

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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County of Pulaski, Virginia  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2015

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## INTRODUCTORY SECTION

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COUNTY OF PULASKI, VIRGINIA

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Board of Supervisors

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Charles R. Bopp, Vice Chairman Ranny E. O'Dell	Joseph L. Sheffey, Chair  Gena Hanks, Clerk	Andy McCready Dean K. Pratt
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County School Board

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Jeff Bain, Vice Chair Timothy Hurst	Michael Barbour, Chair  Heather Freeman, Clerk	Joseph W. Guthrie Frances P. Viars
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Social Services Board

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Charles Bopp Joseph L. Sheffey	Rev. Vicki Houk, Chair  Faith Chumbley, Clerk	Rev. Randy Winn Faye Powell
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Library Board

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Laura Walters, Vice Chair Nancy Hudson Hattie Haulsee	John Freeman, Chair  Parks Lanier	Robert Bopp Meagan Pratt Margaret Spradlin
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COUNTY OF PULASKI, VIRGINIA

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Other Officials

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

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

*Other Information (continued)*

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Pulaski, Virginia's internal control over financial reporting and compliance.

*Robinson-Farmer, Cox Associates*

Blacksburg, Virginia  
February 25, 2016

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

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The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2015 (FY15) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. In accordance with GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors and the Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA), and Industrial Development Authority of Pulaski County (IDA).

**Financial Highlights for Fiscal Year 2014-15**

- Total net position value of the primary government was \$35.5 million at the end of FY 15 based on total assets of \$78.4 million, total liabilities of \$34 million, deferred outflows of resources of \$1.4 million, and deferred inflows of resources of 10.4 million (Exhibit 1). As noted in Exhibit 1, liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs, compensated absences, pension liabilities, and other post employment benefits while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 15 combined program and general revenues of \$49.7 million exceeded general expenditures of \$49.3 million by approximately \$0.4 million (Exhibit 2). The increase in net position is explained further in the Statement of Activities analysis of the Financial Analysis of the County as a Whole section below.
- As described in Exhibit 11, total general fund revenues were \$1.3 million or 2.6% less than the budgeted \$50.7 million revenue estimate while expenditures were \$8.4 million, or 14.8% less than the \$56.7 million budgeted expenditures (including transfers). The net change in fund balance was a decrease of \$2.7 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences, landfill monitoring, pension liability, and other postemployment benefits showed a net decrease of \$4.7 million from \$34.50 million on July 1, 2014 to \$29.76 million on June 30, 2015, due, in part, to a reduction in net pension liability of \$2.8 million (Note 6).
- As described in Note 17, the unassigned fund balance as of June 30, 2015 for the general fund was \$9.59 million, or 8.19% of budgeted FY 15 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$117.12 million. The Board of Supervisors has historically tried to maintain a reserve of the general fund balance of at least 10% of general, special revenue and component unit fund expenditures in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the general fund balance decreased by approximately \$2.5 million. That amount is explained further in the Analysis of the County Funds section below.

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### **Overview of the Financial Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

The County has three kinds of funds:

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

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

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

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

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

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

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

**Financial Analysis of the County as a Whole**

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

**Summary of Net Position:**

Details in the government-wide financial statements for FY 15 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 14 to FY 15.

**Summary of Net Position:**

	Total Primary Government		Component Unit School Board	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 29.5	\$ 31.6	\$ 5.7	\$ 5.0
Capital assets, net	48.9	48.7	7.9	7.6
Total assets	<u>\$ 78.4</u>	<u>\$ 80.3</u>	<u>\$ 13.6</u>	<u>\$ 12.6</u>
Deferred Outflows of Resources	<u>\$ 1.4</u>	<u>\$ 1.4</u>	<u>\$ 3.3</u>	<u>\$ 2.8</u>
Other liabilities	\$ 4.2	\$ 3.6	\$ 4.3	\$ 4.1
Long term liabilities	29.8	35.2	39.4	46.2
Total liabilities	<u>\$ 34.0</u>	<u>\$ 38.8</u>	<u>\$ 43.7</u>	<u>\$ 50.3</u>
Deferred Inflows of Resources	<u>\$ 10.4</u>	<u>\$ 7.8</u>	<u>\$ 6.7</u>	<u>\$ -</u>
Net Position:				
Net investment in capital assets	\$ 25.0	\$ 24.4	\$ 7.9	\$ 6.6
Restricted	(0.4)	0.2	0.0	0.0
Unrestricted	10.9	10.5	(41.4)	(41.5)
Total net position	<u>\$ 35.5</u>	<u>\$ 35.1</u>	<u>\$ (33.5)</u>	<u>\$ (34.9)</u>

**COUNTY OF PULASKI, VIRGINIA**

Management's Discussion and Analysis (continued)

The County's combined net position decreased from \$35.1 million to \$35.5 million, as explained in the Statement of Activities section below. Unrestricted net position, the portion of net position that can be used to finance the day-to-day activities of the County, totaled \$10.9 million. The County's net investment in capital assets represents the amount of capital assets owned by the County totaling \$25.0 million. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. For example, seized asset funds are restricted so that they can be used for specific law enforcement purposes. The Component Unit School Board net position decreased by \$1.4 million, from \$34.9 million in FY14 to (\$33.5) million in FY 15. The School Board net investment in capital assets totaled \$7.9 million.

**Capital Assets**

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2015, as well as the change in capital assets for FY 14 in millions of dollars:

**Capital Assets:**

	Total Primary Government		Component Unit School Board	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Non-Depreciable Assets:				
Land	\$ 2.5	\$ 2.5	\$ 0.5	\$ 0.5
Construction in Progress	3.5	3.4	0.6	0.1
Other Capital Assets:				
Buildings and systems	55.4	54.2	19.6	19.6
Machinery and Equipment	13.4	12.6	8.9	8.5
Accumulated Depreciation	(25.9)	(24.1)	(21.7)	(21.2)
Totals	<u>\$ 48.9</u>	<u>\$ 48.6</u>	<u>\$ 7.9</u>	<u>\$ 7.5</u>

**Primary Government:**

**Changes in Capital Assets:**

	Balance, June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
	Non-Depreciable Assets:			
Land	\$ 2.5	\$ 0.1	\$ (0.1)	\$ 2.5
Construction in Progress	3.4	1.6	(1.5)	3.5
Other Capital Assets:				
Buildings and systems	54.2	1.5	(0.3)	55.4
Machinery and Equipment	12.6	0.9	(0.1)	13.4
Accumulated Depreciation	(24.1)	(2.1)	0.3	(25.9)
Totals	<u>\$ 48.6</u>	<u>\$ 2.0</u>	<u>\$ (1.7)</u>	<u>\$ 48.9</u>

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

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

	Balance, June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
Non-Depreciable Assets:				
Land	\$ 0.5	\$ -	\$ -	\$ 0.5
Construction in Progress	0.1	0.50	-	0.6
Other Capital Assets:				
Buildings and systems	19.6	-	-	19.6
Machinery and Equipment	8.5	0.60	(0.20)	8.9
Accumulated Depreciation	(21.2)	(0.70)	0.20	(21.7)
<b>Totals</b>	<b>\$ 7.5</b>	<b>\$ 0.4</b>	<b>\$ -</b>	<b>\$ 7.9</b>

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

**Long-Term Debt**

The following table displays the County and Component Unit – School Board's outstanding debt at June 30, 2015, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligation Bonds	\$ 11.5	\$ 12.6	\$ -	\$ -
Lease Revenue Note	12.1	13.1	0.0	0.0
Notes Payable	0.2	0.3	0.0	0.0
Unamortized Bond Premium	0.4	0.5	0.0	0.0
Landfill Post Closure Liability	0.3	0.3	0.0	0.0
Net OPEB Obligation	0.4	0.3	1.0	0.9
Net Pension Liability	3.8	6.6	36.9	43.6
Compensated Absences	1.0	0.8	1.5	1.7
<b>Total</b>	<b>\$ 29.7</b>	<b>\$ 34.5</b>	<b>\$ 39.4</b>	<b>\$ 46.2</b>

Long-term debt obligations decreased by \$11.6 million in FY15. Additional detailed information on long-term debt activity can be found in Note 6, Note 7, and Note 8 in the "Notes to Financial Statements".

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

**Statement of Activities:**

The following comparative table shows the revenues and expenses of the governmental activities for FY15 and the fiscal year ended June 30, 2014 (FY14) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	2015	2014*	2015	2014*
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for services	\$ 0.8	\$ 0.7	\$ 1.6	\$ 1.0
Operating grants and contributions	12.7	12.8	30.9	30.7
Capital grants and contributions	0.1	0.3	-	-
<b>General Revenues:</b>				
General property taxes	25.6	24.4	-	-
Other local taxes	7.1	6.8	-	-
Other	0.7	0.6	-	-
Payments from County	-	-	13.6	13.3
<b>Total Revenues</b>	<b>\$ 47.0</b>	<b>\$ 45.6</b>	<b>\$ 46.1</b>	<b>\$ 45.0</b>
<b>Expenses:</b>				
General government	\$ 2.3	\$ 2.7	\$ -	\$ -
Judicial administration	1.8	1.4	-	-
Public safety	8.9	8.5	-	-
Public works	3.3	1.6	-	-
Health and welfare	10.4	11.5	-	-
Education	15.0	14.3	44.7	45.5
Parks, recreation and cultural	1.6	1.4	-	-
Community development	5.2	3.0	-	-
Interest on long term debt	0.8	1.2	-	-
<b>Total Expenses</b>	<b>\$ 49.3</b>	<b>\$ 45.6</b>	<b>\$ 44.7</b>	<b>\$ 45.5</b>
Grants and Contributions (Not related to specific programs)	2.6	2.6	-	-
Transfers	-	-	-	-
Net Assets, Beginning of Year	35.1	39.4	(34.9)	5.5
<b>Net Assets, End of Year</b>	<b>\$ 35.4</b>	<b>\$ 42.0</b>	<b>\$ (33.5)</b>	<b>\$ 5.0</b>

\*Fiscal year 2015 is shown as restated; however, the fiscal year 2014 amounts are not restated for the effects of GASB 68.

**Revenues**

For FY15, revenues from governmental funds totaled \$47 million. General property tax revenues, the County's largest revenue source, were \$25.6 million, an increase of \$1.2 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$7.8 million, an increase of approximately \$1 million over FY14.

The Component Unit School Board revenues totaled \$46.1 million for FY15, an increase of \$1.1 million from June 30, 2014 to June 30, 2015. Component Unit School Board state and federal revenues increased by \$0.2 million, while charges for services increased by \$0.6 million which resulted in an increase of local government transfer of \$0.3 million.

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

**Expenses**

For FY 15, expenses for primary governmental activities totaled \$49.3 million, an increase of \$3.6 million over the prior year.

Education is a very high priority in Pulaski County; consequently the Board of Supervisors contributed \$13.6 million to the operation of the Pulaski County schools excluding debt service costs. This accounts for approximately 20% of the County's total budgeted expenditures. It should also be noted that the Board of Supervisors has carried over any unused portion of the FY15 contribution to FY16 to use towards School capital improvements in the amount of \$181,475.

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

For FY15, the general fund reflects a fund balance of \$13.3 million, a decrease of \$2.5 million from FY14. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2014 to the fiscal year ended June 30, 2015 amounts for the General Fund as shown in Exhibit 5.

**Statement of Revenues, Expenditures and Changes in Fund Balance**

	General Fund		
	2015	2014	Change
Revenues:			
General Property Taxes	\$ 25.2	\$ 24.6	\$ 0.6
Other Local Taxes	7.1	6.8	0.3
Permits, Fees and Licences	0.1	0.1	-
Fines and Forfeitures	0.1	0.1	-
Revenue from Use of Money/Property	0.3	0.4	(0.1)
Charges for Services	0.6	0.5	0.1
Miscellaneous	0.4	0.1	0.3
Recovered Costs	0.9	0.8	0.1
Revenue from Commonwealth	11.1	11.6	(0.5)
Revenue from Federal Government	3.5	3.7	(0.2)
Total Revenues	<u>\$ 49.3</u>	<u>\$ 48.7</u>	<u>\$ 0.6</u>
Expenditures:			
General Government Administration	\$ 2.5	\$ 2.3	\$ 0.2
Judicial Administration	1.9	1.8	0.1
Public Safety	8.6	8.3	0.3
Public Works	1.7	1.8	(0.1)
Health and Welfare	10.3	11.0	(0.7)
Education	13.6	13.3	0.3
Parks, Recreation and Cultural	1.5	1.5	-
Community Development	5.1	3.1	2.0
Non-Departmental	0.1	0.1	-
Principal	2.1	2.0	0.1
Interest	0.9	1.2	(0.3)
Total Expenditures	<u>\$ 48.3</u>	<u>\$ 46.4</u>	<u>\$ 1.9</u>
Excess	1.0	2.3	(1.30)
Other Financing Sources (Uses)	(3.5)	(5.7)	2.2
Net Change in Fund Balance	(2.50)	(3.40)	0.90
Fund Balance, Beginning of Year	15.8	19.2	(3.4)
Fund Balance, End of Year	<u>\$ 13.3</u>	<u>\$ 15.8</u>	<u>\$ (2.5)</u>

**COUNTY OF PULASKI, VIRGINIA**

## Management's Discussion and Analysis (continued)

The General Fund local revenues remained fairly constant from FY14 to FY15 with an overall increase of \$0.6 million due mainly to an increase in the real estate tax collections. There were no increases in property tax rates during FY15.

The General Fund expenditures were increased by \$1.9 million due to a continued effort with economic development in Pulaski County. Overall, other expenditure categories remained fairly consistent in FY15 with FY14 figures.

All capital and school board unused appropriations from the 2014 fiscal year were carried over by the Board of Supervisors for use in FY 2015 for School capital improvements.

**General Fund Budgetary Highlights**

The following table presents revenues and expenditures for the General Fund only for FY 15 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 24.0	\$ 24.5	\$ 25.2	0.7
Other Local Taxes	7.0	7.2	7.1	(0.1)
Permits, Fees and Licenses	0.1	0.2	0.2	-
Fines and Forfeitures	0.1	0.1	0.1	-
Revenue from Use of Money and Property	0.4	0.4	0.3	(0.1)
Charges for Services	0.5	0.5	0.6	0.1
Miscellaneous	0.0	0.3	0.4	0.1
Recovered Costs	0.4	0.6	0.9	0.3
Intergovernmental	12.9	13.1	11.1	(2.0)
Other	3.3	3.8	3.5	-0.3
Total	<u>\$ 48.7</u>	<u>\$ 50.7</u>	<u>\$ 49.4</u>	<u>(1.3)</u>
Expenditures and transfers:				
General Government Administration	\$ 2.4	\$ 3.0	\$ 2.5	0.5
Judicial Administration	1.8	1.9	1.9	0.0
Public Safety	8.3	9.2	8.6	0.6
Public Works	1.7	1.9	1.7	0.2
Health and Welfare	13.1	13.1	10.3	2.8
Education	16.0	16.5	13.6	2.9
Parks, Recreation and Cultural	1.4	1.5	1.5	0.0
Community Development	1.7	6.4	5.1	1.3
Non-departmental	0.3	0.1	0.1	0.0
Debt Service	3.1	3.1	3.0	0.1
Transfers	1.7	6.1	3.6	2.5
Total	<u>\$ 51.5</u>	<u>\$ 62.8</u>	<u>\$ 51.9</u>	<u>10.9</u>

It should be noted that this schedule is shown on the budgetary basis. In comparing the original budget to the amended budget both revenues and expenditures increased with the amended budget. Most of this change can be attributed to carry-over appropriations for County construction projects, economic development projects, and unused FY14 local funding for the Component Unit – School Board. This trend will continue until building space needs are met by the renovation of the renovation of the County Administration building and the renovation of the County Garage facility.

