

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

County of Pulaski, Virginia
Annual Financial Report
For the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Charles R. Bopp, Vice Chairman
Laura Walters

Joe Guthrie, Chair

Ashley Edmonds, Clerk

Dirksen Compton
John Travis

County School Board

Dr. Paige Cash, Vice Chair
Penny Golden

Timothy Hurst, Chair

Teresa Porter, Clerk

Bill Benson
Beckie Cox

Social Services Board

Dean Pratt, Vice Chair
Kimberly Matthews

Faye Powell, Chair

Kim Riffey, Clerk

Don Hanshew
Charles R. Bopp

Library Board

Jennifer McCarthy, Vice Chair
Margaret Spradlin
Lynne Clark
Ashley Hale

Meagan Pratt, Chair

Margaret Brewster
Jan Booker
Andrew Foxx
Dr. Kevin Siers

COUNTY OF PULASKI, VIRGINIA

Other Officials

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

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2021, 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, 2021, 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 25 to the financial statements, in 2021, the County of Pulaski, Virginia adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2021, the County of Pulaski, Virginia restated beginning balances to reflect the requirements of GASB Statement No.84 and to correct an error in the prior period. 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 6-16, 102, and 103-117 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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 June 13, 2022 on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Pulaski, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Pulaski, Virginia's internal control over financial reporting and compliance.

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
June 13, 2022

COUNTY OF PULASKI, VIRGINIA
Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2021 (FY21) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. In accordance with GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors and the Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA), and Economic Development Authority of Pulaski County (EDA).

Financial Highlights for Fiscal Year 2020-21

- Total net position value of the primary government was \$71.2 million at the end of FY 21 based on total assets of \$155.3 million, total liabilities of \$75.7 million, deferred outflows of resources of \$3.8 million, and deferred inflows of resources of \$12.2 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 21 combined program and general revenues of \$65.6 million exceeded general expenditures of \$55.8 million by approximately \$9.8 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 12, total general fund revenues were \$3.1 million or 4.9% more than the budgeted \$63.3 million revenue estimate while expenditures were \$4.5 million, or 6.6% less than the \$68.6 million budgeted expenditures (including transfers). The net change in fund balance was an increase of \$2.4 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences, landfill monitoring, net pension liability, and other post-employment benefits showed a net decrease of \$3.4 million from \$69.1 million on July 1, 2020 to \$65.8 million on June 30, 2021 (Note 6).
- As described in Note 20, the unassigned fund balance as of June 30, 2021 for the General fund was \$19.4 million, or 30% of budgeted FY 21 total County General fund in the amount of \$63.3 million. The Board of Supervisors has a fund balance policy that requires the County to maintain a fund balance reserve of a minimum of 10% of the General fund budget in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the general fund balance increased by approximately \$2.4 million. Overall, combined Governmental fund balance decreased by \$1.6 million due to mainly to the new middle school project with funding coming from the cash reserves from the original school debt service funding in 2018. The Pulaski County Middle School was opened in the fall of 2021. These fund balance amounts are explained further in the Analysis of the County Funds section below.

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Overview of the Financial Statements

This management discussion and analysis are 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.

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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 Fiduciary Net Position. 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 21 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 20 to FY 21.

Summary of Net Position:

	Total Primary Government		Component Unit School Board	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 58.0	\$ 57.1	\$ 10.2	\$ 6.5
Capital assets, net	97.3	91.7	10.1	9.7
Total assets	<u>\$ 155.3</u>	<u>\$ 148.8</u>	<u>\$ 20.3</u>	<u>\$ 16.2</u>
Deferred Outflows of Resources	<u>\$ 3.8</u>	<u>\$ 2.7</u>	<u>\$ 10.5</u>	<u>\$ 8.2</u>
Other liabilities	\$ 9.9	\$ 10.6	\$ 4.1	\$ 3.8
Long term liabilities	65.8	69.1	46.8	44.5
Total liabilities	<u>\$ 75.7</u>	<u>\$ 79.7</u>	<u>\$ 50.9</u>	<u>\$ 48.3</u>
Deferred Inflows of Resources	<u>\$ 12.2</u>	<u>\$ 10.8</u>	<u>\$ 6.1</u>	<u>\$ 6.3</u>
Net Position:				
Net investment in capital assets	\$ 43.5	\$ 37.5	\$ 10.1	\$ 9.7
Restricted	0.6	0.7	0.2	0.0
Unrestricted	27.1	22.8	(36.4)	(39.9)
Total net position	<u>\$ 71.2</u>	<u>\$ 61.0</u>	<u>\$ (26.1)</u>	<u>\$ (30.2)</u>

Summary of Net Position: (continued)

