board (Nonprofessional)	\$ 201,492	\$ 138,471	\$ 87,542
Component Unit-School Board (Professional)	\$ 1,895,073	\$ 1,302,351	\$ 823,350

**GLI Plan Fiduciary Net Position**

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

#### ***Plan Description***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan 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 Plan. 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 OPEB, including eligibility, coverage, and benefits is described below:

#### ***Eligible Employees***

The Teacher Employee Retiree HIC Plan 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.

#### ***Benefit Amounts***

The Teacher Employee HIC Plan 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, 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 Plan 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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Plan were \$320,674 and \$284,614 for the years ended June 30, 2023 and June 30, 2022, respectively.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

**Contributions (Continued)**

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$3,152,344 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.25238% as compared to 0.24828% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$201,973. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2023, 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
Differences between expected and actual experience	\$ -	\$ 128,494
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,164
Change in assumptions	92,096	8,050
Change in proportionate share and differences between actual and expected contributions	46,463	185,059
Employer contributions subsequent to the measurement date	320,674	-
Total	\$ 459,233	\$ 324,767

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

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

\$320,674 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, 2024. 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>	
2024	\$ (59,577)
2025	(54,923)
2026	(43,080)
2027	(17,631)
2028	(8,480)
Thereafter	(2,517)

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Actuarial Assumptions***

**Mortality Rates - Teachers**

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

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, 2023

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

**Long-Term Expected Rate of Return (continued)**

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
<b>Total</b>	<b>100.00%</b>		<b>5.33%</b>
		Inflation	2.50%
		Expected arithmetic nominal return**	<b>7.83%</b>

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

**Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan 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, 2022 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, 2023

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**Note 11-Teacher Employee Health Insurance Credit (HIC) Plan (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 Plan net HIC OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,552,727	\$ 3,152,344	\$ 2,812,948

***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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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### **Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan):**

#### ***Plan Description***

The Political Subdivision Health Insurance Credit (HIC) Plan 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 employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent 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 about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

#### ***Eligible Employees***

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

#### ***Benefit Amounts***

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

#### ***HIC Plan Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. 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.

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***Employees Covered by Benefit Terms***

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	48
Inactive members:	
Vested inactive members	2
Active members	86
Total covered employees	136

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Component Unit School Board’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.01% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 Component Unit School Board to the HIC Plan were \$28,316 and \$20,494 for the years ended June 30, 2023 and June 30, 2022, respectively.

***Net HIC OPEB Liability***

The Component Unit School Board’s net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Actuarial Assumptions (continued)**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Actuarial Assumptions (continued)**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	2.50%
		Expected arithmetic nominal return**	<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

**Changes in Net HIC OPEB Liability**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 275,022	\$ 21,196	\$ 253,826
Changes for the year:			
Service cost	\$ 2,780	\$ -	\$ 2,780
Interest	18,457	-	18,457
Differences between expected and actual experience	(22,170)	-	(22,170)
Assumption changes	26,405	-	26,405
Contributions - employer	-	20,494	(20,494)
Net investment income	-	(201)	201
Benefit payments	(8,723)	(8,723)	-
Administrative expenses	-	(66)	66
Net changes	\$ 16,749	\$ 11,504	\$ 5,245
Balances at June 30, 2022	\$ 291,771	\$ 32,700	\$ 259,071

**Sensitivity of the Component Unit School Board's HIC Net OPEB Liability to Changes in the Discount Rate**

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board's Net HIC OPEB Liability	\$ 285,761	\$ 259,071	\$ 236,185

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2023, the Component Unit School Board recognized HIC Plan OPEB expense of \$22,043. At June 30, 2023, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,854
Net difference between projected and actual earnings on HIC OPEB plan investments	538	-
Change in assumptions	23,675	-
Employer contributions subsequent to the measurement date	28,316	-
Total	\$ 52,529	\$ 16,854

\$28,316 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2024	\$ 2,566
2025	2,566
2026	1,645
2027	582

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 13-Aggregate OPEB Information:**

	Primary Government				Component Unit Pulaski County PSA			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	\$ 253,190	\$ 150,045	\$ 749,679	\$ 47,505	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski PSA	-	-	-	-	41,085	24,480	122,307	7,750
County Stand-Alone Plan	389,012	595,700	1,166,900	39,800	27,739	111,400	126,600	(8,100)
Totals	<u>\$ 642,202</u>	<u>\$ 745,745</u>	<u>\$ 1,916,579</u>	<u>\$ 87,305</u>	<u>\$ 68,824</u>	<u>\$ 135,880</u>	<u>\$ 248,907</u>	<u>\$ (350)</u>
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense				
VRS OPEB Plans:								
Group Life Insurance Plan:								
School Board Nonprofessional	\$ 35,352	\$ 35,748	\$ 138,471	\$ 643				
School Board Professional	322,127	335,769	1,302,351	14,102				
County Health Insurance Credit Plan	52,529	16,854	259,071	22,043				
Teacher Health Insurance Credit Plan	459,233	324,767	3,152,344	201,973				
County Stand-Alone Plan	943,849	1,037,300	3,542,900	247,700				
Totals	<u>\$ 1,813,090</u>	<u>\$ 1,750,438</u>	<u>\$ 8,395,137</u>	<u>\$ 486,461</u>				

**Note 14-Lease Receivable:**

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Lease receivable	<u>\$ -</u>	<u>\$ 172,559</u>	<u>\$ (5,372)</u>	<u>\$ 167,187</u>

Lease revenue total \$7,329 during fiscal year 2023 and lease related interest totaled \$428. There are no variable payments for leases receivable.

**Details of leases receivable:**

Lease Description	Original Issuance Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Building lease	4/14/2023	2028	Monthly	1.50%	<u>\$ 167,187</u>	<u>\$ 32,602</u>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 15-Capital Assets:**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,106,672	\$ 119,400	\$ (18,933)	\$ 3,207,139
Construction in progress	2,086,628	756,620	(66,066)	2,777,182
Total capital assets not being depreciated	<u>\$ 5,193,300</u>	<u>\$ 876,020</u>	<u>\$ (84,999)</u>	<u>\$ 5,984,321</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 105,295,245	\$ 621,020	\$ (1,187,498)	\$ 104,728,767
Lease buildings and improvements	211,559	-	-	211,559
Machinery and equipment	19,734,366	1,671,112	(77,314)	21,328,164
Lease machinery and equipment	274,350	-	-	274,350
Subscription asset	-	106,696	-	106,696
Total capital assets, being depreciated	<u>\$ 125,515,520</u>	<u>\$ 2,398,828</u>	<u>\$ (1,264,812)</u>	<u>\$ 126,649,536</u>
Accumulated depreciation:				
Buildings and improvements	\$ (23,513,559)	\$ (2,904,090)	\$ 583,505	\$ (25,834,144)
Lease buildings and improvements	(46,973)	(53,254)	-	(100,227)
Machinery and equipment	(14,060,018)	(1,491,625)	74,450	(15,477,193)
Lease machinery and equipment	(37,832)	(45,725)	-	(83,557)
Subscription asset	-	(17,229)	-	(17,229)
Total accumulated depreciation	<u>\$ (37,658,382)</u>	<u>\$ (4,511,923)</u>	<u>\$ 657,955</u>	<u>\$ (41,512,350)</u>
Total capital assets being depreciated, net	<u>\$ 87,857,138</u>	<u>\$ (2,113,095)</u>	<u>\$ (606,857)</u>	<u>\$ 85,137,186</u>
Governmental activities capital assets, net	<u>\$ 93,050,438</u>	<u>\$ (1,237,075)</u>	<u>\$ (691,856)</u>	<u>\$ 91,121,507</u>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 15-Capital Assets: (continued)**