### **Economic Factors and Future Budgets**

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

Limited Revenue Options - Community needs and inflationary pressures require that revenues or governmental efficiencies continue to increase in order to maintain and improve the quality of public services currently enjoyed by county residents. Locally generated revenues have historically increased at a rate of approximately 3%. During FY14, the rate of increase was 6%, but there was no increase in overall local revenues for FY15. There are legal limits placed by the General Assembly on how counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

State Revenues - Currently, state funding is projected to account for 38%, or \$37.9 million, of the County and Component Unit School Board FY 2016 total budget, while local real estate taxes account for 39% percent of total County general fund revenues. A one percent change in state revenue results in a \$0.38 million change in the local budget, or the equivalent of a \$0.016 cent change on the real estate tax rate. Changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Other factors that are expected to impact future budgets include:

1. A reduction in real estate property values during the FY15 reassessment.
2. Future anticipated GASB Statement #45 increases for currently unfunded other post employment benefits.
3. Future anticipated GASB Statement #68 increases in County and School pension liability through the Virginia Retirement System.
4. Funding for the Capital Improvement Plan will need to address office space needs, funding of joint services, and equipment replacement.
5. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing community services through joint services and other innovations.
6. Funding of increasing healthcare costs and additional healthcare requirements in future budgets with the Affordable Care Act.
7. Funding of continually increasing costs for the regional jail, social services, and State mandated comprehensive services provided to certain County youth.
8. The County will need to invest in additional economic development initiatives including the purchase of the next industrial park and conceptualization of future "shell" buildings making possible rapid response to business and industrial needs for new facilities.
9. There remains a long-term need for reducing operational costs through joint services, initiatives in the provision of public safety services, tax bill collections, and improved property maintenance.
10. The condition of the local, regional, state, and national economies and a resulting increase in demand for services should economic conditions continue their slow improvement.

### **Contacting the County's Financial Management**

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

## Basic Financial Statements

County of Pulaski, Virginia  
Statement of Net Position  
June 30, 2015

	Component Units			
	Primary Government	School Board	Public Service Authority	Industrial Development Authority
	Governmental Activities			
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,819,924	\$ 1,898,236	\$ 2,659,230	\$ -
Investments	161,507	-	-	-
Receivables (Net of Allowance for Uncollectibles):				
Taxes	10,709,583	-	-	-
Accounts Receivable	2,598,070	-	1,550,068	9,537
Other Local Taxes and Fees	612,784	-	-	-
Capital Lease Receivable	-	-	-	6,638,010
Note Receivable	-	-	1,344,107	19,768,424
Rent Receivable	-	-	-	13,900
Prepaid Items	18,223	129,831	-	-
Due from Primary Government	-	2,258,138	-	-
Due from Other Governmental Units	2,007,967	1,481,328	-	-
Advances to Component Units	507,858	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	1,032,046	507,726
Cash and Cash Equivalents (in Custody of Others)	85,584	-	-	-
Organization Expense (Net of Accumulated Amortization)	-	-	1,743	-
Capital Assets:				
Land	2,483,711	528,360	209,854	1,179,434
Buildings and Improvements	40,440,915	4,046,216	103,841	9,334,156
Machinery and Equipment	2,505,553	2,683,608	876,813	4,716
Infrastructure	-	-	21,956,940	-
Construction in Progress	3,482,436	622,936	1,524,663	71,620
Total Assets	<u>\$ 78,434,115</u>	<u>\$ 13,648,653</u>	<u>\$ 31,259,305</u>	<u>\$ 37,527,523</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	\$ 412,065	\$ -	\$ -	\$ 371,014
Pension contributions subsequent to measurement date	1,018,523	3,310,984	166,881	-
Total Deferred Outflows of Resources	<u>\$ 1,430,588</u>	<u>\$ 3,310,984</u>	<u>\$ 166,881</u>	<u>\$ 371,014</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,679,214	\$ 786,366	\$ 569,076	\$ 341,158
Accrued Wages	-	3,561,636	-	-
Customer Deposits	-	-	123,835	-
Accrued Interest Payable	314,529	-	18,131	48,986
Due to Component Units	2,258,138	-	-	-
Long-Term Liabilities:				
Due Within One Year	2,276,084	1,083,646	582,260	1,491,031
Due in More Than One Year	27,488,374	38,315,180	11,421,070	17,789,842
Total Liabilities	<u>\$ 34,016,339</u>	<u>\$ 43,746,828</u>	<u>\$ 12,714,372</u>	<u>\$ 19,671,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 8,195,450	\$ -	\$ -	\$ -
Items related to measurement of net pension liability	2,163,979	6,693,766	361,567	-
Total Deferred Inflows of Resources	<u>\$ 10,359,429</u>	<u>\$ 6,693,766</u>	<u>\$ 361,567</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 24,994,513	\$ 7,881,120	\$ 13,491,013	\$ 8,999,693
Restricted	(439,449)	-	1,032,046	-
Unrestricted (deficit)	10,933,871	(41,362,077)	3,827,188	9,227,827
Total Net Position	<u>\$ 35,488,935</u>	<u>\$ (33,480,957)</u>	<u>\$ 18,350,247</u>	<u>\$ 18,227,520</u>

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

County of Pulaski, Virginia  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	School Board	Public Service Authority	Industrial Development Authority
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government Administration	\$ 2,297,377	\$ 725	\$ -	\$ -	\$ -	\$ -
Judicial Administration	1,763,999	134,767	389,183	(1,907,469)		
Public Safety	8,960,435	275,185	1,828,891	199,659		
Public Works	3,355,036	99,813	2,460,281	(6,224,969)		
Health and Welfare	10,387,390	-	619,814	(2,635,409)		
Education	14,981,310	-	7,326,196	(3,061,194)		
Parks, Recreation and Cultural	1,581,597	336,271	123,796	(14,981,310)		
Community Development	5,180,699	-	106,529	(1,121,530)		
Interest	780,400	-	-	(5,074,170)		
<b>Total Primary Government</b>	\$ 49,288,242	\$ 846,761	\$ 12,748,161	\$ (35,586,791)	\$ -	\$ -
<b>Component Units:</b>						
School Board	\$ 44,741,451	\$ 1,619,575	\$ 30,896,860	\$ -	\$ -	\$ -
Public Service Authority	8,938,369	9,441,525	-	(12,225,016)	503,156	
Industrial Development Authority	5,160,630	492,020	655,105	-	-	(4,013,505)
<b>Total Component Units</b>	\$ 58,840,450	\$ 11,553,120	\$ 31,551,965	\$ (12,225,016)	\$ 503,156	\$ (4,013,505)
<b>General Revenues:</b>						
General Property Taxes			\$ 25,590,142	\$ -	\$ -	\$ -
Other Local Taxes						
Local Sales and Use Taxes			3,206,440			
Consumers' Utility Taxes			643,227			
Business Licenses			693,196			
Consumption Taxes			115,552			
Motor Vehicle Licenses			544,991			
Bank Stock Taxes			7,673			
Taxes on Recordation and Wills			146,149			
Hotel and Motel Room Taxes			356,348			
Restaurant Food Taxes			1,407,016			
Unrestricted Revenues from Use of Money and Property			268,759	18,782	37,949	
Miscellaneous			352,115	9,415	52,359	423,775
Payments from Primary Government			-	13,616,057	710,240	3,488,211
Grants and Contributions Not Restricted to Specific Programs			2,637,132			
<b>Total General Revenues</b>			\$ 35,968,740	\$ 13,644,254	\$ 800,548	\$ 3,911,986
Change in Net Position			\$ 381,949	\$ 1,419,238	\$ 1,303,704	\$ (101,519)
Net Position - Beginning, as restated			\$ 35,106,986	\$ (34,900,195)	\$ 17,046,543	\$ 18,329,039
Net Position - Ending			\$ 35,488,935	\$ (33,480,957)	\$ 18,350,247	\$ 18,227,520

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

County of Pulaski, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,672,620	\$ 238,728	\$ 12,911,348
Investments	108,123	53,384	161,507
Receivables (Net of Allowance for Uncollectibles):			
Taxes	10,709,583	-	10,709,583
Other Local Taxes and Fees	612,784	-	612,784
Donations	-	-	-
Due from Other Funds	-	156,057	156,057
Due from Other Governmental Units	2,007,967	-	2,007,967
Prepays	18,223	-	18,223
Advances to Component Units	507,858	-	507,858
Total Assets	<u>\$ 26,637,158</u>	<u>\$ 448,169</u>	<u>\$ 27,085,327</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 476,749	\$ 691,601	\$ 1,168,350
Due to Other Funds	238,441	-	238,441
Due to Component Units	2,258,138	-	2,258,138
Total Liabilities	<u>\$ 2,973,328</u>	<u>\$ 691,601</u>	<u>\$ 3,664,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 10,374,679	-	\$ 10,374,679
<b>FUND BALANCE</b>			
Nonspendable	\$ 526,081	-	\$ 526,081
Restricted	85,584	\$ (525,033)	(439,449)
Committed	-	281,601	281,601
Assigned	3,595,046	-	3,595,046
Unassigned	9,082,440	-	9,082,440
Total Fund Balances	<u>\$ 13,289,151</u>	<u>\$ (243,432)</u>	<u>\$ 13,045,719</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,637,158</u>	<u>\$ 448,169</u>	<u>\$ 27,085,327</u>

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



County of Pulaski, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	13,045,719
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Land	\$ 2,483,711	
Building and Improvements	40,440,915	
Machinery and Equipment	2,505,553	
Construction in Progress	3,482,436	48,912,615
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes	\$ 2,179,229	
Items related to measurement of net pension liability	(2,084,682)	94,547
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.		
		1,966,540
Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		998,040
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	\$ (11,544,066)	
Lease Revenue Notes	(12,127,236)	
Note Payable	(246,800)	
Unamortized Bond Premiums	(430,524)	
Landfill Post-Closure Monitoring Costs	(259,695)	
Net pension liability	(3,654,281)	
Net OPEB Obligation	(403,100)	
Deferred Charges on Refunding	412,065	
Compensated Absences	(960,360)	
Accrued Interest Payable	(314,529)	(29,528,526)
Net Position of Governmental Activities	\$	35,488,935

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, 2015

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General Property Taxes	\$ 25,192,418	\$ -	\$ 25,192,418
Other Local Taxes	7,120,592	-	7,120,592
Permits, Privilege Fees and Regulatory Licenses	147,521	-	147,521
Fines and Forfeitures	120,427	-	120,427
Revenue from Use of Money and Property	268,582	177	268,759
Charges for Services	578,813	-	578,813
Miscellaneous	351,965	150	352,115
Recovered Costs	932,853	-	932,853
Intergovernmental:			
Commonwealth	11,133,128	724,556	11,857,684
Federal Government	3,537,739	96,399	3,634,138
Total Revenues	<u>\$ 49,384,038</u>	<u>\$ 821,282</u>	<u>\$ 50,205,320</u>
<b>EXPENDITURES</b>			
Current:			
General Government Administration	\$ 2,448,681	\$ 233,996	\$ 2,682,677
Judicial Administration	1,855,350	-	1,855,350
Public Safety	8,642,080	1,059,292	9,701,372
Public Works	1,744,721	1,796,699	3,541,420
Health and Welfare	10,327,829	89,840	10,417,669
Education	13,631,332	364,884	13,996,216
Parks, Recreation and Cultural	1,462,452	88,399	1,550,851
Community Development	5,051,395	181,695	5,233,090
Non-Departmental	149,816	-	149,816
Capital Projects	-	855,652	855,652
Debt Service:			
Principal Retirement	2,109,205	-	2,109,205
Interest and Other Fiscal Charges	904,063	-	904,063
Total Expenditures	<u>\$ 48,326,924</u>	<u>\$ 4,670,457</u>	<u>\$ 52,997,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,057,114</u>	<u>\$ (3,849,175)</u>	<u>\$ (2,792,061)</u>
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 2,810,932	\$ 2,810,932
Transfers Out	(3,581,346)	-	(3,581,346)
Total Other Financing Sources (Uses)	<u>\$ (3,581,346)</u>	<u>\$ 2,810,932</u>	<u>\$ (770,414)</u>
Net Change in Fund Balance	\$ (2,524,232)	\$ (1,038,243)	\$ (3,562,475)
Fund Balance - Beginning	15,813,383	794,811	16,608,194
Fund Balance - Ending	<u>\$ 13,289,151</u>	<u>\$ (243,432)</u>	<u>\$ 13,045,719</u>

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

County of Pulaski, Virginia  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

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

Net changes in fund balance - total governmental funds \$ (3,562,475)

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

Capital outlays	\$ 2,349,127	
Depreciation expenses	<u>(2,079,946)</u>	269,181

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	\$ 397,724	
(Increase) Decrease in deferred inflows of resources related to the measurement of the net pension liability	<u>(2,084,682)</u>	(1,686,958)

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

Debt issued or incurred:		
Landfill post-closure monitoring costs	\$ (3,838)	
Principal repayments:		
General obligation bonds	1,055,863	
Lease revenue notes	994,511	
Note payable	<u>58,831</u>	2,105,367

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

(Increase) Decrease in compensated absences	\$ (154,843)	
(Increase) Decrease in net OPEB obligation	(61,900)	
(Increase) Decrease in accrued interest payable	116,715	
Decrease (Increase) in net pension liability	2,701,194	
Increase (Decrease) in pension contributions subsequent to measurement date	(43,728)	
Increase (Decrease) in deferred charge on refunding	(34,338)	
Amortization of bond premiums	<u>41,286</u>	2,564,386

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.