The Primary Government's combined net position increased from \$70 million to \$71.2 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 \$27.1 million. The County's net investment in capital assets represents the amount of capital assets owned by the County less any related debt used to acquire those assets that are still outstanding totaled \$43.5 million. Restricted net position total \$0.6 million or 1% of the total net position. 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. The Component Unit School Board net position increased by \$2.5 million, from \$(28.6) million, as restated, in FY20 to (\$26.1) million in FY 21. The School Board net investment in capital assets totaled \$10.1 million.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2021, as well as the comparing capital assets for FY 20 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-Depreciable Assets:				
Land	\$ 3.1	\$ 3.1	\$ 0.9	\$ 0.9
Construction in Progress	51.0	\$ 3.1	0.1	0.0
Other Capital Assets:				
Buildings and systems	62.9	62.9	22.1	21.8
Machinery and Equipment	20.0	17.9	12.4	11.9
Accumulated Depreciation	(39.7)	(36.9)	(25.4)	(24.9)
Totals	\$ 97.3	\$ 50.1	\$ 10.1	\$ 9.7

Primary Government:

County

Changes in Capital Assets:

	Balance, June 30, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2021</u>
	Non-Depreciable Assets:			
Land	\$ 3.1	\$ -	\$ -	\$ 3.1
Construction in Progress	44.7	6.6	(0.4)	50.9
Other Capital Assets:				
Buildings and systems	62.8	0.1	0.0	62.9
Machinery and Equipment	18.0	2.2	(0.1)	20.1
Accumulated Depreciation	(36.9)	(2.9)	0.1	(39.7)
Totals	\$ 91.7	\$ 6.0	\$ (0.4)	\$ 97.3

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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>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2021</u>
Non-Depreciable Assets:				
Land	\$ 0.9	\$ -	\$ -	\$ 0.9
Construction in Progress	0.0	0.1	0.0	0.1
Other Capital Assets:				
Buildings and systems	21.8	0.3	0.0	22.1
Machinery and Equipment	11.9	1.1	(0.6)	12.4
Accumulated Depreciation	(24.9)	(1.1)	0.6	(25.4)
Totals	\$ 9.7	\$ 0.4	\$ -	\$ 10.1

These amounts exclude 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 15 in the "Notes to Financial Statements" section of the report.

Long-Term Obligations

The following table displays the County and Component Unit – School Board's outstanding long-term obligations at June 30, 2021, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 46.4	\$ 48.9	\$ -	\$ -
Literary Loans	2.8	3.3	-	-
Lease Revenue Note	6.2	7.4	-	-
Unamortized Bond Premium	0.9	1.2	-	-
Unamortized Bond Discount	(0.4)	(0.4)	-	-
Lease Purchase Agreement	0.2	0.2	-	-
Landfill Post Closure Liability	0.3	0.3	-	-
Net OPEB Liabilities	2.1	2.2	8.7	8.6
Net Pension Liability	6.0	4.7	36.7	34.5
Compensated Absences	1.3	1.3	1.4	1.4
Total	\$ 65.8	\$ 69.1	\$ 46.8	\$ 44.5

Long-term obligations for the County decreased by \$9.9 million in FY21. Long-term obligations of the Component Unit-School Board increased by \$2.3 million due to a significant decrease in net pension liability. Additional detailed information on long-term obligations activity can be found in Note 6 and Note 7 in the "Notes to Financial Statements".

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

Statement of Activities:

The following comparative table shows the revenues and expenses of the governmental activities for FY20 and the fiscal year ended June 30, 2021 (FY21) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 1.7	\$ 2.0	\$ 1.0	\$ 1.0
Operating grants and contributions	18.8	12.8	36.4	33.4
Capital grants and contributions	0.1	0.4	-	0.4
General Revenues:				
General property taxes	33.4	31.5	-	-
Other local taxes	8.7	8.3	-	-
Other	0.5	1.1	0.1	0.1
Payments from County	-	-	15.6	14.6
Grants and Contributions (Not related to specific programs)	2.40	2.60	-	-
Total Revenues	<u>\$ 65.6</u>	<u>\$ 58.7</u>	<u>\$ 53.1</u>	<u>\$ 49.5</u>
Expenses:				
General government	\$ 3.3	\$ 3.3	\$ -	\$ -
Judicial administration	2.1	2.2	-	-
Public safety	16.3	12.4	-	-
Public works	1.7	1.3	-	-
Health and welfare	9.4	10.3	-	-
Education	17.7	15.8	50.5	48.3
Parks, recreation and cultural	0.9	1.9	-	-
Community development	2.7	1.1	-	-
Non-Departmental				
Interest on long term debt	1.7	1.9	-	-
Total Expenses	<u>\$ 55.8</u>	<u>\$ 50.2</u>	<u>\$ 50.5</u>	<u>\$ 48.3</u>
Transfers	-	-	-	-
Net Position, Beginning of Year - as restated	61.4	52.5	(28.7)	(31.4)
Net Position, End of Year	<u>\$ 71.2</u>	<u>\$ 61.0</u>	<u>\$ (26.1)</u>	<u>\$ (30.2)</u>

Revenues

For FY21, revenues from governmental funds totaled \$63.2 million. General property tax revenues, the County's largest revenue source, were \$33.4 million, an increase of \$1.9 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$8.7 million, with a \$0.4 increase over FY20. Overall, County revenues increased by \$7.1 million in FY21 due in part to Federal CARES Act funding related to the COVID-19 pandemic.