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

Governmental activities:	
General government administration	\$ 377,595
Judicial administration	5,505
Public safety	1,186,296
Public works	393,173
Health and welfare	19,578
Education	2,089,161
Parks, recreation and cultural	420,864
Community development	19,751
Total depreciation/amorization expense-governmental activities	\$ <u>4,511,923</u>

Capital asset activity for the School Board for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 806,213	\$ -	\$ (1,150)	\$ 805,063
Construction in progress	2,393,421	7,173,855	(2,653,566)	6,913,710
Total capital assets not being depreciated	\$ <u>3,199,634</u>	\$ <u>7,173,855</u>	\$ <u>(2,654,716)</u>	\$ <u>7,718,773</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,275,165	\$ 2,988,252	\$ -	\$ 23,263,417
Machinery and equipment	22,108,508	932,851	(493,046)	22,548,313
Total capital assets, being depreciated	\$ <u>42,383,673</u>	\$ <u>3,921,103</u>	\$ <u>(493,046)</u>	\$ <u>45,811,730</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,664,212)	\$ (426,123)	\$ -	\$ (16,090,335)
Machinery and equipment	(15,232,623)	(895,089)	493,046	(15,634,666)
Total accumulated depreciation	\$ <u>(30,896,835)</u>	\$ <u>(1,321,212)</u>	\$ <u>493,046</u>	\$ <u>(31,725,001)</u>
Total capital assets being depreciated, net	\$ <u>11,486,838</u>	\$ <u>2,599,891</u>	\$ <u>-</u>	\$ <u>14,086,729</u>
Governmental activities capital assets, net	\$ <u>14,686,472</u>	\$ <u>9,773,746</u>	\$ <u>(2,654,716)</u>	\$ <u>21,805,502</u>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

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**Note 16-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 2023, a total of \$10,253,256 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 \$819,173 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>
2022-23	\$ 252,313	\$ 10,820,116	\$ (10,253,256)	\$ 819,173
2021-22	252,313	9,113,263	(8,962,236)	403,340
2020-21	452,418	7,128,619	(7,328,724)	252,313

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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**Note 17-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 18-Surety Bonds:**

Primary Government:

Fidelity and Deposit Company of Maryland-Surety

Maetta H. Crewe, Clerk of Circuit Court	\$	145,000
Melinda Worrell, Treasurer		500,000
Kim Matthews, Commissioner of the Revenue		3,000
Michael Worrell, Sheriff		30,000
The above constitutional officers' employees - blanket bond		50,000
All Social Services employees - blanket bond		100,000

VaCo Risk Management Programs

All County employees - blanket bond	\$	250,000
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United Stated Fidelity and Guaranty

Jonathan Sweet, County Administrator	\$	2,000
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Componet Unit - School Board:

VaCo Risk Management Programs

All School Board employees - blanket bond	\$	250,000
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**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 19-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 and is awaiting final postclosure care termination from DEQ. At June 30, 2023, the total post-closure care liability was \$308,789 representing what it would cost to perform all post-closure care in fiscal year 2023. 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 20-Unearned and Unavailable/Deferred Revenue:**

Unearned and 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. These amounts consist of the following:

**Unearned Revenue - Primary Government:**

Unearned Grants - Grant revenue collected by the County for various purposes that has not met the revenue criteria totaled \$2,607,350.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Long-term portion of opioid settlement receivable that is not available for funding off current expenditures	\$ _____	\$ 980,866
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	3,150,425
2nd half assessments due in December 2023	10,737,247	10,737,247
Prepaid property taxes due in December 2023 but paid in advance by taxpayers	628,056	628,056
Total property taxes	\$ 11,365,303	\$ 14,515,728
Total	\$ 11,365,303	\$ 15,496,594

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 21-Fund Balance and Net Position Classifications:**

	General Fund	School CIP Fund	County CIP Fund
<b>Nonspendable:</b>			
Prepaid Items	\$ 147,936	\$ -	\$ 38,061
<b>Restricted:</b>			
Commonwealth Attorney Seized Assets, State & Federal	\$ 16,999	\$ -	\$ -
Sheriff Seized Assets	34,026	-	-
Community Corrections Admin Fees	181,034	-	-
School Construction	-	1,814,568	-
Opioid settlement	980,866	-	-
Total Restricted	\$ 1,212,925	\$ 1,814,568	\$ -
<b>Committed:</b>			
County Construction	\$ -	\$ -	\$ 8,017,827
<b>Assigned:</b>			
Outstanding Encumbrances			
06/30/23 - Various Departments	\$ 234,652	\$ -	\$ -
Court Services Unit CE Richardson Grant	639	-	-
Sheriff Equipment & Maintenance	85,308	-	-
Sheriff Donations	715	-	-
Joint Dispatch Equipment	115,647	-	-
Special Ops Equipment	-	-	-
Animal Control Donations	28,151	-	-
Animal Control Spay & Neuter Program	94,139	-	-
NRCC ACCE Program	-	-	-
Courthouse Grants	-	-	-
Office on Youth Kids Fishing Day	12,786	-	-
Office on Youth Wounded Warrior	-	-	-
Recreation Donations	3,149	-	-
Recreation Youth Golf	141,892	-	-
Library Donations	5,870	-	-
Transfer to School Capital Fund Unused Schools Funds	472,619	-	-
Transfer to School Capital Funds Cigarette Tax	622,021	-	-
Total Assigned	\$ 1,817,588	\$ -	\$ -
<b>Unassigned:</b>			
Unassigned	\$ 28,269,226	\$ -	\$ -
<b>Total Fund Balance</b>	<b>\$ 31,447,675</b>	<b>\$ 1,814,568</b>	<b>\$ 8,055,888</b>

**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 21-Fund Balance and Net Position Classifications: (Continued)**

	Primary Government	School Board
Restricted Net Postion:		
Commonwealth Attorney Seized Assets, State & Federal	\$ 16,999	\$ -
Sheriff Seized Assets	34,026	-
Community Corrections Admin Fees	181,034	-
School Construction	1,814,568	-
Opioid settlement	980,866	-
Net pension asset	-	672,414
School Activity Fund	-	182,773
Total Restricted Net Position	\$ 3,027,493	\$ 855,187

**Note 22-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.



**COUNTY OF PULASKI, VIRGINIA**

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 23-Commitments and Contingencies:**

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

Entity	Project	Contract Amount	Contract Amount		Funding Source
			Outstanding		
			at June 30, 2023		
Primary Government	County Administration Renovations	2,531,464	2,390,751		General Funds
School Board	CTE - Heating Systems Reno	898,740	-		Grant Funding
School Board	PCPS HVAC Improvements	3,128,854	355,780		Grant Funding
School Board	SES, CES, PCHS Roof Replacement Projects	1,547,987	476,229		Grant Funding
School Board	SES, CES, PCHS Roof Replacement Projects	397,850	171,715		Grant Funding
School Board	SES, CES, PCHS Roof Replacement Projects	998,743	415,281		Grant Funding
School Board	PCHS Window and Door Replacement	1,620,000	878,437		Grant Funding

**Note 24-Adoption of Accounting Principle:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

**Note 25 - Subsequent Events:**

Shelor Motor Mile donated the Motor Mile Speedway & Dragway and all the improvements located upon the more than 152-acre property, and the historic Calfee Park along with 21 accessory parcels to the County during the spring of 2024. Shelor Motor Mile and their affiliates intend to lease both the speedway and the ballpark back from the County and will continue to manage the operations of both facilities for the next three years.