692,448

Change in net position of governmental activities \$ 381,949

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

County of Pulaski, Virginia  
Statement of Net Position  
Proprietary Fund  
June 30, 2015

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,598,070	\$ -
Investments		
Receivables (Net of Allowance for Uncollectibles):		
Accounts Receivable	-	-
Due from Other Funds	-	82,384
Due from Other Governmental Units	-	-
Advances to Component Units	-	-
Total Assets	<u>\$ 2,598,070</u>	<u>\$ 82,384</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to measurement date	<u>\$ -</u>	<u>\$ 20,483</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 470,299	\$ 40,565
Net pension liability	-	138,396
Reconciled Overdraft	-	5,840
Total Liabilities	<u>\$ 470,299</u>	<u>\$ 184,801</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Items related to measurement of net pension liability	<u>\$ -</u>	<u>\$ 79,297</u>
<b>NET POSITION</b>		
Unrestricted	\$ 2,127,771	\$ (161,231)
Total Net Position	<u><u>\$ 2,127,771</u></u>	<u><u>\$ (161,231)</u></u>

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

County of Pulaski, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2015

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>
<b>OPERATING REVENUES</b>		
Charges for Services:		
Information Technology Charges	\$ -	\$ 233,301
Garage Charges	-	943,943
Communication Charges	-	134,470
Other Revenues:		
Miscellaneous	-	1,709
Insurance Premiums	6,976,719	-
Total Operating Revenues	<u>\$ 6,976,719</u>	<u>\$ 1,313,423</u>
<b>OPERATING EXPENSES</b>		
Information Technology	\$ -	\$ 646,135
Central Garage	-	1,256,672
Communications	-	140,558
Insurance Claims and Expenses	6,324,743	-
Total Operating Expenses	<u>\$ 6,324,743</u>	<u>\$ 2,043,365</u>
Operating Income (Loss)	<u>\$ 651,976</u>	<u>\$ (729,942)</u>
Transfer In	<u>\$ -</u>	<u>\$ 770,414</u>
Change in Net Position	\$ 651,976	\$ 40,472
Net Position - Beginning, as restated	1,475,795	(201,703)
Net Position - Ending	<u>\$ 2,127,771</u>	<u>\$ (161,231)</u>

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

County of Pulaski, Virginia  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2015

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Charges to County Department and other organizations	\$ -	\$ 1,313,401
Other receipts (payments)	-	1,709
Payments to suppliers for goods and services	-	(1,604,433)
Payments to employees for services	-	(481,091)
Receipts for insurance premiums	7,303,413	-
Payments for insurance premiums	(6,767,691)	-
Total cash provided by (used for) operating activities	\$ 535,722	\$ (770,414)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ -	\$ 770,414
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 535,722	\$ -
Cash and Cash Equivalents - Beginning, as restated	\$ 2,062,348	\$ -
Cash and Cash Equivalents - Ending	\$ 2,598,070	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 651,976	\$ (729,942)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by (used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	\$ 326,694	\$ 84,071
Increase (Decrease) in Accounts Payable	(442,948)	(1,163)
Increase (Decrease) in Net Pension Liability	-	(102,761)
Increase (Decrease) in Deferred Inflows of Resources	-	79,297
(Increase) Decrease in Deferred Outflows of Resources	-	18,971
(Increase) Decrease in Due from Other Funds	-	(82,384)
Increase (Decrease) in Due to Other Funds	-	(42,343)
Increase (Decrease) in Reconciled Overdraft	-	5,840
Total Adjustments	\$ (116,254)	\$ (40,472)
Net Cash Provided By (Used For) Operating Activities	\$ 535,722	\$ (770,414)

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, 2015

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 152,397</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Amounts Held for Others:	
Social Services Clients	\$ 16,813
Contractors	53,113
County Employees	<u>82,471</u>
Total amounts held for others	<u>\$ 152,397</u>
Total Liabilities	<u>\$ 152,397</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

June 30, 2015

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Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

Blended Component Units - None

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

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

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



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

A. Financial Reporting Entity: (continued)

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

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

B. Government-wide and Fund Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County reports the following major governmental fund:

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

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

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

The County reports the following nonmajor governmental funds:

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

The Pulaski County School Board reports the following major fund:

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

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

1. Cash and Cash Equivalents

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

Investments for the County, as well as for its component unit school board, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. 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 non-current portion of interfund loans).

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

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

2. Receivables and Payables (continued)

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

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

3. 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.

4. 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 \$729,009 at June 30, 2015 and is comprised solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

5. 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.

6. Prepaid Items

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

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

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

7. Capital Assets

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

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

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

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

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

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

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

8. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 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.



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

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

8. Deferred Outflows/Inflows of Resources (continued)

In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and the change in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

9. Compensated Absences

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

10. Pensions

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

11. Long-Term Obligations

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

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

11. Long-Term Obligations (continued)

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.

12. Fund Balance

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

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

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

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

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

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

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

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

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

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

13. Net Position

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

14. Net Position Flow Assumption

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

E. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a restatement of net position, as detailed in Note 18.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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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. 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.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

B. Excess of Expenditures Over Appropriations:

There were no departments with an excess of expenditures over appropriations for 2015.

C. Deficit Fund Balance:

At June 30, 2015, the County CIP fund and the School CIP fund had deficit fund balances.

Note 3- Deposits and Investments:

Deposits:

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

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

Investments:

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

Custodial Credit Risk: (Investments)

The County's rated debt investments as of June 30, 2015 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Value</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>Aaam</u>
LGIP	\$ 108,123
SNAP	53,384

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

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Note 3- Deposits and Investments: (continued)

External Investment Pools:

The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission

The fair value of the positions in the external investment pool, Local Government Investment Pool (LGIP), is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 4- Due From Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
Local governments		
Town of Dublin	\$ 3,570	\$ -
Pulaski County IDA	7,858	
Commonwealth of Virginia:		
State sales tax	563,885	830,138
Communication sales tax	134,829	-
Non-categorical aid	78,837	-
Categorical aid-shared expenses	268,675	-
Categorical aid-other	26,843	-
Categorical aid-VPA funds	167,986	-
Categorical aid-CSA funds	506,880	-
Federal Government:		
Categorical aid-VPA funds	248,604	-
Categorical aid-other	-	651,190
	<u>                    </u>	<u>                    </u>
Totals	\$ <u>2,007,967</u>	\$ <u>1,481,328</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 5- Interfund Balances and Transfers:

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
Primary Government:		
General Fund	\$ 2,496,579	\$ -
County Construction Fund	-	-
School Construction Fund	-	113,184
Internal Services Fund	-	82,384
Tornado Relief Fund	-	42,873
Component Units:		
School Fund	-	2,258,138
Total	<u>\$ 2,496,579</u>	<u>\$ 2,496,579</u>
	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government:		
General Fund	\$ -	\$ 2,810,932
School Construction Fund	258,371	-
County Construction Fund	2,552,561	-
Internal Service Fund	770,414	770,414
Total	<u>\$ 3,581,346</u>	<u>\$ 3,581,346</u>

Details of due from component unit amounts are as follows:

Pulaski County Industrial Development Authority:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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, 2015.

	Balance 7/1/2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 12,599,929	\$ -	\$ (1,055,863)	\$ 11,544,066
Lease revenue notes	13,121,747	-	(994,511)	12,127,236
Note payable	305,631	-	(58,831)	246,800
Unamortized bond premiums	471,810	-	(41,286)	430,524
Landfill post-closure monitoring costs	255,857	3,838	-	259,695
Net OPEB obligation	341,200	100,400	(38,500)	403,100
Net pension liability	6,596,632	3,572,785	(6,376,740)	3,792,677
Compensated absences	805,517	758,981	(604,138)	960,360
<b>Total</b>	<b>\$ 34,498,323</b>	<b>\$ 4,436,004</b>	<b>\$ (9,169,869)</b>	<b>\$ 29,764,458</b>

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Notes		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,069,098	438,269	\$ 1,009,705	\$ 383,800	\$ 59,958	\$ 4,263
2017	1,082,882	394,752	1,024,794	354,650	61,105	3,116
2018	1,101,761	350,728	1,049,371	324,667	62,273	1,657
2019	1,115,736	306,194	1,064,637	293,849	63,464	755
2020	1,125,049	261,723	1,089,314	262,194	-	-
2021-2025	3,664,540	757,327	4,310,937	865,090	-	-
2026-2030	2,385,000	243,649	2,578,478	179,283	-	-
<b>Totals</b>	<b>\$ 11,544,066</b>	<b>\$ 2,752,642</b>	<b>\$ 12,127,236</b>	<b>\$ 2,663,533</b>	<b>\$ 246,800</b>	<b>\$ 9,791</b>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 6- Long-Term Obligations: (continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 254,618	\$ 40,472
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	4,360,000	545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	6,060,000	315,000
GO bond	1.81%	4/16/2014	2020	1,035,536	869,448	168,626
Subtotal GO bonds					\$ 11,544,066	\$ 1,069,098
Unamortized bond premium	n/a	11/7/2002	2023	436,841	174,737	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	29,098	2,007
Total general obligation bonds					\$ 11,747,901	\$ 1,092,947
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 4,195,000	\$ 210,000
School lease revenue note	2.47-3.25%	12/6/2013	2027	5,725,159	5,344,903	388,232
Lease revenue note	2.47-3.25%	12/6/2013	2027	321,054	299,730	21,771
School lease revenue note	2.05%	12/6/2013	2021	2,680,534	2,287,603	389,702
Subtotal lease revenue notes					\$ 12,127,236	\$ 1,009,705
Unamortized bond premium	n/a	5/15/2008	2029	348,754	226,689	17,438
Total lease revenue notes					\$ 12,353,925	\$ 1,027,143
Note Payable						
Note Payable	1.900%	4/30/2012	2019	\$ 420,000	\$ 246,800	\$ 59,958
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 259,695	\$ -
Net OPEB obligation	n/a	n/a	n/a	n/a	403,100	-
Net pension liability	n/a	n/a	n/a	n/a	3,792,677	-
Compensated absences	n/a	n/a	n/a	n/a	960,360	96,036
Total other obligations					\$ 5,415,832	\$ 96,036
Totals					\$ 29,764,458	\$ 2,276,084

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

Discretely Presented Component Unit- School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2015.

	Balance 7/1/2014, as restated	Increases	Decreases	Balance June 30, 2015
Net OPEB obligation	\$ 903,600	\$ 241,100	\$ (110,200)	\$ 1,034,500
Net pension liability	43,632,076	3,625,409	(10,338,020)	36,919,465
Compensated absences	1,710,695	1,017,187	(1,283,021)	1,444,861
Total	<u>\$ 46,246,371</u>	<u>\$ 4,883,696</u>	<u>\$ (11,731,241)</u>	<u>\$ 39,398,826</u>

Details of Long-Term Indebtedness:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activites	Due Within One Year
Other obligations:						
Net OPEB obligation	n/a	n/a	n/a	n/a	\$ 1,034,500	\$ -
Net pension liability	n/a	n/a	n/a	n/a	36,919,465	-
Compensated absences	n/a	n/a	n/a	n/a	1,444,861	1,083,646
Total other obligations					<u>\$ 39,398,826</u>	<u>\$ 1,083,646</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

**Note 8-Pension Plan:**

*Plan Description*

All full-time, salaried permanent employees of the County of Pulaski and the Component Unit - Pulaski County Public Service Authority (“PSA”) are automatically covered by the County of Pulaski Retirement Plan upon employment. The Plan includes employees of entities whose financial information is not included in the primary government report, and is therefore a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia.

All full-time, salaried permanent (nonprofessional) employees of the public school divisions are automatically covered by the Pulaski County School Board Retirement Plan upon employment. This is an agent multiple-employer plan administered by the System along with plans for other employer groups in the Commonwealth of Virginia.

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

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

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

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

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 8-Pension Plan: (continued)

*Plan Description (Continued)*

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Contributions*

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

The County of Pulaski and the PSA's contractually required contribution rate for the year ended June 30, 2015 was 12.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan were \$1,018,523 and \$1,081,222 for the County and \$166,881 and \$175,351 for the PSA for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

At June 30, 2015, the County and PSA reported liabilities of \$3,792,677 and \$615,090 for their proportionate shares of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. In order to allocate the net pension liability to all employers included in the plan, the County and PSA are required to determine their proportionate shares of the net pension liability. Creditable compensation as of June 30, 2014 and 2013 was used as a basis for allocation to determine the County and PSA's proportionate shares of the net pension liability. At June 30, 2014 and 2013, the County's proportion was 81.24% and 81.39%, respectively. At June 30, 2014 and 2013, the PSA's proportion was 13.35% and 13.20%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 8-Pension Plan: (continued)

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County of Pulaski and PSA's Retirement Plan and the Pulaski County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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

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

Largest 10 - Non-LEOS:

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

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

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

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

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

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

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

Note 8-Pension Plan: (continued)

*Actuarial Assumptions - General Employees (Continued)*

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 8-Pension Plan: (continued)

*Actuarial Assumptions - Public Safety Employees (Continued)*

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

Largest 10 - Non-LEOS:

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

*Long-Term Expected Rate of Return*

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

Note 8-Pension Plan: (continued)

*Discount Rate*

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	8,836,929	3,792,677	(407,208)
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	1,433,192	615,090	(66,042)

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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, 2015, the County and PSA recognized pension expenses of \$441,246 and \$68,022, respectively. At June 30, 2015, 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	\$ -	\$ -	\$ -	\$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,163,979	-	361,567
Employer contributions subsequent to the measurement date	1,018,523	-	166,881	-
Total	\$ 1,018,523	\$ 2,163,979	\$ 166,881	\$ 361,567

\$1,018,523 and \$166,881 reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Pulaski County PSA</u>
2016	\$ (540,995)	\$ (90,392)
2017	(540,995)	(90,392)
2018	(540,995)	(90,392)
2019	(540,994)	(90,391)
Thereafter	-	-
Total	\$ <u>(2,163,979)</u>	\$ <u>(361,567)</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional)

*Plan Description*

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

*Employees Covered by Benefit Terms*

As of the June 30, 2013 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	72
Inactive members:	
Vested inactive members	10
Non-vested inactive members	57
Inactive members active elsewhere in VRS	<u>16</u>
Total inactive members	83
Active members	<u>111</u>
Total covered employees	<u><u>266</u></u>

*Contributions*

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 9.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (Continued)

*Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$218,739 and \$245,465 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

*Changes in Net Pension Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 9,583,439	\$ 8,209,363	\$ 1,374,076
Changes for the year:			
Service cost	\$ 259,384	\$ -	\$ 259,384
Interest	653,059	-	653,059
Differences between expected and actual experience	-	-	-
Contributions - employer	-	245,465	(245,465)
Contributions - employee	-	123,727	(123,727)
Net investment income	-	1,281,760	(1,281,760)
Benefit payments, including refunds of employee contributions	(508,058)	(508,058)	-
Administrative expenses	-	(6,966)	6,966
Other changes	-	68	(68)
Net changes	\$ 404,385	\$ 1,135,996	\$ (731,611)
Balances at June 30, 2014	\$ 9,987,824	\$ 9,345,359	\$ 642,465

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional) (Continued)

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

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

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	1,905,053	642,465	(411,767)

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

For the year ended June 30, 2015, the Component Unit School Board (nonprofessional) recognized pension expense of \$83,620. At June 30, 2015, 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)	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	569,766
Employer contributions subsequent to the measurement date	<u>218,739</u>	<u>-</u>
Total	<u>\$ 218,739</u>	<u>\$ 569,766</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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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)*

\$218,739 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>(nonprofessional)</u>
2016	\$ (142,441)
2017	(142,441)
2018	(142,441)
2019	(142,443)
Thereafter	-
Total	<u>\$ (569,766)</u>

Component Unit School Board (professional)

*Plan Description*

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

*Contributions*

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$3,092,245 and \$2,563,000 for the years ended June 30, 2015 and June 30, 2014, respectively.