The Component Unit School Board revenues totaled \$53.1 million for FY21 increasing by \$3.6 million from FY20 to FY21. Component Unit School Board state, federal and grant revenues increased by \$3 million, while local revenues remained flat which resulted in an increase in the governmental transfer of \$1 million.

Expenses

For FY 21, expenses for primary governmental activities totaled \$55.8 million, an increase of \$5.6 million over the prior year. The increase in the governmental transfer to Pulaski County Schools of \$1 million was included in this increase in expenses. Other increases in expenses occurred in Public Safety and Community Development. Details on categorical expenditures are shown in the Statement of Revenue, Expenditures and Changes in Fund Balance chart below.

Education is a very high priority in Pulaski County; consequently, the Board of Supervisors contributed \$15.6 million to the operation of the Pulaski County schools excluding debt service expenses. This accounts for approximately 27% of the County's total budgeted expenditures. It should also be noted that the Board of Supervisors has a policy to carry over any unused portion of the annual school contribution into the next fiscal year to be used for School Board capital improvements. In FY 22, the County will transfer \$408,315 to the School Board for capital improvements from the unused annual contribution in FY-21.

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

Financial Analysis of the County's Funds

For FY21, the general fund reflects a fund balance of \$23.1 million, an increase of \$2.4 million from FY20. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2020 and the fiscal year ended June 30, 2021 amounts for the General Fund as shown in Exhibit 5.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
General Property Taxes	\$ 33.0	\$ 31.1	\$ 1.9
Other Local Taxes	8.7	8.3	0.4
Permits, Fees and Licences	0.1	0.1	-
Fines and Forfeitures	0.2	0.2	-
Revenue from Use of Money/Property	0.5	0.5	-
Charges for Services	1.4	1.7	(0.3)
Miscellaneous	0.1	0.2	(0.1)
Recovered Costs	1.6	1.5	0.1
Intergovernmental Revenue	20.8	15.5	5.3
Total Revenues	<u>\$ 66.4</u>	<u>\$ 59.1</u>	<u>\$ 7.3</u>
Expenditures:			
General Government Administration	\$ 3.2	\$ 3.1	\$ 0.1
Judicial Administration	2.1	2.1	-
Public Safety	16.5	13.2	3.3
Public Works	2.4	1.3	1.1
Health and Welfare	9.4	10.1	(0.7)
Education	15.6	14.7	0.9
Parks, Recreation and Cultural	1.6	1.6	-
Community Development	2.6	1.2	1.4
Non-Departmental	-	-	-
Principal	4.3	4.2	0.1
Interest and other debt costs	2.1	2.2	(0.1)
Total Expenditures	<u>\$ 59.8</u>	<u>\$ 53.7</u>	<u>\$ 6.1</u>
Excess	\$ 6.6	\$ 5.4	\$ 1.2
Other Financing Sources (Uses)	(4.2)	(3.5)	(0.7)
Net Change in Fund Balance	2.40	1.90	0.5
Fund Balance, Beginning of Year	20.7	14.7	6.0
Fund Balance, End of Year	<u>\$ 23.1</u>	<u>\$ 16.6</u>	<u>\$ 6.5</u>

The General Fund saw increases in property taxes, local taxes, recovered costs, and federal revenues while charges for services, miscellaneous revenues and state funding were decreased from FY 20 to FY 21 with an overall increase in revenues of \$7.3 million. The \$5.3 million increase in intergovernmental funding is a result of the CARES Act funding made available to localities during the COVID-19 pandemic.

The total General Fund expenditures increased by \$6.1 million due largely to public safety and community development. Other financing uses increased by \$0.7 million. All other expenditure categories remained fairly consistent in FY 21 with FY 20 figures resulting in an overall net increase in fund balance of \$0.5 million during FY 21.

The school board unused appropriations from the 2021 fiscal year totaled \$1,366,766. Of that amount \$866,766 was carried over by the Board of Supervisors for use in the FY 2022 School Capital Improvements fund.

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

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 21 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 31.6	\$ 32.4	\$ 33.0	0.6
Other Local Taxes	6.9	7.8	8.7	0.9
Permits, Fees and Licenses	0.2	0.1	0.2	0.1
Fines and Forfeitures	0.1	0.1	0.2	0.1
Revenue from Use of Money and Property	0.5	0.5	0.5	-
Charges for Services	1.8	1.2	1.4	0.2
Miscellaneous	0.1	0.1	0.1	-
Recovered Costs	1.3	1.5	1.6	0.1
Intergovernmental	14.8	19.6	20.8	1.2
Other	0.0	0.0	0.0	-
Total	\$ 57.3	\$ 63.3	\$ 66.5	3.2
Expenditures and transfers:				
General Government Administration	\$ 3.2	\$ 3.3	\$ 3.2	0.1
Judicial Administration	2.1	2.6	2.1	0.5
Public Safety	12.1	20.3	16.4	3.9
Public Works	2.3	2.8	2.4	0.4
Health and Welfare	12.0	12.0	9.4	2.6
Education	15.7	16.5	16.0	0.5
Parks, Recreation and Cultural	1.7	1.7	1.6	0.1
Community Development	1.2	1.3	2.6	(1.3)
Non-departmental	0.0	0.0	0.0	-
Debt Service	6.2	6.2	6.3	(0.1)
Transfers	1.3	2.4	4.2	(1.8)
Total	\$ 57.8	\$ 69.1	\$ 64.2	4.9

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. The majority of the budget amendments can be attributed to carry-over appropriations for County construction projects, unused FY21 local funding for the Component Unit – School Board, and federal COVID-19 funding.