**Note 26-Upcoming Pronouncements:**

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)  
June 30, 2023

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**Note 26-Upcoming Pronouncements: (Continued)**

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
General Property Taxes	\$ 37,100,552	\$ 38,220,068	\$ 38,271,387	\$ 51,319
Other Local Taxes	8,830,100	9,270,356	10,468,228	1,197,872
Permits, Privilege Fees and Regulatory Licenses	209,650	209,650	155,002	(54,648)
Fines and Forfeitures	33,000	129,297	112,776	(16,521)
Revenue from Use of Money and Property	324,464	707,463	1,032,298	324,835
Charges for Services	1,356,270	1,441,280	1,731,266	289,986
Miscellaneous	137,450	620,224	677,461	57,237
Recovered Costs	1,220,351	1,483,832	3,684,171	2,200,339
Intergovernmental:				
Commonwealth	12,227,737	12,781,302	11,761,189	(1,020,113)
Federal Government	2,864,571	2,998,252	4,833,274	1,835,022
Total Revenues	\$ 64,304,145	\$ 67,861,724	\$ 72,727,052	\$ 4,865,328
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 3,813,750	\$ 3,802,505	\$ 3,645,599	\$ 156,906
Judicial Administration	2,286,626	2,482,053	2,390,066	91,987
Public Safety	14,285,934	16,209,110	15,749,625	459,485
Public Works	2,605,422	3,224,882	2,940,244	284,638
Health and Welfare	12,014,429	12,071,960	9,465,899	2,606,061
Education	16,172,020	16,642,853	15,973,212	669,641
Parks, Recreation and Cultural	1,956,132	2,593,072	2,463,814	129,258
Community Development	1,625,474	1,761,789	2,290,083	(528,294)
Non-Departmental	50,000	20,313	8,316	11,997
Debt Service:				
Principal Retirement	4,054,102	4,054,102	4,020,379	33,723
Interest and Other Fiscal Charges	1,666,321	1,666,321	1,737,804	(71,483)
Total Expenditures	\$ 60,530,210	\$ 64,528,960	\$ 60,685,041	\$ 3,843,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,773,935	\$ 3,332,764	\$ 12,042,011	\$ 8,709,247
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 6,952,505	\$ 9,800,579	\$ -	\$ (9,800,579)
Transfers Out	(5,296,876)	(7,703,779)	(7,594,389)	109,390
Issuance of Subscription Liability	106,696	106,696	106,696	-
Total Other Financing Sources (Uses)	\$ 1,762,325	\$ 2,203,496	\$ (7,487,693)	\$ (9,691,189)
Net Change in Fund Balance	\$ 5,536,260	\$ 5,536,260	\$ 4,554,318	\$ (981,942)
Fund Balance - Beginning	(5,536,260)	(5,536,260)	26,893,357	32,429,617
Fund Balance - Ending	\$ -	\$ -	\$ 31,447,675	\$ 31,447,675

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, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Employer's Proportionate Share of the NPLA (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
<b>Primary Government - County of Pulaski Retirement Plan</b>					
2022	85.3120%	\$ 642,417	\$ 13,550,482	4.74%	98.86%
2021	85.4460%	(1,785,466)	11,888,512	-15.02%	103.24%
2020	85.8900%	5,957,803	11,615,916	51.29%	88.50%
2019	85.7300%	4,690,414	10,056,520	46.64%	90.73%
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%
<b>Component Unit Public Service Authority</b>					
2022	13.9183%	\$ 104,808	\$ 2,210,691	4.74%	98.86%
2021	13.9370%	(291,226)	1,939,122	-15.02%	103.24%
2020	13.1500%	912,156	1,778,429	51.29%	88.50%
2019	13.3600%	730,945	1,680,489	43.50%	90.73%
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%
<b>Component Unit School Board (professional)</b>					
2022	0.2519%	\$ 23,983,340	\$ 23,520,768	101.97%	82.61%
2021	0.2481%	19,257,140	21,957,337	87.70%	85.46%
2020	0.2481%	36,097,789	21,758,155	165.90%	71.47%
2019	0.2583%	33,991,116	21,659,328	156.94%	73.51%
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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 191,886	\$ 202,457	\$ 217,278	\$ 205,580	\$ 205,130	\$ 217,216	\$ 248,654	\$ 265,386	\$ 259,384
Interest	818,144	768,210	770,518	741,559	721,459	727,532	703,996	680,732	653,059
Differences between expected and actual experience	(211,088)	(187,949)	(405,445)	119,357	(75,674)	(407,240)	(78,558)	(89,812)	-
Changes of assumptions	-	467,838	-	314,083	-	(62,808)	-	-	-
Benefit payments	(732,125)	(673,229)	(559,845)	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Net change in total pension liability	\$ 66,817	\$ 577,327	\$ 22,506	\$ 822,005	\$ 281,964	\$ (79,276)	\$ 352,345	\$ 330,137	\$ 404,385
Total pension liability - beginning	\$ 12,294,832	\$ 11,717,505	\$ 11,694,999	\$ 10,872,994	\$ 10,591,030	\$ 10,670,306	\$ 10,317,961	\$ 9,987,824	\$ 9,583,439
Total pension liability - ending (a)	\$ 12,361,649	\$ 12,294,832	\$ 11,717,505	\$ 11,694,999	\$ 10,872,994	\$ 10,591,030	\$ 10,670,306	\$ 10,317,961	\$ 9,987,824
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 104,766	\$ 97,556	\$ 117,292	\$ 116,646	\$ 156,401	\$ 151,950	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	113,981	106,533	115,412	109,242	108,131	105,216	111,956	121,343	123,727
Net investment income	(8,182)	2,972,994	211,656	710,228	761,233	1,146,141	164,816	404,421	1,281,760
Benefit payments	(732,125)	(673,229)	(559,845)	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Administrator charges	(8,535)	(7,647)	(7,370)	(7,218)	(6,699)	(6,774)	(6,016)	(5,914)	(6,966)
Other	306	278	(250)	(447)	(672)	(1,014)	(72)	(90)	68
Net change in plan fiduciary net position	\$ (529,789)	\$ 2,496,485	\$ (123,105)	\$ 369,877	\$ 449,443	\$ 841,543	\$ (48,079)	\$ 232,329	\$ 1,135,996
Plan fiduciary net position - beginning	\$ 13,563,852	\$ 11,067,367	\$ 11,190,472	\$ 10,820,595	\$ 10,371,152	\$ 9,529,609	\$ 9,577,688	\$ 9,345,359	\$ 8,209,363
Plan fiduciary net position - ending (b)	\$ 13,034,063	\$ 13,563,852	\$ 11,067,367	\$ 11,190,472	\$ 10,820,595	\$ 10,371,152	\$ 9,529,609	\$ 9,577,688	\$ 9,345,359
School Division's net pension liability (asset) - ending (a) - (b)	\$ (672,414)	\$ (1,269,020)	\$ 650,138	\$ 504,527	\$ 52,399	\$ 219,878	\$ 1,140,697	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.44%	110.32%	94.45%	95.69%	99.52%	97.92%	89.31%	92.83%	93.57%
Covered payroll	\$ 2,513,908	\$ 2,297,560	\$ 2,355,416	\$ 2,320,345	\$ 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	-26.75%	-55.23%	27.60%	21.74%	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, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2023	\$ 1,242,091	\$ 1,242,091	\$ -	\$ 14,800,430	8.39%
2022	1,089,888	1,089,888	-	13,550,482	8.04%
2021	967,573	967,573	-	11,888,512	8.14%
2020	981,662	981,662	-	11,615,916	8.45%
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%
<b>Component Unit Public Service Authority</b>					
2023	\$ 199,160	\$ 199,160	\$ -	\$ 2,373,611	8.39%
2022	177,811	177,811	-	2,210,691	8.04%
2021	157,815	157,815	-	1,939,122	8.14%
2020	150,256	150,256	-	1,778,429	8.45%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2023	\$ 98,639	\$ 98,639	\$ -	\$ 2,803,552	3.52%
2022	104,981	104,981	-	2,513,908	4.18%
2021	97,800	97,800	-	2,297,560	4.26%
2020	117,508	117,508	-	2,355,416	4.99%
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%
<b>Component Unit School Board (professional)</b>					
2023	\$ 4,191,222	\$ 4,191,222	\$ -	\$ 26,502,014	15.81%
2022	3,742,313	3,742,313	-	23,520,768	15.91%
2021	3,509,331	3,509,331	-	21,957,337	15.98%
2020	3,326,828	3,326,828	-	21,758,155	15.29%
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%