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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, 2015, the school division reported a liability of \$36,277,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.30019% as compared to 0.30675% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$2,706,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, 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 \$	-	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,384,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	740,000
Employer contributions subsequent to the measurement date	3,092,245	-
Total	\$ 3,092,245	\$ 6,124,000

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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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 Related to Pensions (Continued)*

\$3,092,245 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>School Board (professional)</u>
2016	\$ (1,510,000)
2017	(1,510,000)
2018	(1,510,000)
2019	(1,510,000)
Thereafter	<u>(84,000)</u>
Total	<u>\$ (6,124,000)</u>

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (Continued)

*Actuarial Assumptions (Continued)*

Mortality rates:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	53,269,000	36,277,000	22,287,000

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (Continued)

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9- Other Postemployment Benefits - Health Insurance:

A. Plan Description

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

B. Funding Policy

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

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2015, the County and School Board contributed (implicit subsidy) \$27,200 and \$110,200, respectively, for current costs of the Plan.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

B. Funding Policy (continued)

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

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

C. Annual OPEB Cost and Net OPEB Obligation

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

	County	School Board	Total
Annual required contribution	\$ 86,800	\$ 242,700	\$ 329,500
Interest on net OPEB obligation	13,600	36,000	49,600
Adjustment to annual required contribution	(16,300)	(37,600)	(53,900)
Annual OPEB cost (expense)	84,100	241,100	325,200
Contributions made (implicit subsidy)	(22,200)	(110,200)	(132,400)
Increase in net OPEB obligation	61,900	130,900	192,800
Net OPEB obligation - beginning of year	341,200	903,600	1,244,800
Net OPEB obligation - end of year	\$ 403,100	\$ 1,034,500	\$ 1,437,600

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

C. Annual OPEB Cost and Net OPEB Obligation

The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2015	\$ 84,100	26%	\$ 403,100
6/30/2014	78,600	43%	341,200
6/30/2013	75,600	31%	296,300
School Board:			
6/30/2015	241,100	46%	1,034,500
6/30/2014	324,000	69%	903,600
6/30/2013	315,300	61%	803,200

D. Funded Status and Funding Progress

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

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

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

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

E. Actuarial Methods and Assumptions

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

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

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

County:

A. Plan Description

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

County: (continued)

A. Plan Description (continued)

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2015, the County's contribution of \$9,841 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years is as follows:

Fiscal Year Ending	Annual OPEB Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation
County:			
June 30, 2013	\$ 10,252	100%	-
June 30, 2014	10,252	100%	-
June 30, 2015	9,841	100%	-



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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

County: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

	<u>County</u>
Actuarial accrued liability (AAL)	\$ 224,000
Actuarial value of plan assets	\$ 146,600
Unfunded actuarial accrued liability (UAAL)	\$ 77,400
Funded ratio (actuarial value of plan assets/AAL)	65.45%
Covered payroll (active plan members)	\$ 4,537,070
UAAL as a percentage of covered payroll	1.71%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at July 1, 2013 was 30 years.

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

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$226,548, \$244,147, and \$244,217, respectively and equaled the required contributions.

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 11- Capital Assets:

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,527,073	\$ 35,281	\$ (78,643)	\$ 2,483,711
Construction in progress	3,429,357	1,620,963	(1,567,884)	3,482,436
Total capital assets not being depreciated	<u>\$ 5,956,430</u>	<u>\$ 1,656,244</u>	<u>\$ (1,646,527)</u>	<u>\$ 5,966,147</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 54,238,472	\$ 1,498,338	\$ (348,801)	\$ 55,388,009
Machinery and equipment	12,611,513	967,072	(135,803)	13,442,782
Total capital assets being depreciated	<u>\$ 66,849,985</u>	<u>\$ 2,465,410</u>	<u>\$ (484,604)</u>	<u>\$ 68,830,791</u>
Accumulated depreciation:				
Buildings and improvements	\$ (13,745,027)	\$ (1,424,868)	222,801	\$ (14,947,094)
Machinery and equipment	(10,417,954)	(655,078)	135,803	(10,937,229)
Total accumulated depreciation	<u>\$ (24,162,981)</u>	<u>\$ (2,079,946)</u>	<u>\$ 358,604</u>	<u>\$ (25,884,323)</u>
Total capital assets being depreciated, net	<u>\$ 42,687,004</u>	<u>\$ 385,464</u>	<u>\$ (126,000)</u>	<u>\$ 42,946,468</u>
Governmental activities capital assets, net	<u>\$ 48,643,434</u>	<u>\$ 2,041,708</u>	<u>\$ (1,772,527)</u>	<u>\$ 48,912,615</u>

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

Governmental activities:	
General government administration	\$ 241,974
Judicial administration	1,299
Public safety	659,256
Public works	25,207
Health and welfare	19,708
Education	985,094
Parks, recreation and cultural	122,606
Community development	24,802
Total depreciation expense-governmental activities	<u>\$ 2,079,946</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 11- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 528,360	\$ -	\$ -	\$ 528,360
Construction in progress	<u>101,285</u>	<u>521,651</u>	<u>-</u>	<u>622,936</u>
Total capital assets not being depreciated	<u>\$ 629,645</u>	<u>\$ 521,651</u>	<u>\$ -</u>	<u>\$ 1,151,296</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,637,575	\$ -	\$ -	\$ 19,637,575
Machinery and equipment	<u>8,513,658</u>	<u>551,643</u>	<u>(191,654)</u>	<u>8,873,647</u>
Total capital assets being depreciated	<u>\$ 28,151,233</u>	<u>\$ 551,643</u>	<u>\$ (191,654)</u>	<u>\$ 28,511,222</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,323,861)	\$ (267,498)	\$ -	\$ (15,591,359)
Machinery and equipment	<u>(5,895,066)</u>	<u>(486,627)</u>	<u>191,654</u>	<u>(6,190,039)</u>
Total accumulated depreciation	<u>\$ (21,218,927)</u>	<u>\$ (754,125)</u>	<u>\$ 191,654</u>	<u>\$ (21,781,398)</u>
Total capital assets being depreciated, net	<u>\$ 6,932,306</u>	<u>\$ (202,482)</u>	<u>\$ -</u>	<u>\$ 6,729,824</u>
School Board capital assets, net	<u><u>\$ 7,561,951</u></u>	<u><u>\$ 319,169</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,881,120</u></u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 12- Risk Management:

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

Note 13- Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

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Note 14- Surety Bonds:

Primary Government:

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

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

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

Componenet Unit - School Board:

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

Note 15- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2015, the total post-closure care liability (which represents the 7 years remaining) was \$259,695 representing what it would cost to perform all post-closure care in fiscal year 2014. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County demonstrated financial assurance requirements for closure, post-closure care through the submission of a Local Government Financial Test to the Virginia Department of environmental Quality in accordance with section 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

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**Note 16- Unavailable Revenue:**

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$10,374,679 is comprised of the following:

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 2,179,229
2nd half assessments due in December 2015	8,011,167	8,011,167
Prepaid property taxes due in December 2015 but paid in advance by taxpayers	184,283	184,283
	<u>\$ 8,195,450</u>	<u>\$ 10,374,679.00</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
 June 30, 2015

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**Note 17- Fund Balance Classifications:**

	<u>General Fund</u>
Nonspendable:	
Prepays	\$ 18,223
Restricted:	
Commonwealth Attorney Seized Assets	\$ 27,469
Sheriff Seized Assets	11,987
Community Corrections	46,128
Total Restricted	<u>\$ 85,584</u>
Assigned:	
Outstanding Encumbrances 06/30/15 - Various Departments	\$ 111,707
E-911 GIS Mapping Equipment	59,493
Court Services Unit CE Richardson Grant	1,857
Emergency Management HazMat Equipment	2,460
Sheriff Equipment	22,901
Visitor's Center Advertising	19,363
Transfer to Capital Improvements Fund	2,744,938
Transfer to REMSI	117,581
Transfer to School Capital Fund	181,475
Transfer to IDA Fund	284,973
Transfer to Internal Service Fund	48,298
Total Assigned	<u>\$ 3,595,046</u>
Unassigned:	
10% (Original FY 2016 Budget) Reserve Fund Balance	\$ 9,458,664
Unassigned	131,634
	<u>\$ 9,590,298</u>
Total Fund Balance	<u>\$ 13,289,151</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2015

Note 17- Fund Balance Classifications: (continued)

	Other Governmental Funds
	<u>                    </u>
Restricted:	
School Construction	\$ (435,332)
County Construction	(89,778)
Total Restricted Fund Balance	<u>\$ (525,110)</u>
Committed:	
Tornado Clean up and assistance	\$ 59,518
NRCC Entrance	222,083
Total Committed Fund Balance	<u>\$ 281,601</u>
 Total Fund Balance	 <u><u>\$ (243,509)</u></u>

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

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
	<u>                    </u>	<u>                    </u>
Ending fund balance, as previously reported	\$ 2,152,028	\$ -
Incurred but not reported claims not previously reported	(676,233)	-
Net pension liability (GASB 68)	-	(241,157)
Deferred outflows of resources (GASB 68)	-	39,454
Ending fund balance, as restated	<u>\$ 1,475,795</u>	<u>\$ (201,703)</u>
	<u>Governmental</u>	<u>Component Unit-</u>
	<u>Activities</u>	<u>School Board</u>
Net Position, July 1, 2014, as previously stated	41,901,940	5,019,744
Incurred but not reported claims not previously reported	(676,233)	-
Net pension liability (GASB 68)	(6,596,632)	(43,632,076)
Deferred outflows of resources (GASB 68)	1,081,222	2,808,465
(Over) understatement of assets	(277,996)	301,866
Over (under)statement of accumulated depreciation	(325,315)	601,806
Net Position, July 1, 2014, as restated	<u>35,106,986</u>	<u>(34,900,195)</u>

Note 19- Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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

**Note 19- Upcoming Pronouncements: (continued)**

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

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

## 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, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
General Property Taxes	\$ 23,984,000	\$ 24,494,756	\$ 25,192,418	\$ 697,662
Other Local Taxes	7,039,500	7,198,947	7,120,592	(78,355)
Permits, Privilege Fees and Regulatory Licenses	137,700	143,965	147,521	3,556
Fines and Forfeitures	92,900	104,965	120,427	15,462
Revenue from Use of Money and Property	414,500	414,500	268,582	(145,918)
Charges for Services	442,170	527,166	578,813	51,647
Miscellaneous	43,750	261,194	351,965	90,771
Recovered Costs	432,489	648,267	932,853	284,586
Intergovernmental:				
Commonwealth	12,872,224	13,140,571	11,133,128	(2,007,443)
Federal Government	3,256,282	3,773,813	3,537,739	(236,074)
Total Revenues	\$ 48,715,515	\$ 50,708,144	\$ 49,384,038	\$ (1,324,106)
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 2,435,450	\$ 2,979,526	\$ 2,448,681	\$ 530,845
Judicial Administration	1,767,802	1,865,677	1,855,350	10,327
Public Safety	8,326,230	9,152,001	8,642,080	509,921
Public Works	1,676,315	1,871,719	1,744,721	126,998
Health and Welfare	13,099,279	13,073,099	10,327,829	2,745,270
Education	16,050,870	16,548,516	13,631,332	2,917,184
Parks, Recreation and Cultural	1,378,487	1,510,131	1,462,452	47,679
Community Development	1,670,251	6,449,278	5,051,395	1,397,883
Non-Departmental	257,229	124,573	149,816	(25,243)
Debt Service:				
Principal Retirement	2,824,937	2,828,757	2,109,205	719,552
Interest and Other Fiscal Charges	307,873	308,038	904,063	(596,025)
Total Expenditures	\$ 49,794,723	\$ 56,711,315	\$ 48,326,924	\$ 8,384,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,079,208)	\$ (6,003,171)	\$ 1,057,114	\$ 7,060,285
Other Financing Sources (Uses)				
Transfers Out	\$ (1,652,517)	\$ (6,097,744)	\$ (3,581,346)	\$ 2,516,398
Total Other Financing Sources (Uses)	\$ (1,652,517)	\$ (6,097,744)	\$ (3,581,346)	\$ 2,516,398
Net Change in Fund Balance	\$ (2,731,725)	\$ (12,100,915)	\$ (2,524,232)	\$ 9,576,683
Fund Balance - Beginning	2,731,725	12,100,915	15,813,383	3,712,468
Fund Balance - Ending	\$ -	\$ -	\$ 13,289,151	\$ 13,289,151

County of Pulaski, Virginia  
 Schedule of OPEB Funding  
 For the Fiscal Year Ended June 30, 2015

## Primary Government: Post-Retirement Medical Plan

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

## School Board: Post-Retirement Medical Plan

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

## Primary Government: Virginia Retirement System - Health Insurance Credit

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2014	\$ 146,600	\$ 224,000	\$ 77,400	65.45%	\$ 4,537,070	1.71%
June 30, 2013	137,189	224,512	87,323	61.11%	4,327,776	2.02%
June 30, 2012	130,799	208,234	77,435	62.81%	4,062,440	1.91%

County of Pulaski, Virginia  
 Schedule of Employer's Proportionate Share of the Net Pension Liability  
 June 30, 2015

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Employee Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County of Retirement Plan					
2014	81.2400%	\$ 3,792,677	\$ 8,225,333	46.11%	80.64%
Component Unit Public Service Authority					
2014	13.3500%	\$ 615,090	\$ 1,351,652	45.51%	82.50%
Component Unit School Board (professional)					
2014	0.3002%	\$ 36,277,000	\$ 21,994,715	164.94%	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

\* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 259,384
Interest	653,059
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(508,058)
Net change in total pension liability	\$ 404,385
Total pension liability - beginning	9,583,439
Total pension liability - ending (a)	\$ 9,987,824
 Plan fiduciary net position	
Contributions - employer	\$ 245,465
Contributions - employee	123,727
Net investment income	1,281,760
Benefit payments, including refunds of employee contributions	(508,058)
Administrative expense	(6,966)
Other	68
Net change in plan fiduciary net position	\$ 1,135,996
Plan fiduciary net position - beginning	8,209,363
Plan fiduciary net position - ending (b)	\$ 9,345,359
 School Division's net pension liability - ending (a) - (b)	\$ 642,465
 Plan fiduciary net position as a percentage of the total pension liability	93.57%
 Covered-employee payroll	\$ 2,474,506
 School Division's net pension liability as a percentage of covered-employee payroll	25.96%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.



Schedule of Employer Contributions  
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2015	\$ 1,018,523	\$ 1,018,523	-	\$ \$ 8,471,149	12.02%
<b>Component Unit Public Service Authority</b>					
2015	\$ 166,881	\$ 166,881	-	\$ \$ 1,392,046	11.99%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 218,739	\$ 218,739	-	\$ \$ 2,434,851	8.98%
<b>Component Unit School Board (professional)</b>					
2015	\$ 3,092,245	\$ 3,092,245	-	\$ \$ 21,994,715	14.06%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Pulaski  
Notes to Required Supplementary Information  
June 30, 2015

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Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

## Other Supplementary Information

County of Pulaski, Virginia  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2015

	Special Revenue Fund		Capital Projects Funds		Total
	Tornado	Highway	School	County	
	Relief Fund	Maintenance Fund	CIP Fund	CIP Fund	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 16,645	\$ 222,083	\$ -	\$ -	\$ 238,728
Investments	-	-	53,384	-	53,384
Due from Other Funds	42,873	-	113,184	-	156,057
Total Assets	\$ 59,518	\$ 222,083	\$ 166,568	\$ -	\$ 448,169
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ 601,823	\$ 89,778	\$ 691,601
Total Liabilities	\$ -	\$ -	\$ 601,823	\$ 89,778	\$ 691,601
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Construction	\$ -	\$ -	\$ (435,255)	\$ (89,778)	\$ (525,033)
<b>Committed:</b>					
Tornado cleanup and assistance	59,518	-	-	-	59,518
NRCC entrance	-	222,083	-	-	222,083
<b>Unassigned:</b>					
Total Fund Balances	\$ 59,518	\$ 222,083	\$ (435,255)	\$ (89,778)	\$ (243,432)
Total Liabilities and Fund Balances	\$ 59,518	\$ 222,083	\$ 166,568	\$ -	\$ 448,169