Economic Factors and Future Budgets

The primary factors affecting the financial viability of Pulaski County are limited options for revenue increases, continued fluctuations in state and federal revenues, public school funding demands, and capital projects and improvement priorities.

Limited Revenue Options - Community needs and inflationary pressures require that revenues or governmental efficiencies continue to increase in order to maintain and improve the quality of public services currently enjoyed by county residents. Locally generated revenues have historically increased at a rate of approximately 3%. During FY 2021, the rate of increase in local revenues was 2%, however we expect the trend to continue at 3% annually. There are legal limits placed by the General Assembly on how counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

Economic Factors and Future Budgets (continued)

State Revenues - Currently, state funding is projected to amount to 14% or \$7.5 million, of the General Fund FY 2021 budget. Local real estate taxes account for 41% percent of total County general fund revenues. A one percent change in General Fund state revenue results in a \$0.75 million change in the local budget, while a 1% change in the state funding for Schools results in a \$0.3 million change in the school operational budget. Changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Public School Funding – The demand for public school funding continues to increase year-to-year based on various factors relating to operations, personnel, capital needs and the continuation of the State to partially fund initiatives. General fund contributions to the public-school system amount to 29% of the county's annual budget in FY 21. In addition, there was a \$52 thousand increase in the local contribution for FY 20-21 over the FY 19-20 contribution.

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

Other factors that are expected to impact future budgets include:

1. The 6-year reassessment in FY-21 resulted in increasing property taxes and corresponding tax increases.
2. Future anticipated GASB Statement #75 increases for currently unfunded other post employment benefits.
3. Future anticipated GASB Statement #68 increases in County and School unfunded pension liability through the Virginia Retirement System.
4. Anticipated GASB Statement #87 changes to financial statements.
5. Funding for the Capital Improvement Plan will need to continue to address office space renovation needs, preventative and proactive maintenance of the facilities, and maintaining future equipment replacement schedules.
6. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing community services through resourceful and innovative means.
7. Funding of potential increases in healthcare costs.
8. Funding of continually increasing costs for the regional jail, social services, and State mandated comprehensive services provided to certain County youth.
9. 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. In conjunction with the Economic Development Authority of Pulaski County, the County will also need to maintain relationships with current employers and potentially provide economic development assistance with any expansions of current operations.
10. 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.
11. The condition of the local, regional, state, and national economies and a resulting increase in demand for services should economic conditions continue their changes due to the ongoing COVID-19 pandemic.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the Jonathan Sweet, County Administrator at 143 Third Street NW, Suite 1, Pulaski, Virginia 24301, or telephone (540) 980-7705. The County's website address is www.pulaskicounty.org. We welcome the opportunity to present the financial status of the County to citizens, community groups, and state agencies in which the resources of the County have a direct effect on the ability to improve the quality of life, while addressing nationwide economic and social changes impacting the community.