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

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, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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



County of Pulaski, Virginia  
 Schedule of County's Share of Net OPEB Liability  
 Healthcare OPEB Plan  
 For the Years Ended June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Covered- Employee Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
<b><u>Primary Government:</u></b>				
2022	24.13%	\$ 1,166,900	N/A	N/A
2021	24.82%	1,210,800	N/A	N/A
2020	25.24%	1,132,100	N/A	N/A
2019	27.70%	1,303,700	N/A	N/A
2018	27.37%	1,218,300	N/A	N/A
2017	26.28%	1,191,800	N/A	N/A
<b><u>Component Unit Public Service Authority:</u></b>				
2022	2.62%	\$ 126,600	N/A	N/A
2021	3.08%	150,200	N/A	N/A
2020	3.08%	138,300	N/A	N/A
2019	4.20%	197,600	N/A	N/A
2018	4.14%	184,400	N/A	N/A
2017	4.24%	192,300	N/A	N/A
<b><u>Component Unit - School Board:</u></b>				
2022	73.25%	\$ 3,542,900	N/A	N/A
2021	72.10%	3,517,400	N/A	N/A
2020	71.68%	3,215,300	N/A	N/A
2019	67.95%	3,197,800	N/A	N/A
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  
 Notes to Required Supplementary Information - County OPEB  
 For the Year Ended June 30, 2023

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Valuation Date: 7/1/2022  
 Measurement Date: 7/1/2022

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.69%
Healthcare Trend Rate	County and School: 6.75% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Scale	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

County of Pulaski, Virginia  
 Schedule of County's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b><u>Primary Government</u></b>					
2022	0.06228%	\$ 749,679	\$ 13,543,196	5.54%	67.21%
2021	0.05751%	669,715	11,888,512	5.63%	67.45%
2020	0.05643%	941,863	11,615,916	8.11%	52.64%
2019	0.05509%	896,462	10,073,360	8.90%	52.00%
2018	0.05197%	789,149	9,814,514	8.04%	51.22%
2017	0.05163%	777,136	9,341,508	8.32%	48.86%
<b><u>Component Unit Public Service Authority</u></b>					
2022	0.01016%	\$ 122,307	\$ 2,209,516	5.54%	67.21%
2021	0.00938%	109,237	1,939,122	5.63%	67.45%
2020	0.00864%	144,202	1,786,764	8.07%	52.64%
2019	0.00859%	139,703	1,683,303	8.30%	52.00%
2018	0.00822%	124,870	1,552,987	8.04%	51.22%
2017	0.00803%	120,808	1,498,406	8.06%	48.86%
<b><u>Component Unit - School Board (nonprofessional)</u></b>					
2022	0.01150%	\$ 138,471	\$ 2,502,174	5.53%	67.21%
2021	0.01120%	129,933	2,303,210	5.64%	67.45%
2020	0.01150%	192,083	2,365,581	8.12%	52.64%
2019	0.01185%	192,831	2,323,486	8.30%	52.00%
2018	0.01197%	182,000	2,271,156	8.01%	51.22%
2017	0.01177%	177,000	2,171,340	8.15%	48.86%
<b><u>Component Unit - School Board (professional)</u></b>					
2022	0.10820%	\$ 1,302,351	\$ 23,526,688	5.54%	67.21%
2021	0.10630%	1,238,203	21,957,337	5.64%	67.45%
2020	0.10570%	1,764,627	21,762,660	8.11%	52.64%
2019	0.11061%	1,799,919	21,683,706	8.30%	52.00%
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 (GLI) Plan  
 For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government:</b>					
2023	\$ 79,911	\$ 79,911	\$ -	\$ 14,758,054	0.54%
2022	73,126	73,126	-	13,543,196	0.54%
2021	64,131	64,131	-	11,888,512	0.54%
2020	60,458	60,458	-	11,615,916	0.52%
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%
<b>Component Unit Public Service Authority</b>					
2023	\$ 12,816	\$ 12,816	\$ -	\$ 2,373,269	0.54%
2022	11,931	11,931	-	2,209,516	0.54%
2021	10,460	10,460	-	1,939,122	0.54%
2020	9,256	9,256	-	1,786,764	0.52%
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%
<b>Component Unit - School Board (nonprofessional)</b>					
2023	\$ 15,221	\$ 15,221	\$ -	\$ 2,818,644	0.54%
2022	13,512	13,512	-	2,502,174	0.54%
2021	12,437	12,437	-	2,303,210	0.54%
2020	12,314	12,314	-	2,365,581	0.52%
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%
<b>Component Unit - School Board (professional)</b>					
2023	\$ 143,111	\$ 143,111	\$ -	\$ 26,502,014	0.54%
2022	127,044	127,044	-	23,526,688	0.54%
2021	118,567	118,567	-	21,957,337	0.54%
2020	112,852	112,852	-	21,762,660	0.52%
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%

Schedule is intended to show information for 10 years. Prior to the 2017, the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County.