County of Pulaski, Virginia  
 Nonmajor Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds		Capital Projects Funds		Total
	Tornado Relief Fund	Highway Maintenance	School CIP Fund	County CIP Fund	
<b>REVENUES</b>					
Revenue from Use of Money and Property	\$ -	\$ 100	\$ 77	\$ -	\$ 177
Miscellaneous	-	150	-	-	150
Intergovernmental:					
Commonwealth	-	606,985	-	117,571	724,556
Federal Government	96,399	-	-	-	96,399
Total Revenues	<u>\$ 96,399</u>	<u>\$ 607,235</u>	<u>\$ 77</u>	<u>\$ 117,571</u>	<u>\$ 821,282</u>
<b>EXPENDITURES:</b>					
Current:					
General Government Administration	\$ -	\$ -	\$ -	\$ 233,996	\$ 233,996
Public Safety	-	-	-	1,059,292	1,059,292
Public Works	-	1,051,906	-	744,793	1,796,699
Health and Welfare	2,989	-	-	86,851	89,840
Education	-	-	-	364,884	364,884
Parks, Recreation and Cultural	-	-	-	88,399	88,399
Community Development	-	-	-	181,695	181,695
Capital Projects	-	-	855,652	-	855,652
Total Expenditures	<u>\$ 2,989</u>	<u>\$ 1,051,906</u>	<u>\$ 855,652</u>	<u>\$ 2,759,910</u>	<u>\$ 4,670,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 93,410</u>	<u>\$ (444,671)</u>	<u>\$ (855,575)</u>	<u>\$ (2,642,339)</u>	<u>\$ (3,849,175)</u>
Other Financing Sources (Uses)					
Transfers In	\$ -	\$ -	\$ 258,371	\$ 2,552,561	\$ 2,810,932
Net Change in Fund Balance	\$ 93,410	\$ (444,671)	\$ (597,204)	\$ (89,778)	\$ (1,038,243)
Fund Balance - Beginning	(33,892)	666,754	161,949	-	794,811
Fund Balance - Ending	<u>\$ 59,518</u>	<u>\$ 222,083</u>	<u>\$ (435,255)</u>	<u>\$ (89,778)</u>	<u>\$ (243,432)</u>

County of Pulaski, Virginia  
 Nonmajor Special Revenue Funds  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2015

	Tornado Relief Fund				Highway Maintenance Fund				Total			
	Budget Amounts		Actual Amounts	Variance with Final Budget Pos. (Neg)	Budget Amounts		Actual Amounts	Variance with Final Budget Pos. (Neg)	Budget Amounts		Actual Amounts	Variance with Final Budget Pos. (Neg)
	Original	Final			Original	Final			Original	Final		
<b>REVENUES</b>												
Revenue from Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:												
Commonwealth	-	192,798	96,399	(96,399)	-	484,108	606,985	122,877	-	484,108	606,985	122,877
Federal Government	-	-	-	-	-	-	-	-	-	192,798	96,399	(96,399)
Total Revenues	\$ -	\$ 374,918	\$ 96,399	\$ (278,519)	\$ -	\$ 484,108	\$ 607,235	\$ 123,127	\$ -	\$ 859,026	\$ 703,634	\$ (155,392)
<b>EXPENDITURES:</b>												
Current:												
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,066,739	\$ 1,051,906	\$ 14,833	\$ -	\$ 1,066,739	\$ 1,051,906	\$ 14,833
Health and Welfare	-	18,045	2,989	15,056	-	-	-	-	-	18,045	2,989	15,056
Total Expenditures	\$ -	\$ 18,045	\$ 2,989	\$ 15,056	\$ -	\$ 1,066,739	\$ 1,051,906	\$ 14,833	\$ -	\$ 1,084,784	\$ 1,054,895	\$ 29,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 356,873	\$ 93,410	\$ (263,463)	\$ -	\$ (582,631)	\$ (444,671)	\$ 137,960	\$ -	\$ (225,758)	\$ (351,261)	\$ (125,503)
Other Financing Sources (Uses)												
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,631	\$ -	\$ (582,631)	\$ -	\$ 582,631	\$ -	\$ (582,631)
Transfers Out	-	(356,873)	-	356,873	-	-	-	-	-	(356,873)	-	356,873
Total Other Financing Sources (Uses)	\$ -	\$ (356,873)	\$ -	\$ 356,873	\$ -	\$ 582,631	\$ -	\$ (582,631)	\$ -	\$ 225,758	\$ -	\$ (225,758)
Net Change in Fund Balance	\$ -	\$ -	\$ 93,410	\$ 93,410	\$ -	\$ -	\$ (444,671)	\$ (444,671)	\$ -	\$ -	\$ (351,261)	\$ (351,261)
Fund Balance - Beginning	-	-	(33,892)	(33,892)	-	-	666,754	666,754	-	-	632,862	632,862
Fund Balance - Ending	\$ -	\$ -	\$ 59,518	\$ 59,518	\$ -	\$ -	\$ 222,083	\$ 222,083	\$ -	\$ -	\$ 281,601	\$ 281,601

County of Pulaski, Virginia  
 Nonmajor Capital Projects Fund-School Construction Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2015

	<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	\$ -	\$ -	\$ 77	\$ 77
Total Revenues	\$ -	\$ -	\$ 77	\$ 77
<b>EXPENDITURES</b>				
Capital Projects	\$ -	\$ 3,745,565	\$ 855,652	\$ 2,889,913
Total Expenditures	\$ -	\$ 3,745,565	\$ 855,652	\$ 2,889,913
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (3,745,565)	\$ (855,575)	\$ 2,889,990
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ 345,565	\$ 258,371	\$ (87,194)
Proceeds of Indebtedness	-	3,400,000	-	(3,400,000)
Total Other Financing Sources (Uses)	\$ -	\$ 3,745,565	\$ 258,371	\$ (3,487,194)
Net Change in Fund Balance	\$ -	\$ -	\$ (597,204)	\$ (597,204)
Fund Balance - Beginning	-	-	161,949	161,949
Fund Balance - Ending	\$ -	\$ -	\$ (435,255)	\$ (435,255)

County of Pulaski, Virginia  
 Nonmajor Capital Projects Fund-County CIP Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2015

	<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>				
Intergovernmental:				
Commonwealth	\$ -	\$ 1,612,713	\$ 117,571	\$ (1,495,142)
Total Revenues	<u>\$ -</u>	<u>\$ 1,612,713</u>	<u>\$ 117,571</u>	<u>\$ (1,495,142)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 220,332	\$ 1,008,101	\$ 233,996	\$ 774,105
Public Safety	335,000	2,124,747	1,059,292	1,065,455
Public Works	71,000	1,578,712	744,793	833,919
Health and Welfare	-	887,000	86,851	800,149
Education	370,000	364,884	364,884	-
Parks, Recreation and Cultural	10,000	365,933	88,399	277,534
Community Development	170,000	350,870	181,695	169,175
Total Expenditures	<u>\$ 1,176,332</u>	<u>\$ 6,680,247</u>	<u>\$ 2,759,910</u>	<u>\$ 3,920,337</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ (1,176,332)	\$ (5,067,534)	\$ (2,642,339)	\$ 2,425,195
Other Financing Sources (Uses)				
Transfers In	\$ 1,176,332	\$ 5,067,534	\$ 2,552,561	\$ (2,514,973)
Net Change in Fund Balance	\$ -	\$ -	\$ (89,778)	\$ (89,778)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (89,778)</u>	<u>\$ (89,778)</u>



County of Pulaski, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Agency Funds			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 16,813	\$ 53,113	\$ 82,471	\$ 152,397
Total Assets	<u>\$ 16,813</u>	<u>\$ 53,113</u>	<u>\$ 82,471</u>	<u>\$ 152,397</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 16,813	\$ -	\$ -	\$ 16,813
Performance Bond Fund	-	53,113	-	53,113
Employee Flexible Benefits Fund	-	-	82,471	82,471
Total amounts held for others	<u>\$ 16,813</u>	<u>\$ 53,113</u>	<u>\$ 82,471</u>	<u>\$ 152,397</u>
Total Liabilities	<u>\$ 16,813</u>	<u>\$ 53,113</u>	<u>\$ 82,471</u>	<u>\$ 152,397</u>

County of Pulaski, Virginia  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2015

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	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 20,361	\$ 42,976	\$ 46,524	\$ 16,813
Performance Bond Fund	115,665	2,690	65,242	53,113
Employee Flexible Benefits Fund	80,666	36,904	35,099	82,471
Total cash and cash equivalents	<u>\$ 216,692</u>	<u>\$ 82,570</u>	<u>\$ 146,865</u>	<u>\$ 152,397</u>
Total Assets	<u>\$ 216,692</u>	<u>\$ 82,570</u>	<u>\$ 146,865</u>	<u>\$ 152,397</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 20,361	\$ 42,976	\$ 46,524	\$ 16,813
Performance Bond Fund	115,665	2,690	65,242	53,113
Employee Flexible Benefits Fund	80,666	36,904	35,099	82,471
Total amounts held for others	<u>\$ 216,692</u>	<u>\$ 82,570</u>	<u>\$ 146,865</u>	<u>\$ 152,397</u>
Total Liabilities	<u>\$ 216,692</u>	<u>\$ 82,570</u>	<u>\$ 146,865</u>	<u>\$ 152,397</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

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MAJOR GOVERNMENTAL FUND

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

County of Pulaski, Virginia  
Discretely Presented Component Unit - School Board  
Balance Sheet  
June 30, 2015

		School Operating Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$	1,898,236
Prepaid items		129,831
Due from Primary Government		2,258,138
Due from Other Governmental Units		1,481,328
Total Assets	\$	<u>5,767,533</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$	786,366
Accrued Wages		3,561,636
Total Liabilities	\$	<u>4,348,002</u>
Fund Balances		
Nonspendable	\$	129,831
Committed		1,289,700
Total Fund Balances	\$	<u>1,419,531</u>
Total Liabilities and Fund Balances	\$	<u>5,767,533</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances - per above	\$	1,419,531
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	528,360
Building and System		4,046,216
Machinery and Equipment		2,683,608
Construction in Progress		622,936
		<u>7,881,120</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Items related to the measurement of the net pension liability		(6,693,766)
Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		3,310,984
Long-term liabilities, including compensated absences and net OPEB obligation are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	\$	(1,444,861)
Net Pension Liability		(36,919,465)
Net OPEB Obligation		(1,034,500)
		<u>(39,398,826)</u>
Net position of governmental activities - component unit school board	\$	<u>(33,480,957)</u>

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, 2015

		School Operating Fund
<b>REVENUES</b>		
Revenue from Use of Money and Property	\$	18,782
Charges for Services		1,619,575
Miscellaneous		9,415
Recovered Costs		761,226
Intergovernmental:		
Local Government		13,616,057
Commonwealth		26,322,189
Federal Government		4,574,671
Total Revenues	\$	46,921,915
<b>EXPENDITURES:</b>		
Current:		
Education	\$	46,478,144
Total Expenditures	\$	46,478,144
Excess (Deficiency) of Revenues Over (Under)		
Expenditures	\$	443,771
Net Change in Fund Balance	\$	443,771
Fund Balance - Beginning		975,760
Fund Balance - Ending	\$	1,419,531
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	\$	443,771
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	\$	1,073,294
Depreciation		(754,125)
		319,169
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
(Increase) Decrease in deferred inflows related to the measurement of the net pension liability		(6,693,766)
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	\$	265,834
(Increase) Decrease in net pension liability		6,712,611
Increase (Decrease) in deferred outflows related to pension payments subsequent to measurement date	\$	502,519
(Increase) Decrease in net OPEB obligation		(130,900)
		7,350,064
Change in net position of governmental funds - component unit school board	\$	1,419,238

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, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ 12,658	\$ 14,658	\$ 18,782	\$ 4,124
Charges for Services	1,202,821	1,734,121	1,619,575	(114,546)
Miscellaneous	67,000	264,491	9,415	(255,076)
Recovered Costs	1,184,638	754,713	761,226	6,513
Intergovernmental:				
Local Government	13,303,870	13,797,531	13,616,057	(181,474)
Commonwealth	26,390,008	26,577,774	26,322,189	(255,585)
Federal Government	5,263,841	5,759,259	4,574,671	(1,184,588)
Total Revenues	\$ 47,424,836	\$ 48,902,547	\$ 46,921,915	\$ (1,980,632)
<b>EXPENDITURES:</b>				
Current:				
Education	\$ 47,424,836	\$ 48,902,547	\$ 46,478,144	\$ 2,424,403
Total Expenditures	\$ 47,424,836	\$ 48,902,547	\$ 46,478,144	\$ 2,424,403
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 443,771	\$ 443,771
Net Change in Fund Balance	\$ -	\$ -	\$ 443,771	\$ 443,771
Fund Balance - Beginning	975,760	975,760	975,760	-
Fund Balance - Ending	\$ 975,760	\$ 975,760	\$ 1,419,531	\$ 443,771

## Supporting Schedules

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 15,365,000	\$ 15,365,000	\$ 15,571,081	\$ 206,081
Real and personal public service corporation taxes	800,000	800,000	868,364	68,364
Personal property taxes	4,300,000	4,740,328	5,119,295	378,967
Mobile home taxes	30,000	43,878	44,860	982
Machinery and tools taxes	3,100,000	3,122,150	3,127,748	5,598
Airplane taxes	29,000	29,000	22,402	(6,598)
Penalties	170,000	170,000	186,207	16,207
Interest	150,000	176,735	196,528	19,793
Collection fees	40,000	47,665	55,933	8,268
Total General Property Taxes	<u>\$ 23,984,000</u>	<u>\$ 24,494,756</u>	<u>\$ 25,192,418</u>	<u>\$ 697,662</u>
Other Local Taxes:				
Local sales and use taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,206,440	\$ 6,440
Consumers' utility taxes	658,000	658,000	643,227	(14,773)
Business licenses	600,000	693,196	693,196	-
Consumption taxes	98,500	109,145	115,552	6,407
Motor vehicle licenses	570,000	570,000	544,991	(25,009)
Bank stock taxes	28,000	28,000	7,673	(20,327)
Taxes on recordation and wills	170,000	225,606	146,149	(79,457)
Hotel and motel room taxes	365,000	365,000	356,348	(8,652)
Restaurant food taxes	1,350,000	1,350,000	1,407,016	57,016
Total Other Local Taxes	<u>\$ 7,039,500</u>	<u>\$ 7,198,947</u>	<u>\$ 7,120,592</u>	<u>\$ (78,355)</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 27,000	\$ 27,000	\$ 26,497	\$ (503)
Land use application fees	400	400	679	279
Transfer fees	1,000	1,000	1,055	55
Zoning and subdivision permits	7,800	8,400	9,223	823
Erosion and sediment control permits	1,500	1,500	650	(850)
Building permits	100,000	105,665	109,417	3,752
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 137,700</u>	<u>\$ 143,965</u>	<u>\$ 147,521</u>	<u>\$ 3,556</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 88,700	\$ 99,675	\$ 114,811	\$ 15,136
Interest on local fines	4,200	5,290	5,616	326
Total Fines and Forfeitures	<u>\$ 92,900</u>	<u>\$ 104,965</u>	<u>\$ 120,427</u>	<u>\$ 15,462</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 390,000	\$ 390,000	\$ 242,016	\$ (147,984)
Revenue from use of property	24,500	24,500	26,566	2,066
Total Revenue from Use of Money and Property	<u>\$ 414,500</u>	<u>\$ 414,500</u>	<u>\$ 268,582</u>	<u>\$ (145,918)</u>
Charges for Services:				
Charges for clerk copies	\$ 7,700	\$ 8,746	\$ 8,889	\$ 143
Charges for courthouse maintenance	20,000	20,000	19,791	(209)
Charges for courthouse security	80,000	80,000	86,465	6,465
Fees of Sheriff	3,500	4,082	4,499	417
Share of seized property	-	10,712	10,712	-
Charges for Commonwealth's Attorney	4,000	5,495	5,451	(44)
Miscellaneous jail and inmate fees	6,200	7,481	6,772	(709)
Concealed handgun permits	10,000	10,000	9,676	(324)