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Position
June 30, 2021

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
ASSETS				
Cash and Cash Equivalents	\$ 34,912,858	\$ 5,553,282	\$ 4,075,894	\$ 161,167
Receivables (Net of Allowance for Uncollectibles):				
Taxes	14,921,751	-	-	-
Other Local Taxes and Fees	483,153	-	-	-
Accounts Receivable	415,052	1,211	1,861,919	397,178
Capital Lease Receivable	-	-	-	2,241,818
Note Receivable	76,387	-	2,338,415	29,729,708
Loan Receivable	301,435	-	-	-
Rent Receivable	-	-	-	63,801
Interest Receivable	-	-	-	151,328
Prepaid Items	174,349	446,810	18,143	5,959
Due from Primary Government	-	2,318,950	2,815	-
Due from Other Governmental Units	2,347,334	1,855,400	-	-
Due from Component Units	718,986	-	-	-
Advances to Component Units	500,000	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	3,152,900	-	354,232	602,111
Capital Assets:				
Land	3,112,565	858,360	225,354	2,647,346
Buildings and Improvements	38,151,994	5,027,389	440,558	13,734,068
Machinery and Equipment	5,061,808	4,102,204	3,244,923	28,220
Infrastructure	-	-	21,196,157	-
Construction in Progress	50,998,829	136,699	1,378,732	-
Total Assets	\$ 155,329,401	\$ 20,300,305	\$ 35,137,142	\$ 49,762,704
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refunding	\$ 206,033	\$ -	\$ -	\$ -
Pension Related Items	3,175,041	9,218,318	463,207	-
OPEB Related Items	381,521	1,313,120	50,080	-
Total Deferred Outflows of Resources	\$ 3,762,595	\$ 10,531,438	\$ 513,287	\$ -
LIABILITIES				
Accounts Payable	\$ 2,911,981	\$ 462,642	\$ 446,395	\$ 41,884
Accrued Wages	560,044	3,608,316	141,323	-
Customer Deposits	-	-	147,245	26,893
Accrued Interest Payable	764,097	-	17,134	123,302
Due to Component Units	2,321,765	-	-	-
Due to Primary Government	-	62,964	66,331	-
Cash held for others	-	-	-	513,178
Unearned Revenue	3,342,298	-	-	37,067
Long-Term Liabilities:				
Due Within One Year	5,118,642	1,030,463	400,446	2,922,465
Due in More Than One Year	60,647,665	45,749,726	11,622,004	33,807,823
Total Liabilities	\$ 75,666,492	\$ 50,914,111	\$ 12,840,878	\$ 37,472,612
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Taxes	\$ 10,926,797	\$ -	\$ -	\$ -
Pension Related Items	921,705	4,971,423	105,706	-
OPEB Related Items	399,125	1,087,473	103,806	-
Total Deferred Inflows of Resources	\$ 12,247,627	\$ 6,058,896	\$ 209,512	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ 43,514,671	\$ 10,124,652	\$ 17,000,713	\$ 11,014,756
Restricted	552,374	189,186	354,232	-
Unrestricted (Deficit)	27,110,832	(36,455,102)	5,245,094	1,275,336
Total Net Position	\$ 71,177,877	\$ (26,141,264)	\$ 22,600,039	\$ 12,290,092

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, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Public Service Authority	Economic Development Authority
Primary Government:						
Governmental Activities:						
General Government Administration	\$ 3,279,198	\$ 940	\$ -			
Judicial Administration	2,110,024	167,188	-			
Public Safety	16,319,331	1,450,972	-			
Health and Welfare	1,686,968	58,256	-			
Education	9,409,838	-	-			
Parks, Recreation and Cultural	17,637,702	-	-			
Community Development	890,249	88,596	1,170			
Interest on long-term debt	2,758,678	-	-			
Total Primary Government	1,733,954	-	-			
	\$ 55,825,942	\$ 1,765,952	\$ 1,170	\$ -	\$ -	\$ -
				\$ (13,163,069)	\$ (160,329)	\$ -
				\$ (13,163,069)	\$ (160,329)	\$ (3,876,323)
Component Units:						
School Board	\$ 50,562,361	\$ 976,422	\$ -	\$ -	\$ -	\$ -
Public Service Authority	10,157,132	9,711,629	-			
Economic Development Authority	4,906,575	1,030,252	-			
Total Component Units	\$ 65,626,068	\$ 11,718,303	\$ -	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
General Revenues:						
General Property Taxes				\$ 33,406,557		
Other Local Taxes						
Local Sales and Use Taxes				4,115,299		
Consumers' Utility Taxes				700,192		
Business Licenses				921,645		
Consumption Taxes				92,643		
Motor Vehicle Licenses				578,703		
Bank Stock Taxes				7,953		
Taxes on Recordation and Wills				340,094		
Hotel and Motel Room Taxes				344,604		
Restaurant Food Taxes				1,565,217		
Unrestricted Revenues from Use of Money and Property				475,586		
Miscellaneous				33,055		
Payments from Primary Government				16,475	57,224	1,368
Grants and Contributions Not Restricted to Specific Programs				97,189	255,257	46,597
Special Item - Government combination				15,573,686	146,725	1,377,631
Grants and Contributions Not Restricted to Specific Programs				-	-	-
Total General Revenues and Special Items				\$ 45,000,905	\$ 459,206	\$ 1,489,722
Change in Net Position				\$ 9,809,210	\$ 298,877	\$ (961,005)
Net Position - Beginning, as restated				61,368,667	22,301,162	13,251,097
Net Position - Ending				\$ 71,177,877	\$ 22,600,039	\$ 12,290,092