**County of Pulaski, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2023**

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

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

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

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

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

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

County of Pulaski, Virginia  
 Schedule of County School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates June 30, 2017 through June 30, 2022

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)
2022	0.25238%	\$ 3,152,344	\$ 23,521,838	13.40%	15.08%
2021	0.24828%	3,186,846	21,957,337	14.51%	13.15%
2020	0.24820%	3,237,679	21,758,155	14.88%	9.95%
2019	0.25823%	3,380,482	21,659,328	15.61%	8.97%
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) Plan  
 For the Years Ended June 30, 2014 through June 30, 2023

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 320,674	\$ 320,674	\$ -	\$ 26,502,014	1.21%
2022	284,614	284,614	-	23,521,838	1.21%
2021	265,683	265,683	-	21,957,337	1.21%
2020	260,318	260,318	-	21,758,155	1.20%
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%

County of Pulaski, Virginia  
 Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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



County of Pulaski, Virginia  
 Schedule of Changes in the Component Unit School Board's Net OPEB Liability and Related Ratios  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 2,780	\$ 3,003	\$ -
Interest	18,457	16,782	-
Changes of benefit terms	-	-	248,622
Differences between expected and actual experience	(22,170)	(1)	-
Changes of assumptions	26,405	6,616	-
Benefit payments	(8,723)	-	-
<b>Net change in total HIC OPEB liability</b>	<u>16,749</u>	<u>26,400</u>	<u>248,622</u>
<b>Total HIC OPEB Liability - beginning</b>	275,022	248,622	-
<b>Total HIC OPEB Liability - ending (a)</b>	<u>\$ 291,771</u>	<u>\$ 275,022</u>	<u>\$ 248,622</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 20,494	\$ 18,840	\$ -
Net investment income	(201)	2,439	-
Benefit payments	(8,723)	-	-
Administrator charges	(66)	(83)	-
<b>Net change in plan fiduciary net position</b>	<u>\$ 11,504</u>	<u>\$ 21,196</u>	<u>\$ -</u>
<b>Plan fiduciary net position - beginning</b>	21,196	-	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 32,700</u>	<u>\$ 21,196</u>	<u>\$ -</u>
<b>School Division's net OPEB liability - ending (a) - (b)</b>	\$ 259,071	\$ 253,826	\$ 248,622
<b>Plan fiduciary net position as a percentage of the total HIC OPEB Liability</b>	11.21%	7.71%	-
<b>Covered payroll</b>	\$ 2,499,280	\$ 2,297,560	\$ -
<b>Component Unit School Board's net HIC OPEB liability as a percentage of covered payroll</b>	10.37%	11.05%	-

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

County of Pulaski, Virginia  
 Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ending June 30, 2021 through June 30, 2023

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Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 28,316	\$ 28,316	-	\$ 2,803,552	1.01%
2022	20,494	20,494	-	2,499,280	0.82%
2021	18,840	18,840	-	2,297,560	0.82%

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

County of Pulaski, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2023

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

## **Other Supplementary Information**

County of Pulaski, Virginia  
Major 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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 95,000	\$ 131,291	\$ 36,291
Intergovernmental:				
Local Government	-	118,030	118,030	-
Commonwealth	-	616,993	130,083	(486,910)
Federal Government	-	317,744	-	(317,744)
Total Revenues	\$ -	\$ 1,147,767	\$ 379,404	\$ (768,363)
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 243,000	\$ 958,500	\$ 130,916	\$ 827,584
Judicial Administration	20,000	20,000	10,439	9,561
Public Safety	1,014,847	2,175,204	512,085	1,663,119
Public Works	670,500	5,454,787	566,858	4,887,929
Health and Welfare	-	175,476	155,804	19,672
Parks, Recreation and Cultural	2,770,000	2,749,172	460,226	2,288,946
Community Development	79,000	1,090,828	940,064	150,764
Debt Service:				
Principal Retirement	-	-	50,487	(50,487)
Interest and Other Fiscal Charges	-	-	11,692	(11,692)
Total Expenditures	\$ 4,797,347	\$ 12,623,967	\$ 2,838,571	\$ 9,785,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,797,347)	\$ (11,476,200)	\$ (2,459,167)	\$ 9,017,033
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 4,797,347	\$ 11,524,003	\$ 6,601,091	\$ (4,922,912)
Net Change in Fund Balance	\$ -	\$ 47,803	\$ 4,141,924	\$ 4,094,121
Fund Balance - Beginning	-	-	3,913,964	3,913,964
Fund Balance - Ending	\$ -	\$ 47,803	\$ 8,055,888	\$ 8,008,085

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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ -	\$ 84,046	\$ 88,113	\$ 4,067
<b>EXPENDITURES</b>				
Capital Projects	\$ -	\$ 1,850,074	\$ 15,281	\$ (1,834,793)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (1,766,028)	\$ 72,832	\$ 1,838,860
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ 1,766,028	\$ -	\$ (1,766,028)
Net Change in Fund Balance	\$ -	\$ -	\$ 72,832	\$ 72,832
Fund Balance - Beginning	-	-	1,741,736	1,741,736
Fund Balance - Ending	\$ -	\$ -	\$ 1,814,568	\$ 1,814,568

County of Pulaski, Virginia  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2023

	<u>Custodial Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 29,479	\$ 146,642	\$ 92,280	\$ 268,401
Total Assets	<u>\$ 29,479</u>	<u>\$ 146,642</u>	<u>\$ 92,280</u>	<u>\$ 268,401</u>
<b>NET POSITION</b>				
Restricted:				
Special Welfare	\$ 29,479	\$ -	\$ -	\$ 29,479
Performance Bond	-	146,642	-	146,642
Employee Flexible Benefits	-	-	92,280	92,280
Total net position	<u>\$ 29,479</u>	<u>\$ 146,642</u>	<u>\$ 92,280</u>	<u>\$ 268,401</u>

County of Pulaski, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2023

	Special Welfare	Performance Bond	Employee Flexible Benefits	Total
<b>ADDITIONS</b>				
Contributions:				
Expenditure reimbursement	\$ 8,604	\$ 19	\$ -	\$ 8,623
Support enforcements	35,402	-	-	35,402
Benefits reimbursements	-	-	31,229	31,229
Total contributions	<u>\$ 44,006</u>	<u>\$ 19</u>	<u>\$ 31,229</u>	<u>\$ 75,254</u>
Total additions	<u>\$ 44,006</u>	<u>\$ 19</u>	<u>\$ 31,229</u>	<u>\$ 75,254</u>
<b>DEDUCTIONS</b>				
Special welfare payments	\$ 41,763	\$ -	\$ -	\$ 41,763
Flexible benefits	-	-	30,361	30,361
Total deductions	<u>\$ 41,763</u>	<u>\$ -</u>	<u>\$ 30,361</u>	<u>\$ 72,124</u>
Net increase (decrease) in fiduciary net position	\$ 2,243	\$ 19	\$ 868	\$ 3,130
Net position, beginning	27,236	146,623	91,412	265,271
Net position, ending	<u>\$ 29,479</u>	<u>\$ 146,642</u>	<u>\$ 92,280</u>	<u>\$ 268,401</u>



## DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

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### MAJOR GOVERNMENTAL FUND

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

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Pulaski, Virginia  
Discretely Presented Component Unit - School Board  
Balance Sheet  
June 30, 2023

	School Operating Fund	School Activity Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,324,116	\$ 1,755,772	\$ 8,079,888
Prepaid Items	276,991	-	276,991
Due from Primary Government	2,318,950	-	2,318,950
Due from Other Governmental Units	3,202,206	-	3,202,206
Total Assets	\$ 12,122,263	\$ 1,755,772	\$ 13,878,035
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,694,923	\$ -	\$ 2,694,923
Accrued Wages	4,045,194	-	4,045,194
Due to Primary Government	136,553	-	136,553
Total Liabilities	\$ 6,876,670	\$ -	\$ 6,876,670
<b>FUND BALANCES</b>			
Nonspendable - Prepaid Items	\$ 276,991	\$ -	\$ 276,991
Assigned - School activity fund	-	1,572,999	1,572,999
Committed	4,968,602	-	4,968,602
Restricted - School activity fund	-	182,773	182,773
Total Fund Balances	\$ 5,245,593	\$ 1,755,772	\$ 7,001,365
Total Liabilities and Fund Balances	\$ 12,122,263	\$ 1,755,772	\$ 13,878,035