County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Pos (Neg)
Primary Government: (continued)				
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Charges for parks and recreation	\$ 228,500	\$ 265,700	\$ 311,906	\$ 46,206
Sale of maps and publications	1,000	1,000	255	(745)
Town tax book preparation	470	470	470	-
Charges for animal pound	8,000	9,284	9,540	256
Charges for landfill	50,000	80,022	80,022	-
Charges for library	22,800	24,174	24,365	191
Total Charges for Services	\$ 442,170	\$ 527,166	\$ 578,813	\$ 51,647
Miscellaneous:				
Contribution from IDA	\$ -	\$ -	\$ 10,860	\$ 10,860
Miscellaneous	43,750	261,194	341,105	79,911
Total Miscellaneous	\$ 43,750	\$ 261,194	\$ 351,965	\$ 90,771
Recovered Costs:				
Administrative fees	\$ 83,000	\$ 91,893	\$ 77,159	\$ (14,734)
Airport recoveries	180,201	180,201	192,696	12,495
Juror costs	6,500	10,110	9,120	(990)
Circuit court secretary	12,250	12,250	12,250	-
CSA recoveries	-	-	75,512	75,512
Insurance recoveries	5,000	5,000	-	(5,000)
Parks and recreation	-	13,000	100,423	87,423
Public safety recoveries	129,916	129,916	382,960	253,044
Health department recoveries	7,500	7,500	-	(7,500)
Hazardous material response	-	-	1,699	1,699
Other recoveries	8,122	198,397	81,034	(117,363)
Total Recovered Costs	\$ 432,489	\$ 648,267	\$ 932,853	\$ 284,586
Total Revenue from Local Sources	\$ 32,587,009	\$ 33,793,760	\$ 34,713,171	\$ 919,411
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ 47,257	\$ (2,743)
Mobile home titling tax	30,000	30,000	27,203	(2,797)
Motor vehicle rental tax	2,500	5,091	5,156	65
Grantor's tax	110,000	116,966	114,908	(2,058)
State recordation tax	-	-	78,251	78,251
Telecommunication taxes	830,000	830,000	821,390	(8,610)
Personal property tax relief funds	1,594,000	1,594,000	1,594,529	529
Funds returned to Commonwealth	-	(79,234)	(78,060)	1,174
Total Noncategorical Aid	\$ 2,616,500	\$ 2,546,823	\$ 2,610,634	\$ 63,811
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 615,848	\$ 615,848	\$ 637,703	\$ 21,855
Sheriff	1,700,000	1,707,616	1,760,166	52,550
Commissioner of the Revenue	130,000	130,000	130,344	344
Treasurer	109,000	109,000	107,417	(1,583)
Registrar/Electoral Board	43,085	43,085	41,034	(2,051)
Clerk of the Circuit Court	342,606	373,920	377,765	3,845
Total Shared Expenses	\$ 2,940,539	\$ 2,979,469	\$ 3,054,429	\$ 74,960

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Pos (Neg)
Primary Government: (continued)				
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,797,219	\$ 2,797,219	\$ 2,027,544	\$ (769,675)
Comprehensive Services Act (CSA)	3,267,570	3,267,570	2,142,307	(1,125,263)
DMV animal friendly plates	500	643	679	36
Commission on the arts	5,000	5,000	5,000	-
Victim's assistance grant	122,813	130,181	31,624	(98,557)
Litter control grant	12,000	12,829	12,829	-
Library grant	118,673	118,673	118,796	123
Pretrial services grant	812,212	813,423	813,423	-
Fire programs	65,000	134,833	143,498	8,665
Virginia Juvenile Commission Crime Control	28,608	28,608	21,321	(7,287)
Domestic violence DCJS grant	40,000	40,000	40,000	-
Public safety answer grant	44,990	44,990	43,583	(1,407)
DEQ grant	600	600	19	(581)
DCJS Equipment Communication Grant	-	30,997	-	(30,997)
2012 SHSP Citizens Corporation Grant	-	5,800	-	(5,800)
DCJS School Resource Officer	-	176,848	56,843	(120,005)
Other categorical aid	-	6,065	10,599	4,534
Total Other Categorical Aid	<u>\$ 7,315,185</u>	<u>\$ 7,614,279</u>	<u>\$ 5,468,065</u>	<u>\$ (2,146,214)</u>
Total Revenue from the Commonwealth	<u>\$ 12,872,224</u>	<u>\$ 13,140,571</u>	<u>\$ 11,133,128</u>	<u>\$ (2,007,443)</u>
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ -	\$ -	\$ 26,498	\$ 26,498
Categorical Aid:				
Public assistance and welfare administration	\$ 3,239,378	\$ 3,239,378	\$ 3,156,345	\$ (83,033)
CDBG grants	-	309,080	106,529	(202,551)
Emergency management preparedness grant	16,904	16,904	22,704	5,800
State and community highway safety	-	55,189	20,402	(34,787)
Victim witness	-	-	94,873	94,873
Other categorical aid	-	153,262	110,388	(42,874)
Total Categorical Aid	<u>\$ 3,256,282</u>	<u>\$ 3,773,813</u>	<u>\$ 3,511,241</u>	<u>\$ (262,572)</u>
Total Revenue from the Federal Government	<u>\$ 3,256,282</u>	<u>\$ 3,773,813</u>	<u>\$ 3,537,739</u>	<u>\$ (236,074)</u>
Total General Fund	<u>\$ 48,715,515</u>	<u>\$ 50,708,144</u>	<u>\$ 49,384,038</u>	<u>\$ (1,324,106)</u>
Nonmajor Special Revenue Funds:				
Tornado Relief Fund:				
Revenue from Local Sources:				
Recovered Costs:				
Town of Pulaski, Virginia	\$ -	\$ 182,120	\$ -	\$ (182,120)
Total Revenue from Local Sources	<u>\$ -</u>	<u>\$ 182,120</u>	<u>\$ -</u>	<u>\$ (182,120)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Tornado UNOS Grant	\$ -	\$ 192,798	\$ 96,399	\$ (96,399)
Total Revenue from the Federal Government	<u>\$ -</u>	<u>\$ 192,798</u>	<u>\$ 96,399</u>	<u>\$ (96,399)</u>
Total Tornado Relief Fund	<u>\$ -</u>	<u>\$ 374,918</u>	<u>\$ 96,399</u>	<u>\$ (278,519)</u>

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos. (Neg)</u>
Primary Government: (continued)				
Highway Maintenance Fund				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 100	\$ 100
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 150	\$ 150
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical Aid:				
Other Categorical Aid:				
VDOT	\$ -	\$ 484,108	\$ 399,985	\$ (84,123)
NRCC New Road Entrance	-	-	207,000	207,000
Total Other Categorical Aid	\$ -	\$ 484,108	\$ 606,985	\$ 122,877
Total Revenue from the Commonwealth	\$ -	\$ 484,108	\$ 606,985	\$ 122,877
Total Highway Maintenance Fund	\$ -	\$ 484,108	\$ 607,235	\$ 123,127
Total Nonmajor Special Revenue Funds	\$ -	\$ 859,026	\$ 703,634	\$ (155,392)
Nonmajor Capital Projects Funds:				
School Construction Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 77	\$ 77
Total Revenue from Use of Money and Property	\$ -	\$ -	\$ 77	\$ 77
Total School Construction Fund	\$ -	\$ -	\$ 77	\$ 77
County CIP Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
E-911 wireless grant	\$ -	\$ 150,000	\$ 117,571	\$ (32,429)
VDOT grants	-	587,394	-	(587,394)
Other categorical aid	-	875,319	-	(875,319)
Total Revenue from the Commonwealth	\$ -	\$ 1,612,713	\$ 117,571	\$ (1,495,142)
Total County CIP Fund	\$ -	\$ 1,612,713	\$ 117,571	\$ (1,495,142)
Total Nonmajor Capital Projects Funds	\$ -	\$ 1,612,713	\$ 117,648	\$ (1,495,065)
Total Primary Government	\$ 48,715,515	\$ 53,179,883	\$ 50,205,320	\$ (2,974,563)

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Pos (Neg)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 10,258	\$ 12,258	\$ 14,882	\$ 2,624
Revenue from use of property	2,400	2,400	3,900	1,500
Total Revenue from Use of Money and Property	<u>\$ 12,658</u>	<u>\$ 14,658</u>	<u>\$ 18,782</u>	<u>\$ 4,124</u>
Charges for Services:				
Charges for education	\$ 144,500	\$ 144,500	\$ 204,134	\$ 59,634
Cafeteria sales	1,058,321	1,058,321	785,649	(272,672)
Tuition and payments from other divisions	-	531,300	629,792	98,492
Total Charges for Services	<u>\$ 1,202,821</u>	<u>\$ 1,734,121</u>	<u>\$ 1,619,575</u>	<u>\$ (114,546)</u>
Miscellaneous:				
Miscellaneous	\$ 67,000	\$ 264,491	\$ 9,415	\$ (255,076)
Recovered Costs:				
Medicaid reimbursements	\$ 60,000	\$ 60,000	\$ 11,731	\$ (48,269)
Insurance recoveries	-	-	150	150
Joint services reimbursements	242,532	242,532	261,798	19,266
Salary reimbursements	87,500	87,500	132,774	45,274
School activity reimbursements	125,000	125,000	57,328	(67,672)
Other recoveries	214,400	239,681	297,445	57,764
Total Recovered Costs	<u>\$ 1,184,638</u>	<u>\$ 754,713</u>	<u>\$ 761,226</u>	<u>\$ 6,513</u>
Total Revenue from Local Sources	<u>\$ 2,467,117</u>	<u>\$ 2,767,983</u>	<u>\$ 2,408,998</u>	<u>\$ (358,985)</u>
Intergovernmental:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 13,303,870	\$ 13,797,531	\$ 13,616,057	\$ (181,474)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 305,287	\$ 305,287	\$ 305,783	\$ 496
At risk payments	488,709	488,709	484,950	(3,759)
Adult Education	6,164	6,164	-	(6,164)
Basic school aid	13,296,535	13,296,535	13,165,117	(131,418)
Career technology education	43,522	43,522	6,405	(37,117)
Early reading intervention	91,714	91,714	87,346	(4,368)
English as a second language	12,441	12,441	13,728	1,287
Gifted and talented	139,426	139,426	138,349	(1,077)
GLI instructional	53,397	53,397	52,985	(412)
Governor's School	369,718	449,718	401,247	(48,471)
Homebound education	56,818	56,818	29,586	(27,232)
ISAEF	15,717	15,717	15,717	-
Mentor teaching program	-	-	4,292	4,292
Special education jail	18,934	18,934	-	(18,934)
National board certified teacher bonus	-	-	2,500	2,500
Preschool social services	-	-	6,459	6,459
Primary class size	636,861	636,861	641,128	4,267
Project graduation	-	-	26,915	26,915
Remedial education	551,770	551,770	547,510	(4,260)
Remedial summer education	107,443	107,443	85,822	(21,621)
Retirement	1,708,708	1,708,708	1,695,514	(13,194)

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget- Pos. (Neg)
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
School food	47,901	91,316	57,182	(34,134)
Share of state sales tax	4,614,907	4,614,907	4,657,449	42,542
Social security	839,521	839,521	833,039	(6,482)
Special education	1,901,531	1,901,531	1,886,848	(14,683)
Special education - foster care	2,934	2,934	9,576	6,642
Standards of learning algebra readiness	69,449	69,449	60,604	(8,845)
Textbook payment	285,520	285,520	283,233	(2,287)
Vocational education-equipment	-	-	7,707	7,707
Vocational occupational preparedness	-	-	36,066	36,066
Vocational standards of quality payments	355,981	355,981	353,232	(2,749)
VPSA technology grant	310,000	284,000	258,000	(26,000)
VTSF Virginia tobacco settlement	59,100	59,100	50,329	(8,771)
VA workplace readiness skills	\$ -	\$ -	\$ 4,320	\$ 4,320
Race to GED grant	-	44,351	44,351	-
Plugged in VA grant	-	46,000	45,900	(100)
Math and science teacher recruitment	-	-	23,000	23,000
Total Categorical Aid	\$ 26,390,008	\$ 26,577,774	\$ 26,322,189	\$ (255,585)
Total Revenue from the Commonwealth	\$ 26,390,008	\$ 26,577,774	\$ 26,322,189	\$ (255,585)
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 19,887	\$ 19,887
Advanced placement grant	-	-	661	661
Gear up access Virginia	-	58,436	-	(58,436)
Title I	1,299,981	1,397,836	1,099,811	(298,025)
Title VI-B, special education	1,819,730	1,467,281	1,068,123	(399,158)
Title VI-B, pre-school - ARRA	31,761	31,761	21,183	(10,578)
Vocational education	80,951	80,951	86,633	5,682
Title III, LEP	1,840	1,840	-	(1,840)
Title II, Part A-Teacher quality grant	326,983	338,794	203,525	(135,269)
Title IV, Part 21	354,245	663,003	543,137	(119,866)
School food	1,348,350	1,348,350	1,447,781	99,431
School food-Summer program	-	-	83,930	83,930
Other	-	371,007	-	(371,007)
Total Categorical Aid	\$ 5,263,841	\$ 5,759,259	\$ 4,574,671	\$ (1,184,588)
Total Revenue from the Federal Government	\$ 5,263,841	\$ 5,759,259	\$ 4,574,671	\$ (1,184,588)
Total Discretely Presented Component Unit-School Board	\$ 47,424,836	\$ 48,902,547	\$ 46,921,915	\$ (1,980,632)

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of Supervisors	\$ 139,301	\$ 195,366	\$ 185,640	\$ 9,726
General and Financial Administration:				
County Administrator	\$ 300,697	\$ 439,906	\$ 400,500	\$ 39,406
Assistant County Administrator	181,347	53,761	52,134	1,627
County Attorney	35,570	30,870	32,212	(1,342)
Operations	124,823	125,405	124,932	473
Independent Auditor	73,000	110,121	66,001	44,120
Commissioner of the Revenue	496,126	445,778	446,641	(863)
Treasurer	493,793	495,023	491,895	3,128
Management Services	189,038	182,574	182,897	(323)
Director of Finance	148,076	148,076	151,157	(3,081)
Other General and Financial Administration	95,900	173,225	156,657	16,568
Total General and Financial Administration	\$ 2,138,370	\$ 2,204,739	\$ 2,105,026	\$ 99,713
Board of Elections:				
Electoral Board	\$ 62,091	\$ 62,606	\$ 62,269	\$ 337
Registrar	95,688	516,815	95,746	421,069
Total Board of Elections	\$ 157,779	\$ 579,421	\$ 158,015	\$ 421,406
Total General Government Administration	\$ 2,435,450	\$ 2,979,526	\$ 2,448,681	\$ 530,845
Judicial Administration:				
Courts:				
Circuit Court	\$ 65,130	\$ 65,415	\$ 65,292	\$ 123
General District Court	2,800	6,240	5,791	449
Juvenile and Domestic Relations Court	3,190	5,549	5,001	548
Clerk of the Circuit Court	583,012	633,992	635,733	(1,741)
Law Library	6,000	6,000	5,275	725
Victim's Witness Assistance	142,765	150,133	153,332	(3,199)
Domestic Relations Legal Services	40,000	43,334	43,333	1
Women's Resource Victims Assistance	22,440	22,440	22,440	-
Total Courts	\$ 865,337	\$ 933,103	\$ 936,197	\$ (3,094)
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 902,465	\$ 932,574	\$ 919,153	\$ 13,421
Total Judicial Administration	\$ 1,767,802	\$ 1,865,677	\$ 1,855,350	\$ 10,327
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,464,397	\$ 3,499,663	\$ 3,459,622	\$ 40,041