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	General	School CIP Fund	Nonmajor County CIP Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 25,550,868	248,104	\$ 2,697,208	\$ 28,496,180
Receivables (Net of Allowance for Uncollectibles):				
Taxes	14,921,751	-	-	14,921,751
Other Local Taxes and Fees	483,153	-	-	483,153
Accounts	382,496	-	-	382,496
Loans	76,387	-	-	76,387
Due from Other Funds	248,104	294,412	-	542,516
Due from Other Governmental Units	2,347,334	-	-	2,347,334
Prepaid items	93,475	-	-	93,475
Due from Component Units	418,767	-	170,924	589,691
Advances to Component Units	500,000	-	-	500,000
Restricted:				
Cash and cash equivalents	-	3,152,900	-	3,152,900
Total Assets	<u>\$ 45,022,335</u>	<u>\$ 3,695,416</u>	<u>\$ 2,868,132</u>	<u>\$ 51,585,883</u>
LIABILITIES				
Accounts Payable	\$ 1,146,686	1,056,979	\$ 366,380	\$ 2,570,045
Accrued Wages	524,828	-	-	524,828
Due to Other Funds	152,847	248,104	181,228	582,179
Due to Component Units	2,321,765	-	-	2,321,765
Unearned Revenue	3,342,298	-	-	3,342,298
Total Liabilities	<u>\$ 7,488,424</u>	<u>\$ 1,305,083</u>	<u>\$ 547,608</u>	<u>\$ 9,341,115</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 14,437,327	-	-	\$ 14,437,327
FUND BALANCE				
Nonspendable	\$ 593,475	-	-	\$ 593,475
Restricted	257,962	2,390,333	-	2,648,295
Committed	1,500,000	-	2,320,524	3,820,524
Assigned	1,343,968	-	-	1,343,968
Unassigned	19,401,179	-	-	19,401,179
Total Fund Balances	<u>\$ 23,096,584</u>	<u>\$ 2,390,333</u>	<u>\$ 2,320,524</u>	<u>\$ 27,807,441</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 45,022,335</u>	<u>\$ 3,695,416</u>	<u>\$ 2,868,132</u>	<u>\$ 51,585,883</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 27,807,441

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$	3,112,565	
Building and Improvements		38,151,994	
Machinery and Equipment		5,061,808	
Construction in Progress		<u>50,998,829</u>	97,325,196

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable Revenue - Property Taxes	\$	3,510,530	
Loans Receivable		<u>301,435</u>	3,811,965

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. 6,321,914

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	3,175,041	
OPEB related items		<u>381,521</u>	3,556,562

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	\$	(46,390,000)	
Literary Loans		(2,850,077)	
Lease Revenue Notes		(6,192,711)	
Lease Purchase Agreement		(187,128)	
Unamortized Bond Premiums		(890,549)	
Unamortized Bond Discounts		397,986	
Landfill Post-Closure Monitoring Costs		(275,639)	
Net Pension Liability		(5,957,803)	
Net OPEB Liabilities		(2,073,963)	
Deferred Charge on Refunding		206,033	
Compensated Absences		(1,346,423)	
Accrued Interest Payable		<u>(764,097)</u>	(66,324,371)

Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.

Pension related items	\$	(921,705)	
OPEB related items		<u>(399,125)</u>	(1,320,830)

Net Position of Governmental Activities \$ 71,177,877

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, 2021

	General Fund	School CIP Fund	Nonmajor County CIP Fund	Total
REVENUES				
General Property Taxes	\$ 33,047,088	\$ -	\$ -	\$ 33,047,088
Other Local Taxes	8,666,350	-	-	8,666,350
Permits, Privilege Fees and Regulatory Licenses	149,347	-	-	149,347
Fines and Forfeitures	159,901	-	-	159,901
Revenue from Use of Money and Property	462,766	12,820	-	475,586
Charges for Services	1,456,704	-	-	1,456,704
Miscellaneous	87,400	-	1,190	88,590
Recovered Costs	1,589,604	-	-	1,589,604
Intergovernmental	20,828,170	-	459,482	21,287,652
Total Revenues	<u>\$ 66,447,330</u>	<u>\$ 12,820</u>	<u>\$ 460,672</u>	<u>\$ 66,920,822</u>
EXPENDITURES				
Current:				
General Government Administration	\$ 3,219,819	\$ -	\$ 543,909	\$ 3,763,728
Judicial Administration	2,110,508	-	-	2,110,508
Public Safety	16,477,575	-	1,004,141	17,481,716
Public Works	2,420,599	-	289,311	2,709,910
Health and Welfare	9,419,244	-	28,104	9,447,348
Education	15,590,153	-	-	15,590,153
Parks, Recreation and Cultural	1,630,231	-	1,279,401	2,909,632
Community Development	2,648,534	-	366,708	3,015,242
Capital Projects	-	4,126,196	-	4,126,196
Debt Service:				
Principal Retirement	4,271,367	-	40,581	4,311,948
Interest and Other Fiscal Charges	2,055,266	-	10,970	2,066,236
Total Expenditures	<u>\$ 59,843,296</u>	<u>\$ 4,126,196</u>	<u>\$ 3,563,125</u>	<u>\$ 67,532,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,604,034</u>	<u>\$ (4,113,376)</u>	<u>\$ (3,102,453)</u>	<u>\$ (611,795)</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 3,121,788	\$ 3,121,788
Transfers Out	(4,177,447)	-	-	(4,177,447)
Issuance of capital lease	-	-	57,826	57,826
Total Other Financing Sources (Uses)	<u>\$ (4,177,447)</u>	<u>\$ -</u>	<u>\$ 3,179,614</u>	<u>\$ (997,833)</u>
Net Change in Fund Balance	\$ 2,426,587	\$ (4,113,376)	\$ 77,161	\$ (1,609,628)
Fund Balance - Beginning	20,669,997	6,503,709	2,243,363	29,417,069
Fund Balance - Ending	<u>\$ 23,096,584</u>	<u>\$ 2,390,333</u>	<u>\$ 2,320,524</u>	<u>\$ 27,807,441</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, 2021