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances - per above		\$ 7,001,365
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$ 7,718,773	
Capital assets, net of accumulated depreciation/amortization	14,086,729	21,805,502
The net pension asset is not an available resource and, therefore, is not reported in the funds.		672,414
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension Related Items	\$ 6,918,719	
OPEB Related Items	1,813,090	8,731,809
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	\$ (1,811,468)	
Net Pension Liability	(23,983,340)	
Net OPEB liabilities	(8,395,137)	(34,189,945)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension Related Items	\$ (6,282,583)	
OPEB Related Items	(1,750,438)	(8,033,021)
Net position of governmental activities - component unit school board		\$ (4,011,876)

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, 2023

	School Operating Fund	School Activity Fund*	Total
<b>REVENUES</b>			
Revenue from Use of Money and Property	\$ 50,229	\$ -	\$ 50,229
Charges for Services	634,681	899,483	1,534,164
Miscellaneous	73,960	-	73,960
Recovered Costs	663,517	-	663,517
Intergovernmental:			
Local Government	15,784,117	-	15,784,117
Commonwealth	36,003,591	-	36,003,591
Federal Government	11,730,243	-	11,730,243
Total Revenues	\$ 64,940,338	\$ 899,483	\$ 65,839,821
<b>EXPENDITURES:</b>			
Current:			
Education	\$ 65,331,016	\$ 914,731	\$ 66,245,747
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (390,678)	\$ (15,248)	\$ (405,926)
<b>Other Financing Sources (Uses)</b>			
Transfers In	\$ 78,666	\$ 199,226	\$ 277,892
Transfers Out	(199,226)	(78,666)	(277,892)
Total Other Financing Sources (Uses)	\$ (120,560)	\$ 120,560	\$ -
Net Change in Fund Balance	\$ (511,238)	\$ 105,312	\$ (405,926)
Fund Balance - Beginning	5,756,831	1,650,460	7,407,291
Fund Balance - Ending	\$ 5,245,593	\$ 1,755,772	\$ 7,001,365
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			\$ (405,926)
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. Detail of items supporting these adjustments is as follows:			
Capital Outlay		\$ 8,441,392	
Depreciation		(1,321,212)	7,120,180
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 EDA			(1,150)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan			1,114,377
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		\$ (28,411)	
Changes in pension related items		3,888,615	
Changes in OPEB related items		105,983	3,966,187
Change in net position of governmental funds - component unit school board			\$ 11,793,668

\*The School Activity Fund does not require a legally adopted budget

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, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ 12,900	\$ 12,900	\$ 50,229	\$ 37,329
Charges for Services	772,000	772,000	634,681	(137,319)
Miscellaneous	26,687	26,687	73,960	47,273
Recovered Costs	678,500	678,500	663,517	(14,983)
Intergovernmental:				
Local Government	16,194,109	16,194,109	15,784,117	(409,992)
Commonwealth	32,790,602	33,471,728	36,003,591	2,531,863
Federal Government	18,193,052	18,193,052	11,730,243	(6,462,809)
Total Revenues	<u>\$ 68,667,850</u>	<u>\$ 69,348,976</u>	<u>\$ 64,940,338</u>	<u>\$ (4,408,638)</u>
<b>EXPENDITURES:</b>				
Current:				
Education	\$ 68,667,850	\$ 69,348,976	\$ 65,331,016	\$ 4,017,960
Total Expenditures	<u>\$ 68,667,850</u>	<u>\$ 69,348,976</u>	<u>\$ 65,331,016</u>	<u>\$ 4,017,960</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (390,678)	\$ (390,678)
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 78,666	\$ 78,666
Transfers Out	-	-	(199,226)	(199,226)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,560)</u>	<u>\$ (120,560)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ (511,238)	\$ (511,238)
Fund Balance - Beginning	-	-	5,756,831	5,756,831
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,245,593</u>	<u>\$ 5,245,593</u>

## **Other Statistical Information**

Table 1

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

Fiscal Year	General Government Administration										Interest on Long-Term Debt	Total
	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development				
2022-23	\$ 2,941,654	\$ 2,042,456	\$ 16,336,680	\$ 3,469,150	\$ 9,621,841	\$ 18,050,645	\$ 640,357	\$ 3,935,891	\$ 1,524,986	\$ 58,563,660		
2021-22	3,738,155	2,178,268	15,419,417	2,251,981	9,420,070	21,666,411	2,446,473	2,219,436	1,613,525	60,953,736		
2020-21	3,279,198	2,110,024	16,319,331	1,686,968	9,409,838	17,637,702	890,249	2,758,678	1,733,954	55,825,942		
2019-20	3,128,845	2,169,572	12,496,921	2,230,327	10,235,842	15,838,781	1,840,271	1,105,826	1,884,031	50,930,416		
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		

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	
2022-23	\$ 2,047,099	\$ 14,231,582	\$ 10,666	\$	\$ 38,046,136	\$ 10,468,228	\$ 1,072,356	\$ 575,615	\$ 2,600,328	\$ 69,052,010
2021-22	1,400,143	15,890,466	487,488		35,676,092	9,381,355	328,520	1,581,600	2,431,631	67,177,295
2020-21	1,765,952	18,867,125	1,170		33,406,557	8,666,350	475,586	33,055	2,419,357	65,635,152
2019-20	2,025,196	12,833,704	407,169		31,446,592	8,270,789	926,218	108,675	2,587,059	58,605,402
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

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
2022-23	\$ 3,776,515	\$ 2,400,505	\$ 16,261,710	\$ 3,507,102	\$ 9,621,703	\$ 65,520,111	\$ 2,924,040	\$ 3,230,147	\$ 8,316	\$ 5,820,362	\$ 113,070,511
2021-22	4,055,510	2,163,468	16,137,470	3,051,879	9,484,449	55,209,956	2,366,297	2,062,799	7,825	5,805,515	100,345,168
2020-21	3,763,728	2,110,508	17,481,716	2,709,910	9,447,348	51,058,145	2,909,632	3,015,242	-	6,378,184	98,874,413
2019-20	3,551,066	2,090,825	12,646,612	2,741,035	10,128,218	49,471,676	2,443,175	1,279,627	-	6,421,927	90,774,161
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

(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 2018-19 to reflect the PCMS Bonds repayments.



Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2022-23	\$ 38,271,387	\$ 10,468,228	\$ 155,002	\$ 112,776	\$ 1,082,527	\$ 2,365,947	\$ 882,712	\$ 4,347,688	\$ 64,576,410	\$ 122,262,677
2021-22	35,810,946	9,381,335	182,475	116,647	335,996	1,748,918	444,670	2,009,560	57,969,864	108,000,411
2020-21	33,047,088	8,666,350	149,347	159,901	479,241	1,979,569	185,779	2,187,056	57,710,522	104,564,853
2019-20	31,124,002	8,270,789	160,975	191,397	508,978	2,632,620	219,239	2,276,197	49,248,445	94,632,642
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2022-23	\$ 39,713,416	\$ 38,651,657	97.33%	\$ 252,455	\$ 38,904,112	97.96%	\$ 4,528,278	11.40%
2021-22	37,370,050	36,532,960	97.76%	101,584	36,634,544	98.03%	4,814,435	12.88%
2020-21	34,955,086	33,907,541	97.00%	173,420	34,080,961	97.50%	5,233,629	14.97%
2019-20	33,288,666	32,043,223	96.26%	101,596	32,144,819	96.56%	4,494,676	13.50%
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%

(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
		Real Estate	Home	and Mobile			
2022-23	\$ 3,036,147,200	\$ 501,905,066	\$ 413,442,372	318,635,475	121,820,183	\$ 3,978,507,924	
2021-22	2,977,599,900	368,610,820	290,271,558	301,191,744	178,056,052	3,870,290,068	
2020-21	2,786,596,625	351,551,716	275,139,003	290,271,558	149,943,179	3,595,422,182	
2019-20	2,601,630,003	342,672,126	280,377,041	275,139,003	138,554,825	3,366,875,547	
2018-19	2,575,140,103	332,759,391	260,827,009	280,377,041	138,533,409	3,336,722,679	
2017-18	2,550,432,050	319,208,214	236,896,594	260,827,009	145,064,073	3,289,082,523	
2016-17	2,537,515,050	308,155,852	228,505,168	236,896,594	149,228,267	3,242,848,125	
2015-16	2,524,308,875	299,330,652	208,708,502	228,505,168	144,390,827	3,205,360,722	
2014-15	2,599,360,300	309,328,321	187,946,761	208,708,502	141,855,487	3,249,254,941	
2013-14	2,771,466,000			187,946,761	132,601,989	3,401,343,071	

(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
2022-23	\$ 0.74	2.35	1.50	0.74
2021-22	0.74	2.35	1.50	0.74
2020-21	0.77	2.35	1.50	0.77
2019-20	0.77	2.35	1.50	0.77
2018-19	0.77	2.35	1.50	0.77
2017-18 (4)	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 (3)	0.59/0.64	2.35	1.50	0.64
2013-14	0.59	2.35	1.50	0.59

(1) Per \$100 of assessed value.

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

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

(4) 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
2022-23	33,706	\$ 3,978,508	\$ 47,655,923	\$ 47,655,923	1.20%	\$ 1,414
2021-22	33,706	3,870,290	51,611,569	51,611,569	1.33%	1,531
2020-21	33,800	3,595,422	55,432,788	55,432,788	1.54%	1,640
2019-20	34,872	3,366,876	59,704,155	59,704,155	1.77%	1,712
2018-19	34,872	3,336,723	63,874,793	63,874,793	1.91%	1,832
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

(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
2022-23	\$ 4,070,866	\$ 1,749,496	\$ 5,820,362	\$ 113,070,511	5.15%
2021-22	3,853,487	1,897,585	5,751,072	100,345,168	5.73%
2020-21	4,271,367	2,055,266	6,326,633	98,874,413	6.40%
2019-20	4,170,638	2,222,850	6,393,488	90,774,161	7.04%
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%

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

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## COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia as of and for the year ended June 30, 2023, 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 May 21, 2024.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Pulaski, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Pulaski, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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

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

### Purpose of This Report

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

*Robinson, Jarmon, Cox, Associates*

Blacksburg, Virginia  
May 21, 2024



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Pulaski, Virginia's major federal programs for the year ended June 30, 2023. The 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.

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each major federal program is not modified with respect to this matter.

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Robinson, Jarmon, Cox, Associates*

Blacksburg, Virginia

May 21, 2024

County of Pulaski, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2023

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>Department of Health and Human Services:</b>				
Pass through Payments:				
Virginia Department of Education:				
Public Health Emergency Response: Cooperative Agreement for Emergency Response:				
Public Health Crisis Response	93.354	APE402970000	\$ 101,137	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Unknown	48,077	
Temporary Assistance for Needy Families (TANF)	93.558	400122/400123	421,718	
Virginia Department of Social Services:				
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760122/760123	98,276	
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950121/950122	6,183	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	50012/500123	1,935	
Low-Income Home Energy Assistance	93.568	600422/600423	86,972	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900121	696	
Foster Care - Title IV-E	93.658	1100122/1100123	326,383	
Adoption Assistance	93.659	1120122/1120123	772,275	
Social Services Block Grant	93.667	1000122/1000123	416,387	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122	19,763	
Children's Health Insurance Program	93.767	540122/540123	3,248	
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200122/1200123	362,897	
Guardianship Assistance	93.090	1110122/1110123	159	
Title IV-E Prevention Program	93.472	1140122/1140123	6,337	
Elder Abuse Prevention Interventions Program	93.747	8000321	29,318	
Chafee Education and Training Vouchers Program (ETV)	93.599	9160121	6,229	
<b>Total Department of Health and Human Services</b>			<b>\$ 2,707,990</b>	
<b>Department of Agriculture:</b>				
Pass through Payments:				
Virginia Department of Agriculture:				
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE868040000	\$ 50,000	
<i>Child Nutrition Cluster:</i>				
Summer Food Service Program for Children	10.559	APE603020000; APE603030000	\$ 139,870	
Summer Food Service Program for Children (Note 3)	10.559	Unknown	2,505	\$ 142,375
National School Lunch Program (Note 3)	10.555	Unknown	\$ 250,541	
National School Lunch Program (NSLP)	10.555	APE402540000; APE411060000; APE411080000	1,861,312	2,111,853
School Breakfast Program (SBP)	10.553	APE402530000; APE411100000	786,047	
<i>Total Child Nutrition Cluster</i>				3,040,275
Child and Adult Care Food Program (CACFP)	10.558	APE700270000; APE700280000		98,281
<i>Forest Service Schools and Roads Cluster:</i>				
Schools and Roads - Grants to States	10.665	APE438410000		19,986
Pandemic Electronic Benefit Transfer Administrative Costs	10.649	DOE865560000		3,135
Virginia Department of Social Services:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10122/10123 40122/40123		703,588
<b>Total Department of Agriculture</b>			<b>\$ 3,915,265</b>	
<b>Department of Justice:</b>				
Pass through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	19V2GX0054/20V2GX0048	\$ 132,317	
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141	6,082	
Justice Assistance Act Grant Program	16.738	18DJBX0728/2020MUBX0035	3,705	
<b>Total Department of Justice</b>			<b>\$ 142,104</b>	
<b>Department of Transportation:</b>				
Pass-through payments:				
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2022-52110-22110/ ENF_AL-2023-53262-23262	\$ 27,504	
Virginia Department of Transportation:				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	BPT-2023-53271-23271/ FSC-2022-52251-22251	\$ 37,357	
National Priority Safety Programs	20.616	FM2HVE-2022-52252-22252	5,671	
<i>Total Highway Safety Cluster</i>				43,028
<b>Total Department of Transportation</b>			<b>\$ 70,532</b>	
<b>Department of Education:</b>				
Pass through Payments:				
Virginia Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	APE429010000	\$ 926,923	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	APE430710000	\$ 882,612	
Special Education - Preschool Grants	84.173	APE625210000	35,993	
<i>Total Special Education Cluster</i>				918,605
Career and Technical Education - Basic Grants to States	84.048	APE600310000	91,567	
Supporting Effective Instruction State Grant	84.367	APE614800000	175,373	
Student Support and Academic Enrichment Program	84.424	APE602810000	38,382	
<i>Education Stabilization Fund:</i>				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	APES01950000	\$ 2,458,515	
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	APE700370000	12,329	
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	APES01930000	2,862,712	
<i>Total Education Stabilization Fund</i>				5,333,556
<b>Total Department of Education</b>			<b>\$ 7,484,406</b>	