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Public Safety (continued)				
Fire and Rescue Services:				
E-911	\$ 763,510	\$ 1,176,184	\$ 760,184	\$ 416,000
Wireless E-911	24,000	24,000	8,600	15,400
Forest Fire Protection	9,212	9,212	8,661	551
Fire Department	-	1,754	1,754	-
Volunteer Fire Departments	227,745	315,205	309,354	5,851
Western Virginia EMS	17,482	17,482	7,352	10,130
Contribution to REMSI	117,581	117,581	117,581	-
Total Fire and Rescue Services	<u>\$ 1,159,530</u>	<u>\$ 1,661,418</u>	<u>\$ 1,213,486</u>	<u>\$ 447,932</u>
Correction and Detention:				
Regional Jail Payments	\$ 2,101,293	\$ 2,257,708	\$ 2,259,058	\$ (1,350)
Court Services	6,200	8,863	5,884	2,979
Pretrial Services Grant	290,762	352,035	328,599	23,436
NRV Juvenile Detention Home	112,795	112,795	112,746	49
Community Corrections	521,450	514,917	520,718	(5,801)
Total Correction and Detention	<u>\$ 3,032,500</u>	<u>\$ 3,246,318</u>	<u>\$ 3,227,005</u>	<u>\$ 19,313</u>
Inspections:				
Building Inspections	\$ 215,176	\$ 237,470	\$ 238,322	\$ (852)
Code Enforcement	70,796	70,796	70,534	262
Total Inspections	<u>\$ 285,972</u>	<u>\$ 308,266</u>	<u>\$ 308,856</u>	<u>\$ (590)</u>
Other Protection:				
Animal Control	\$ 268,347	\$ 294,736	\$ 296,138	\$ (1,402)
Medical Examiner	500	887	787	100
Emergency Management	114,984	140,713	136,186	4,527
Total Other Protection	<u>\$ 383,831</u>	<u>\$ 436,336</u>	<u>\$ 433,111</u>	<u>\$ 3,225</u>
Total Public Safety	<u>\$ 8,326,230</u>	<u>\$ 9,152,001</u>	<u>\$ 8,642,080</u>	<u>\$ 509,921</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 144,033	\$ 125,269	\$ 121,061	\$ 4,208
Landfill	100,100	114,118	103,843	10,275
Clean Community Council	33,073	33,073	24,821	8,252
Total Sanitation and Waste Removal	<u>\$ 277,206</u>	<u>\$ 272,460</u>	<u>\$ 249,725</u>	<u>\$ 22,735</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 887,011	\$ 1,079,715	\$ 1,056,685	\$ 23,030
Cleaning Services	172,395	177,511	177,330	181
NRV Salaries and Benefits Reimbursement	192,854	192,854	163,035	29,819
NRV Airport Maintenance Contribution	96,849	96,849	96,849	-
Property cleanup	50,000	52,330	1,097	51,233
Total Maintenance of General Buildings and Grounds	<u>\$ 1,399,109</u>	<u>\$ 1,599,259</u>	<u>\$ 1,494,996</u>	<u>\$ 104,263</u>
Total Public Works	<u>\$ 1,676,315</u>	<u>\$ 1,871,719</u>	<u>\$ 1,744,721</u>	<u>\$ 126,998</u>

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 325,563	\$ 325,563	\$ 325,563	\$ -
Mental health and mental Retardation:				
Community Services Board	\$ 90,489	\$ 90,489	\$ 90,489	\$ -
Welfare:				
Public Assistance	\$ 3,146,445	\$ 3,146,445	\$ 2,540,634	\$ 605,811
Welfare Administration	78,054	78,054	28,809	49,245
Comprehensive Services Act-Administration	4,229,463	4,229,463	3,393,086	836,377
Comprehensive Services Act	4,671,240	4,597,633	3,348,367	1,249,266
Area Agency on Aging	16,546	16,546	16,546	-
Office on Youth	125,941	138,687	134,943	3,744
Feeding America	1,500	1,500	1,500	-
Pulaski Area Transit	62,000	62,000	62,000	-
New River Community Action	54,285	54,285	54,285	-
NRV Disability Services	12,645	12,645	12,645	-
Virginia Juvenile Commission on Crime	68,622	71,869	71,872	(3)
Fairview District Home	88,096	88,098	88,097	1
Brain Injury Services of SWVa	2,000	2,000	2,000	-
RSVP Program	13,530	13,530	13,530	-
Big Brothers/Sisters Mentoring Program	35,000	35,000	35,000	-
Beans and Rice	7,000	7,000	7,000	-
Children's Advocacy Program	1,250	1,250	1,250	-
NRV Cares	4,600	4,600	4,600	-
Free Clinic of Pulaski County	27,000	27,000	27,000	-
Commission on Children and Families	29,760	61,192	61,113	79
Contributions to Other Local Organizations	8,250	8,250	7,500	750
Total Welfare	\$ 12,683,227	\$ 12,657,047	\$ 9,911,777	\$ 2,745,270
Total Health and Welfare	\$ 13,099,279	\$ 13,073,099	\$ 10,327,829	\$ 2,745,270
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,275	\$ 15,275	\$ 15,275	\$ -
Contribution to Pulaski County School Board	16,035,595	16,533,241	13,616,057	2,917,184
Total Education	\$ 16,050,870	\$ 16,548,516	\$ 13,631,332	\$ 2,917,184
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 30,411	\$ 23,170	\$ 20,739	\$ 2,431
Recreation	376,064	418,277	409,832	8,445
Friends of Claytor Lake	37,425	123,855	124,147	(292)
Randolph Park	248,158	243,818	227,053	16,765
Claytor Lake Celebration	10,000	23,190	17,190	6,000
Total Parks and Recreation	\$ 702,058	\$ 832,310	\$ 798,961	\$ 33,349



County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Parks, Recreational and Cultural: (continued)				
Cultural Enrichment:				
Fine Arts Center	\$ 22,000	\$ 22,000	\$ 22,000	\$ -
Historical Landmarks	6,000	6,000	6,000	-
Friends of the Pulaski Theater	5,000	5,000	5,000	-
Round the Mountain	7,616	7,616	7,616	-
Commemorative Items	-	18	17	1
Total Cultural Enrichment	\$ 40,616	\$ 40,634	\$ 40,633	\$ 1
Library:				
Library Administration	\$ 517,140	\$ 518,514	\$ 512,243	\$ 6,271
Library State Aid	118,673	118,673	110,615	8,058
Total Library	\$ 635,813	\$ 637,187	\$ 622,858	\$ 14,329
Total Parks, Recreation and Cultural	\$ 1,378,487	\$ 1,510,131	\$ 1,462,452	\$ 47,679
Community Development:				
Planning and Community Development:				
Community Development	\$ 92,188	\$ 15,479	\$ 13,765	\$ 1,714
Economic Development	734,307	596,376	829,786	(233,410)
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	635	635	113	522
Visitors' Center	105,001	115,334	83,720	31,614
Planning and Zoning	121,499	121,801	103,750	18,051
NRV Planning District Commission	29,530	29,530	29,530	-
Baskerville Housing Project	-	239,021	84,449	154,572
NR Highland	6,400	6,400	700	5,700
NRV Competitiveness Center	28,400	30,393	28,434	1,959
I 81 Corridor Coalition	5,000	5,000	5,000	-
Tourism	-	84,547	-	84,547
Contribution to Pulaski County IDA	291,819	4,687,950	3,354,896	1,333,054
Contribution to Pulaski County PSA	125,262	393,823	394,516	(693)
Total Planning and Community Development	\$ 1,550,041	\$ 6,336,289	\$ 4,938,659	\$ 1,397,630
Environmental Management:				
Contribution to Soil and Water District	\$ 12,637	\$ 12,637	\$ 12,637	\$ -
Cooperative Extension Program:				
Extension Office	\$ 107,573	\$ 100,352	\$ 100,099	\$ 253
Total Community Development	\$ 1,670,251	\$ 6,449,278	\$ 5,051,395	\$ 1,397,883
Non-Departmental:				
Other Non-Departmental	\$ 257,229	\$ 73,607	\$ 73,607	\$ -
Revenue Refunds	-	50,966	76,209	(25,243)
Total Non-Departmental	\$ 257,229	\$ 124,573	\$ 149,816	\$ (25,243)

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Debt Service:				
Principal Retirement	\$ 2,824,937	\$ 2,828,757	\$ 2,109,205	\$ 719,552
Interest and Other Fiscal Charges	307,873	308,038	904,063	(596,025)
Total Debt Service	<u>\$ 3,132,810</u>	<u>\$ 3,136,795</u>	<u>\$ 3,013,268</u>	<u>\$ 123,527</u>
Total General Fund	<u>\$ 49,794,723</u>	<u>\$ 56,711,315</u>	<u>\$ 48,326,924</u>	<u>\$ 8,384,391</u>
Nonmajor Special Revenue Funds:				
Tornado Relief Fund:				
Health and Welfare:				
Welfare:				
Tornado relief cleanup	\$ -	\$ 18,045	\$ 2,989	\$ 15,056
Total Tornado Relief Fund	<u>\$ -</u>	<u>\$ 18,045</u>	<u>\$ 2,989</u>	<u>\$ 15,056</u>
Highway Maintenance Fund:				
Public Works:				
Streets and Highways:				
NRCC New Road Entrance	\$ -	\$ 1,066,739	\$ 1,051,906	\$ 14,833
Total Highway Maintenance Fund	<u>\$ -</u>	<u>\$ 1,066,739</u>	<u>\$ 1,051,906</u>	<u>\$ 14,833</u>
Total Nonmajor Special Revenue Funds	<u>\$ -</u>	<u>\$ 1,084,784</u>	<u>\$ 1,054,895</u>	<u>\$ 29,889</u>
Nonmajor Capital Project Funds:				
School Construction Fund:				
Capital Projects:				
Dublin Elementary School	\$ -	\$ 3,640,000	\$ 838,264	\$ 2,801,736
Miscellaneous	-	105,565	17,388	88,177
Total Capital Projects	<u>\$ -</u>	<u>\$ 3,745,565</u>	<u>\$ 855,652</u>	<u>\$ 2,889,913</u>
Total School Construction Fund	<u>\$ -</u>	<u>\$ 3,745,565</u>	<u>\$ 855,652</u>	<u>\$ 2,889,913</u>
County CIP Fund:				
General Government Administration:				
General and Financial Administration:				
Communications	\$ 55,000	\$ 103,372	\$ 81,668	\$ 21,704
Property Assessment	150,000	150,000	144,250	5,750
Equalization Board	-	8,079	8,078	1
Total General Government Administration	<u>\$ 220,332</u>	<u>\$ 1,008,101</u>	<u>\$ 233,996</u>	<u>\$ 774,105</u>
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	<u>\$ 130,000</u>	<u>\$ 1,072,905</u>	<u>\$ 951,386</u>	<u>\$ 121,519</u>

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Nonmajor Capital Project Funds: (continued)				
County CIP Fund: (continued)				
Fire and Rescue Services:				
Volunteer Emergency Operations	\$ -	\$ 9,585	\$ 9,585	\$ -
Volunteer Fire Departments	195,000	1,030,411	96,475	933,936
Total Fire and Rescue Services	\$ 195,000	\$ 1,039,996	\$ 106,060	\$ 933,936
Inspections:				
Building Inspection	\$ -	\$ 1,846	\$ 1,846	\$ -
Total Public Safety	\$ 335,000	\$ 2,124,747	\$ 1,059,292	\$ 1,065,455
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ -	\$ 99,000	\$ 55,762	\$ 43,238
Total Sanitation and Waste Removal	\$ -	\$ 99,000	\$ 55,762	\$ 43,238
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Maintenance	\$ -	\$ 391,210	\$ 32,474	\$ 358,736
Maintenance of General Building and Grounds:				
General Properties	\$ 71,000	\$ 1,088,502	\$ 656,557	\$ 431,945
Total Public Works	\$ 71,000	\$ 1,578,712	\$ 744,793	\$ 833,919
Health and Welfare:				
Welfare:				
Public Assistance	\$ -	\$ 887,000	\$ 86,851	\$ 800,149
Education:				
Other Instructional Costs:				
School Buses	\$ 370,000	\$ 364,884	\$ 364,884	\$ -
Parks, Recreational and Cultural:				
Parks and Recreation:				
Recreation	\$ 10,000	\$ 247,135	\$ 5,690	\$ 241,445
Friends of Claytor Lake	-	5,170	5,170	-
Loving field	-	88,220	77,539	10,681
Total Parks and Recreation	\$ 10,000	\$ 351,783	\$ 88,399	\$ 263,384
Total Parks, Recreation and Cultural	\$ 10,000	\$ 365,933	\$ 88,399	\$ 277,534

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Nonmajor Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Community Development:				
Planning and Community Development:				
Planning and Zoning	\$ -	\$ 27,702	\$ 11,695	\$ 16,007
Contribution to REMSI	170,000	170,000	170,000	-
Total Community Development	\$ 170,000	\$ 350,870	\$ 181,695	\$ 169,175
Total County CIP Fund	\$ 1,176,332	\$ 6,680,247	\$ 2,759,910	\$ 3,920,337
Total Nonmajor Capital Project Funds	\$ 1,176,332	\$ 10,425,812	\$ 3,615,562	\$ 6,810,250
Total Primary Government	\$ 50,971,055	\$ 68,221,911	\$ 52,997,381	\$ 15,224,530
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 2,266,683	\$ 2,433,862	\$ 2,282,896	\$ 150,966
Instructional:				
Instruction	\$ 33,243,528	\$ 33,984,548	\$ 31,891,152	\$ 2,093,396
Other operating costs:				
Pupil transportation	\$ 2,271,269	\$ 2,263,853	\$ 2,242,850	\$ 21,003
Operation and maintenance of school plant	5,094,489	5,151,905	5,068,228	83,677
Food services	2,479,230	2,522,645	2,574,024	(51,379)
Technical resources	2,069,637	1,993,637	1,843,691	149,946
Facilities	-	552,097	575,303	(23,206)
Total other operating costs	\$ 11,914,625	\$ 12,484,137	\$ 12,304,096	\$ 180,041
Total Discretely Presented Component Unit-School Board	\$ 47,424,836	\$ 48,902,547	\$ 46,478,144	\$ 2,424,403

## Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
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	\$ 49,288,242
2013-14	2,674,206	1,444,538	8,526,040	1,601,211	11,482,125	14,300,540	1,424,232	3,023,726	1,210,907	45,687,525
2012-13	3,029,596	1,663,626	8,279,912	2,457,115	11,585,645	12,845,614	1,676,018	1,872,699	1,135,681	44,545,906
2011-12	2,733,560	1,594,599	8,092,547	1,701,286	11,078,762	14,686,128	1,457,169	7,503,176	1,145,941	49,993,168
2010-11	2,354,362	1,598,836	7,767,882	1,631,480	10,646,521	12,492,540	1,461,399	4,730,543	938,678	43,622,241
2009-10	2,227,515	1,548,396	7,995,638	1,480,384	11,030,808	10,321,494	1,345,770	5,006,587	1,661,533	42,618,125
2008-09	2,645,693	1,483,884	6,411,555	1,426,527	10,201,396	13,587,527	1,411,956	3,808,164	1,289,490	42,266,192
2007-08	2,232,051	1,292,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130
2006-07	2,103,757	1,238,375	7,335,947	682,855	8,562,139	10,531,127	1,411,041	963,542	764,711	33,593,494
2005-06	1,796,526	1,122,413	7,157,316	1,265,365	8,297,944	11,595,909	1,352,900	4,467,301	677,076	37,732,750