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

Net changes in fund balance - total governmental funds \$ (1,609,628)

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

Capital outlays	\$ 8,531,937	
Depreciation expenses	<u>(2,921,194)</u>	5,610,743

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	\$ 359,469	
Decrease (Increase) in unavailable revenue - loans	<u>(55,535)</u>	303,934

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:		
Lease Revenue Note	\$ (57,826)	
Landfill post-closure monitoring costs	(2,776)	
Principal repayments:		
General obligation bonds	2,639,539	
Literary loans	446,410	
Lease revenue notes	1,185,418	
Lease purchase agreement	<u>40,581</u>	4,251,346

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

Changes in OPEB related items	\$ (108,059)	
Changes in pension related items	(466,301)	
(Increase) Decrease in compensated absences	(58,512)	
(Increase) Decrease in accrued interest payable	62,215	
Increase (Decrease) in deferred charge on refunding	(34,339)	
Amortization of bond premiums and discounts	<u>304,406</u>	(300,590)

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

1,553,405

Change in net position of governmental activities

\$ 9,809,210

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

County of Pulaski, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	Total Internal <u>Service Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 6,416,678	\$ -	\$ 6,416,678
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	32,556	32,556
Due from Other Funds	-	39,663	39,663
Prepaid Items	-	80,874	80,874
Due from Component Units	-	129,295	129,295
	<u>6,416,678</u>	<u>282,388</u>	<u>6,699,066</u>
Total Assets	\$ 6,416,678	\$ 282,388	\$ 6,699,066
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 69,808	\$ 19,815	\$ 89,623
Accrued Wages	-	35,216	35,216
IBNR Payable	252,313	-	252,313
	<u>322,121</u>	<u>55,031</u>	<u>377,152</u>
Total Liabilities	\$ 322,121	\$ 55,031	\$ 377,152
NET POSITION			
Unrestricted	\$ 6,094,557	\$ 227,357	\$ 6,321,914
	<u>6,094,557</u>	<u>227,357</u>	<u>6,321,914</u>
Total Net Position	\$ 6,094,557	\$ 227,357	\$ 6,321,914

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

County of Pulaski, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Charges for Services:			
Information Technology Charges	\$ -	\$ 421,607	\$ 421,607
Garage Charges	-	1,347,703	1,347,703
Communication Charges	-	97,643	97,643
Other Revenues:			
Miscellaneous	-	33,945	33,945
Insurance Premiums	8,783,358	-	8,783,358
Total Operating Revenues	<u>\$ 8,783,358</u>	<u>\$ 1,900,898</u>	<u>\$ 10,684,256</u>
OPERATING EXPENSES			
Information Technology	\$ -	\$ 942,563	\$ 942,563
Central Garage	-	1,830,998	1,830,998
Communications	-	84,225	84,225
Insurance Claims and Expenses	7,328,724	-	7,328,724
Total Operating Expenses	<u>\$ 7,328,724</u>	<u>\$ 2,857,786</u>	<u>\$ 10,186,510</u>
Operating Income (Loss)	<u>\$ 1,454,634</u>	<u>\$ (956,888)</u>	<u>\$ 497,746</u>
Transfer In	<u>\$ -</u>	<u>\$ 1,055,659</u>	<u>\$ 1,055,659</u>
Change in Net Position	<u>\$ 1,454,634</u>	<u>\$ 98,771</u>	<u>\$ 1,553,405</u>
Net Position - Beginning	4,639,923	128,586	4,768,509
Net Position - Ending	<u>\$ 6,094,557</u>	<u>\$ 227,357</u>	<u>\$ 6,321,914</u>

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

County of Pulaski, Virginia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	Total Internal <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Charges to County Department and other organizations	\$ -	\$ 1,802,050	\$ 1,802,050
Other receipts (payments)	-	33,945	33,945
Payments to suppliers for goods and services	-	(2,891,654)	(2,891,654)
Receipts for insurance premiums	8,783,358	-	8,783,358
Payments for insurance premiums	(7,520,051)	-	(7,520,051)
Total cash provided by (used for) operating activities	<u>\$ 1,263,307</u>	<u>\$ (1,055,659)</u>	<u>\$ 207,648</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 1,055,659	\$ 1,055,659
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 1,263,307</u>	<u>\$ -</u>	<u>\$ 1,263,307</u>
Cash and Cash Equivalents - Beginning	\$ 5,153,371	\$ -	\$ 5,153,371
Cash and Cash Equivalents - Ending	<u>\$ 6,416,678</u>	<u>\$ -</u>	<u>\$ 6,416,678</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 1,454,634	\$ (956,888)	\$ 497,746
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ 8,778	\$ (67,763)	\$ (58,985)
Increase (Decrease) in Accrued Wages	-	35,216	35,216
Increase (Decrease) in IBNR Payable	(200,105)	-	(200,105)
(Increase) Decrease in Accounts Receivable	-	55,519	55,519
(Increase) Decrease in Due from Other Funds	-	8,873	8,873
(Increase) Decrease in Prepaid Items	-	(1,321)	(1,321)
(Increase) Decrease in Due from Component Units	-	(129,295)	(129,295)
Total Adjustments	<u>\$ (191,327)</u>	<u>\$ (98,771)</u>	<u>\$ (290,098)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 1,263,307</u>	<u>\$ (1,055,659)</u>	<u>\$ 207,648</u>