County of Pulaski, Virginia  
Schedule of Expenditures of Federal Awards (continued)  
For the Fiscal Year Ended June 30, 2023

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Labor:				
Pass through Payments:				
Virginia Community College System:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	AA-38561-22-55-A-51 / AA-36350-21-55-A-51 / 23A55AW000023	\$ 752,158	
WIA/WIOA Dislocated Worker Formula Grants	17.278	AA-38561-22-55-A-51 / AA-36350-21-55-A-51 / 23A55AW000023	534,152	
WIA/WIOA Youth Activities	17.259	AA-38561-22-55-A-51 / AA-36350-21-55-A-51 / 23A55AW000023	1,130,322	
Total WIOA Cluster			\$ 2,416,632	2,416,632
Total Department of Labor			\$ 2,416,632	
The Institute of Museum and Library Services				
Pass through Payments:				
Library of Virginia:				
COVID-19 - LSTA State Grants	45.310	Unknown	\$ 4,158	
National Endowment for the Arts				
Pass through Payments:				
Library of Virginia:				
Promotion of the Arts_Partnership Agreements	45.025	Unknown	\$ 675	
Executive Office of the President				
Pass through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 14,003	
Department of Homeland Security:				
Pass through Payments:				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2021-EP-00004	\$ 16,904	
Hazard Mitigation Grant	97.039	4401 DRVAP00000005	8,452	
Total Department of Homeland Security			\$ 25,356	
Department of Treasury:				
Direct Payments:				
Local Assistance and Tribal Consistency Fund	21.032	Not applicable	\$ 50,000	
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 1,067,096	
Pass through Payments:				
Virginia Department of Criminal Justice Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	103,358	
Virginia Department of Housing and Community Development:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	31,000	
Virginia Department of Social Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	2,370	
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE600540000; APE452770000	884,946	
Total Department of Treasury			\$ 2,088,770	
Total Federal Expenditures			\$ 2,138,770	
			\$ 18,919,891	\$ 2,416,632
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 the County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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, 2023, 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 -- Donated Personal Protective Equipment (PPE) "unaudited":				
The County did not receive any donated items during the year.				
Note 6 -- 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			\$ 16,594,463	
Other Governmental Funds			248,113	
Less: Payments from Commonwealth and Other Local Governments			(12,009,302)	
Add: Direct Payments to New River Valley Regional Commission			2,416,632	
Less: Payments in Lieu of Taxes			(60,258)	
Total Primary Government			\$ 7,189,648	
Component Unit School Board:				
School Operating Fund			\$ 11,730,243	
Total federal expenditures per the Schedule of Expenditures of Federal Awards			\$ 18,919,891	

**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)? Yes

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund
17.258/17.278/17.259	WIOA Cluster
93.659	Adoption Assistance

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

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

2023-001

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Criteria: An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.

Condition: The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, proposed adjustments that were material to the financial statements were necessary.

Effect: 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: 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.

2023-002

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Criteria: General and subsidiary ledgers should reconcile to one another.

Condition: The County maintains accounting systems in the Treasurer's Office and the County Office that are not integrated. Accordingly, a batch upload process and reconciliations between the systems are necessary to ensure the County's financial statements are correct.

Effect: The County has been unable to close months in the system in a timely manner; therefore, interim reporting was inaccurate and the annual close process was delayed significantly.

Cause: A lack of routine batch upload processes and monthly reconciliations performed timely.

Recommendation: The County should implement a process wherein batch uploads are performed at a minimum weekly and a reconciliation between systems is performed monthly. The monthly close process should occur within 30 days after month end. Alternatively, the systems should be integrated.

Management's Response: Management concurs with the recommendation and has performed reconciliations between the two systems for fiscal year 2023; however, the reconciliations were not performed monthly as recommended. Management is working to become more efficient in batch process uploads and monthly reconciliations.



**2023-003**

Criteria:	Bank reconciliations should be performed monthly to the County's accounting software. Any reconciling items (outstanding checks, deposits in transit, etc.) should be supported by a detailed listing of items that can be tested and substantiated.
Condition:	The monthly bank reconciliation is prepared and agreed to a manual ledger rather than Munis. Additionally, the outstanding checks provided included approximately \$532,933 of outstanding items that had either cleared the bank or been voided in the system. There appear to be approximately \$663,059 in EFT's in transit that should be included on the outstanding items list that were not included. Lastly, the reconciliation included \$369,572 for credit cards in transit for which documentation was not provided to substantiate the total.
Effect:	The in transit and outstanding items are not appropriately documented and substantiated.
Cause:	Munis is not utilized to assist in performing the monthly bank reconciliation.
Recommendation:	Any reconciling items on the bank reconciliation should be supported by a detailed listing. Documentation for the items should be maintained for audit purposes. Additionally, the bank reconciliation should be performed to agree to Munis.
Management's Response:	The Treasurer believes that the manual ledger and bank reconciliation are accurate. The in transit and outstanding items are the net of debits and credits in the manual ledger and any credit cards that have posted to the bank statement but not the ledger. The Finance Directors at the School Board and County have implemented a process wherein reconciliations are performed between cash reported per the manual ledger and Munis. As such, management believes that the cash is correct as reported.

**Section III - Federal Award Findings and Questioned Costs**

**2023-004 Compliance Finding**

Program Titles:	Coronavirus State and Local Fiscal Recovery Funds
ALN/CFDA Number:	21.027
Compliance Requirement:	Reporting
Criteria:	Per program requirements, a Project and Expenditure Report (P&E) was due by April 30, 2023 and annually thereafter.
Condition:	The P&E report was certified after the deadline on July 10, 2023.
Questioned Costs:	None
Context:	The individual that was initially responsible for reporting left during the year and the individual tasked with taking over the project requirements was unaware of the reporting deadline.
Cause:	Lack of appropriate knowledge related to the Uniform Guidance and program requirements.
Effect:	The required reports were not submitted timely.
Recommendation:	Management should review the reporting requirements and ensure timely reporting going forward.
Management's Response and Corrective Action:	This has been addressed and the P&E report due April 30, 2024 has been filed in a timely manner.

Section I - Summary of Auditors' Results

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**2021-001**

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Condition: The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, proposed adjustments that were material to the financial statements were necessary.

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.

Current Status: Finding 2022-001 was repeated in the current year as 2023-001.

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**2021-002**

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Condition: The County maintains accounting systems in the Treasurer's Office and the County Office that are not integrated. Accordingly, a batch upload process and reconciliations between the systems are necessary to ensure the County's financial statements are correct.

Recommendation: The County should implement a process wherein batch uploads are performed at a minimum weekly and a reconciliation between systems is performed monthly. The monthly close process should occur within 30 days after month end. Alternatively, the systems should be integrated.

Current Status: Finding 2022-002 was repeated in the current year as 2023-002.

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**2022-003**

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Condition: The County was unable to provide documentation to verify that the Interim Report was filed. The P&E report provided was not certified and, therefore, it is unclear whether the report was filed in final and on what date it was filed. Additionally, the reporting listed several subrecipients that are actually subcontractors and should not have been included in the reporting.

Recommendation: Management should review the reporting requirements and continue working with the federal government to correct and complete the reports that are due.

Current Status: Interim reporting was not applicable in the current year, but the annual P&E report was not filed timely and Finding 2022-003 is repeated in the current year as 2023-004.