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			
2014-15	\$ 846,761	\$ 12,748,161	\$ 106,529	\$ 25,590,142	\$ 7,120,592	\$ 268,759	\$ 352,115	\$ 2,637,132	\$ 49,670,191		
2013-14	715,688	12,782,630	268,452	24,368,213	6,839,403	405,155	127,828	2,651,916	48,159,285		
2012-13	715,424	12,238,191	366,974	23,279,472	6,581,448	433,446	118,247	3,572,616	47,305,818		
2011-12	725,715	12,511,682	72,633	21,993,777	6,523,924	379,141	391,985	2,514,364	45,113,221		
2010-11	1,256,990	11,842,138	1,766,976	21,623,192	5,617,664	329,563	394,290	1,040,960	43,871,773		
2009-10	1,212,825	12,010,339	3,682,304	21,173,271	5,171,842	297,227	208,630	2,631,288	46,387,726		
2008-09	1,236,901	12,077,362	-	20,175,233	6,565,919	540,453	526,812	2,143,390	43,266,070		
2007-08	476,063	11,410,564	-	19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045		
2006-07	640,715	10,311,656	81,476	18,839,172	6,580,583	1,167,434	57,658	1,868,491	39,547,185		
2005-06	649,254	9,904,124	168,817	17,049,730	5,972,264	678,035	85,237	2,014,456	36,521,917		

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
2014-15	\$ 2,682,677	\$ 1,855,350	\$ 9,701,372	\$ 3,541,420	\$ 10,417,669	\$ 46,858,303	\$ 1,550,851	\$ 5,233,090	\$ 149,816	\$ 3,013,268	\$ 85,003,816
2013-14	2,760,506	1,763,092	10,944,572	3,190,606	11,523,164	46,534,079	1,825,172	3,350,445	62,946	3,235,756	85,190,338
2012-13	3,022,341	1,658,842	8,687,200	2,945,057	11,833,951	46,184,157	1,779,669	1,987,979	48,676	3,392,643	81,540,515
2011-12	2,290,446	1,620,149	8,029,761	1,812,147	11,360,061	46,334,107	1,604,803	7,635,743	-	3,366,806	84,054,023
2010-11	2,127,956	1,581,628	7,775,675	1,542,354	10,859,550	44,568,538	1,547,452	4,840,124	-	3,185,949	78,029,226
2009-10	1,982,852	1,547,625	7,370,735	1,408,091	11,192,888	47,643,617	1,397,056	5,571,584	-	11,032,436	89,146,884
2008-09	2,583,215	1,479,967	7,241,921	1,468,888	10,394,049	48,062,018	1,550,851	5,233,090	149,816	3,293,977	81,457,792
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,399,957	1,596,685	-	2,634,931	73,698,115
2006-07	2,102,862	1,270,573	7,521,231	1,142,631	8,532,401	45,176,749	1,336,274	1,025,802	-	2,003,993	70,112,516
2005-06	1,760,609	1,123,294	6,704,826	1,099,401	8,386,534	42,441,597	1,425,356	4,371,013	7,818	2,295,970	69,616,418

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

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

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



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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2014-15	\$ 25,192,418	\$ 7,120,592	\$ 147,521	\$ 120,427	\$ 287,464	\$ 2,198,388	\$ 361,530	\$ 1,694,079	\$ 46,388,682	\$ 83,511,101
2013-14	24,638,943	6,839,403	137,443	97,337	420,047	1,477,261	188,158	2,064,141	46,426,984	82,289,717
2012-13	23,174,130	6,581,448	135,413	72,758	445,996	1,618,580	130,309	3,557,119	47,237,838	82,953,591
2011-12	21,788,104	6,523,924	129,393	35,874	398,689	1,706,348	430,075	1,829,882	47,272,325	80,114,614
2010-11	21,658,330	5,617,664	692,279	37,738	340,570	1,594,988	529,614	1,853,759	45,719,285	78,044,227
2009-10	20,836,110	5,171,842	664,789	31,439	311,542	1,528,819	222,348	1,947,692	52,933,326	83,647,907
2008-09	20,112,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,558,694	49,182,768	80,803,971
2007-08	19,158,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
2006-07	18,762,559	6,580,583	125,564	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403
2005-06	18,162,045	5,972,264	131,295	41,858	443,408	1,546,531	248,459	1,087,512	41,256,945	68,890,317

(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
2013-14	\$ 26,742,150	\$ 24,943,445	93.27%	\$ 1,404,834	\$ 26,348,279	98.53%	\$ 3,428,552	12.82%
2013-14	25,423,667	24,353,550	95.79%	1,332,766	25,686,316	101.03%	2,978,078	11.71%
2012-13	25,044,163	24,190,958	96.59%	160,657	24,351,615	97.23%	2,434,494	9.72%
2011-12	24,009,139	22,561,415	93.97%	761,290	23,322,705	97.14%	2,612,718	10.88%
2010-11	23,286,597	22,070,924	94.78%	540,891	22,611,815	97.10%	2,970,797	12.76%
2009-10	22,938,080	22,037,293	96.07%	82,243	22,119,536	96.43%	2,468,936	10.76%
2008-09	21,519,644	21,160,816	98.33%	120,144	21,280,960	98.89%	2,571,593	11.95%
2007-08	19,683,092	18,819,285	95.61%	80,471	18,899,756	96.02%	2,400,211	12.19%
2006-07	20,591,949	19,426,752	94.34%	629,228	20,055,980	97.40%	2,356,776	11.45%
2005-06	20,067,829	19,084,868	95.10%	507,414	19,592,282	97.63%	2,529,481	12.60%

(1) Includes penalty and interest.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Home	Machinery and Tools	Merchants' Capital (3)	Public Service (2)	Total
2014-15	\$ 2,599,360,300	\$ 299,330,652	\$ 208,708,502	\$ -	\$ 141,855,487	\$ 3,249,254,941
2013-14	2,771,466,000	309,328,321	187,946,761	-	132,601,989	3,401,343,071
2012-13	2,855,125,100	309,328,321	187,946,761	-	134,148,506	3,486,548,688
2011-12	2,749,057,900	283,251,757	173,603,157	-	132,152,095	3,338,064,909
2010-11	2,607,713,654	277,054,341	186,011,482	-	132,610,234	3,203,389,711
2009-10	2,627,789,925	285,048,023	182,554,833	-	129,791,012	3,225,183,793
2008-09	2,286,209,060	311,944,879	127,627,258	-	91,287,377	2,817,068,574
2007-08	1,984,287,485	288,718,297	174,231,700	5,330,647	95,857,158	2,548,425,287
2006-07	1,913,504,855	273,746,922	177,909,011	5,089,159	104,176,431	2,474,426,378
2005-06	1,814,259,150	288,658,112	153,283,772	5,202,461	104,039,526	2,365,443,021

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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools			Merchants' Capital (6)	Mobile Homes
			Real Estate	Personal Property	Machinery and Tools		
2014-15 (5)	\$ 0.59/0.64	\$ 2.35	\$ 1.50	\$ -	\$ 0.64		
2013-14	0.59	2.35	1.50	-	0.59		
2012-13 (4)	0.54/0.59	2.35	1.50	-	0.59		
2011-12	0.54	2.14	1.50	-	0.54		
2010-11	0.54	2.14	1.50	-	0.54		
2009-10 (3)	0.50/0.54	2.14	1.50	-	0.50		
2008-09 (2)	0.62/0.50	2.14	1.50	-	0.50		
2007-08	0.62	2.00	1.50	4.80	0.62		
2006-07	0.62	2.00	1.50	4.80	0.62		
2005-06	0.62	2.00	1.50	4.80	0.62		

(1) Per \$100 of assessed value.

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

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

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

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

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

Table 8

## County of Pulaski, Virginia

Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	34,872	\$ 3,249,255	\$ 23,671,302	\$ 23,671,302	0.73%	\$ 679
2013-14	34,872	3,401,343	25,721,676	25,721,676	0.76%	738
2012-13	34,872	3,486,549	26,807,252	26,807,252	0.77%	769
2011-12	34,872	3,338,065	28,919,439	28,919,439	0.87%	829
2010-11	34,872	3,203,390	30,994,428	30,994,428	0.97%	889
2009-10	35,127	3,225,184	33,006,407	33,006,407	1.02%	940
2008-09	35,127	2,817,069	35,315,701	35,315,701	1.25%	1,005
2007-08	35,127	2,548,425	36,984,070	36,984,070	1.45%	1,053
2006-07	35,127	2,474,426	30,478,933	30,478,933	1.23%	868
2005-06	35,127	2,365,443	15,478,557	15,478,557	0.65%	441

(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
2014-15	\$ 2,109,205	\$ 904,063	\$ 3,013,268	\$ 85,003,816	3.54%
2013-14	2,042,293	1,114,718	3,157,011	85,190,338	3.71%
2012-13	2,169,831	1,222,812	3,392,643	81,540,515	4.16%
2011-12	2,074,988	1,291,818	3,366,806	84,054,023	4.01%
2010-11	2,094,711	1,091,238	3,185,949	78,029,226	4.08%
2009-10	9,442,120	1,590,316	11,032,436	89,146,884	12.38%
2008-09	1,757,773	1,536,795	3,294,568	81,457,792	4.04%
2007-08	1,269,450	1,365,481	2,634,931	73,698,115	3.58%
2006-07	1,198,429	805,564	2,003,993	70,112,516	2.86%
2005-06	1,573,874	722,096	2,295,970	69,616,418	3.30%

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

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia as of and for the year ended June 30, 2015, 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 February 25, 2016.

### Internal Control over Financial Reporting

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

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2015-001].



## Compliance and Other Matters

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

## County of Pulaski, Virginia's Response to Findings

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
February 25, 2016

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

### Report on Compliance for Each Major Federal Program

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Pulaski, Virginia's major federal programs for the year ended June 30, 2015. County of Pulaski, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Pulaski, Virginia's basic financial statements include the operations of the Pulaski County Public Service Authority and the Pulaski County Industrial Development Authority, which received federal awards which are not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the Public Service Authority and Industrial Development Authority because a separate audit in accordance with OMB Circular A-133 was performed for each entity.

### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the County of Pulaski, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Pulaski, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### *Opinion on Each Major Federal Program*

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control over Compliance

Management of the County of Pulaski, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Pulaski, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Pulaski, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robinson-Farmer, Cox Associates*

Blacksburg, Virginia  
February 25, 2016

County of Pulaski, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2015

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass through Payments:			
Department of Social Services:			
Child Care and Development Block Grant	93.575	90545	\$ (688)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	82,703
Promoting Safe and Stable Families	93.556	90249, 90360	31,540
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	460,445
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	806
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	53,582
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	3,349
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	673,842
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	546,930
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	316,601
Chafee Foster Care Independence Program	93.674	90254	9,463
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	15,300
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	515,062
Chafee Education and Training Vouchers Program	93.599	90353	<u>2,408</u>
Total Department of Health and Human Services			<u>\$ 2,711,343</u>
Department of Agriculture:			
Pass through Payments:			
Department of Agriculture:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	\$ 83,930
National School Lunch Program (Note 3) (Child Nutrition Cluster)	10.555	40623	\$ 117,935
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	40623	<u>987,739</u> 1,105,674
School Breakfast Program (Child Nutrition Cluster)	10.553	40591	342,107
Schools and Roads - Grants to States	10.665	43841	19,887
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	<u>\$ 445,002</u>
Total Department of Agriculture			<u>\$ 1,996,600</u>
Department of Justice:			
Pass through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	09VAGX0007	<u>\$ 94,873</u>
Department of Transportation:			
Pass-through payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	RS - 2011 51382 4324	<u>\$ 20,402</u>

County of Pulaski, Virginia  
Schedule of Expenditures of Federal Awards (continued)  
For the Fiscal Year Ended June 30, 2015

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass through Payments:			
Department of Education:			
Title I: Grants to Local Education Agencies	84.010	42892, 42901	\$ 1,099,811
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	43071	1,068,123
Special Education - Preschool Grants	84.173	62521	21,183
Career and Technical Education - Basic Grants to States	84.048	61095	86,633
Twenty-first Century Community Learning Centers	84.287	60565	543,137
Advanced Placement Program	84.330		661
Improving Teacher Quality State Grants	84.367	61480	<u>203,525</u>
Total Department of Education			<u>\$ 3,023,073</u>
Department of Housing and Urban Development:			
Pass through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	50797	<u>\$ 313,316</u>
Department of Labor:			
Pass through Payments:			
Virginia Community College System:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	Not available	\$ 834,797
WIA Dislocated Worker Formula Grants	17.278	Not available	747,648
WIA Youth Activities	17.259	Not available	<u>889,998</u>
Total Department of Labor			<u>\$ 2,472,443</u>
Department of Homeland Security:			
Pass through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	52749	<u>\$ 22,704</u>
Total Federal Expenditures			<u>\$ 10,654,754</u>
Notes to Schedule of Expenditures of Federal Awards			
Note 1 -- Basis of Presentation			
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> . Because the Schedule presents only a selected portion of the operations of County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Pulaski, Virginia.			
Note 2 -- Summary of Significant Accounting Policies			
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, <i>Cost Principles for State, Local, and Indian Tribal Governments</i> ; wherein certain types of expenditures are not allowable or are limited as to reimbursement.			
(2) Pass through entity identifying numbers are presented where available.			
Note 3 -- Food Donation			
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2015, the County had no food commodities in inventory.			
Note 4 -- Subrecipients			
Of the federal expenditures presented in this Schedule, the County provided federal awards to subrecipients as follows:			
WIA Adult Program	17.258		\$ 834,797
WIA Dislocated Worker Formula Grants	17.278		747,648
WIA Youth Activities	17.259		889,998
Total Workforce Investment Act Cluster			<u>\$ 2,472,443</u>
Note 5 -- Relationship to the Financial Statements:			
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary Government:			
General Fund			\$ 3,537,739
Tornado Relief Fund			96,399
Add: Direct Payments to New River Valley Planning District Commission			2,472,443
Less: Payments in Lieu of Taxes			<u>(26,498)</u>
Total Primary Government			<u>\$ 6,080,083</u>
Component Unit School Board:			
School Operating Fund			<u>\$ 4,574,671</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards			<u>\$ 10,654,754</u>

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 Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.027/84.173	Special Education Cluster
93.558	Temporary Assistance for Needy Families
14.228	Community Development Block Grans/State's program and Non-Entitlement Grants in Hawaii
93.778	Medical Assistance Program
84.010	Title I Grants to Local Education Agencies
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$319,643
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Auditee qualified as low-risk auditee?	No
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Section II - Financial Statement Findings

2015-001

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Criteria:

Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.

Condition:

The County's trial balance and government-wide supporting schedules required significant adjustments that were made by the auditors.

Cause of Condition:

Historically, the County has relied heavily on the auditors to assist with adjustments from fund based statements to the government-wide statements.

Effect of Condition:

There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

Management should continue to implement and follow review procedures in order to make adjustments in an accurate and timely manner.

Management's Response:

Management is dedicated to complying with the concepts set forth by auditing standards and will make efforts in the future to eliminate material errors from its adjusted trial balance and government-wide supporting schedules. Additionally, a consultant has been hired to assist with this process and, as the consultant becomes more familiar with the County, management expects that significant audit adjustments will not be necessary.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Status of Prior Audit Findings and Questioned Costs

None reported.