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

County of Pulaski, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	Custodial Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ <u><u>252,579</u></u>
 NET POSITION	
Restricted:	
Special Welfare	\$ 27,672
Performance Bond	135,988
Employee Flexible Benefits	88,919
Total net position	\$ <u><u>252,579</u></u>

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

County of Pulaski, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

		<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Expenditure reimbursement	\$	47,605
Support enforcements		35,125
Benefits reimbursements		34,642
Total contributions	\$	<u>117,372</u>
Total additions		<u>117,372</u>
 DEDUCTIONS		
Special welfare payments	\$	82,844
Refund bonds		8,880
Flexible benefits		31,338
Total deductions	\$	<u>123,062</u>
Net increase (decrease) in fiduciary net position	\$	(5,690)
Net position, beginning - as restated		258,269
Net position, ending	\$	<u><u>252,579</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements
June 30, 2021

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

Blended Component Units - None

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

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

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

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

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

The County along with the Counties of Carroll, Bland, Floyd, Giles, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2021, the County paid \$2,201,351 for the confinement of prisoners.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

A. Financial Reporting Entity: (continued)

The County and the Counties of Montgomery, Giles, Floyd, and the City of Radford participate in supporting New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$96,000 to NRVCS for the current year.

The County along with Counties in the surrounding area participate in supporting the New River Valley Juvenile Detention Home. The County contributed \$108,679 to the NRV Juvenile Detention Home for the current year.

B. Government-wide and Fund Financial Statements:

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

Budgetary comparison schedules demonstrate compliance with the adopted budget. It is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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

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

The 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*. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following nonmajor governmental funds:

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

Additionally, the County reports the following fund types:

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

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

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

The Pulaski County School Board reports the following major funds:

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

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

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

1. Cash and Cash Equivalents

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

2. Investments

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

3. Receivables and Payables

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

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$3,125,561 at June 30, 2021 and is comprised of \$954,264 in real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years and \$2,171,297 for unpaid ambulance services.

6. Use of Estimates

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

7. Prepaid Items

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

8. Capital Assets

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

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

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

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:

Asset Type	Years
Building and Improvements	20-40
Infrastructure	20-40
Machinery and Equipment	4-30

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

9. Deferred Outflows/Inflows of Resources

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

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

10. Compensated Absences

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

11. Pensions

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

12. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Long-Term Obligations

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

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

14. Fund Balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

15. Net Position

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

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information:

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

A. Budgetary Information: (continued)

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

B. Excess of Expenditures Over Appropriations:

Expenditures did not exceed appropriations for any function during fiscal year 2021.

C. Deficit Fund Balance:

At June 30, 2021, there were no funds that had a deficit fund balance.

Note 3- Deposits and Investments:

Deposits:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 3- Deposits and Investments: (continued)

Investments:

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

Interest Rate Risk:

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Net Asset Value (NAV)	1 Year
LGIP	\$ 115,631	\$ -	\$ 115,631
SNAP	3,152,900	-	3,152,900
VML/VACo Investment Pool	-	3,123,788	3,123,788
Total	\$ 3,268,531	\$ 3,123,788	\$ 6,392,319

Custodial Credit Risk (Investments):

The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Ratings
	AAAm
LGIP	\$ 115,631
SNAP	3,152,900
VML/VACo Investment Pool	3,123,788
Total	\$ 6,392,319

External Investment Pools

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 3- Deposits and Investments: (continued)

Redemption Restrictions

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

Note 4- Due From Other Governmental Units:

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

	Primary Government	Component Unit- School Board
Local governments:		
Town of Dublin	\$ 62,436	\$ -
Town of Pulaski	92,193	-
Other local governments	63,020	-
Commonwealth of Virginia:		
State sales tax	711,615	694,451
Communication sales tax	94,594	-
Other taxes	75,208	-
Categorical aid-shared expenses	303,118	-
Categorical aid-other	35,079	-
Categorical aid-VPA funds	153,253	-
Categorical aid-CSA funds	420,482	-
Federal Government:		
Categorical aid-VPA funds	247,879	-
Categorical aid-other	88,457	1,160,949
Totals	\$ 2,347,334	\$ 1,855,400

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 5- Interfund Balances and Transfers:

Fund	Due from	Due to
Primary Government:		
General Fund	\$ 248,104	\$ 152,847
County CIP Fund	-	181,228
School CIP Fund	294,412	248,104
Information Technology, Garage, and Communication Service Fund	39,663	-
Component Units:		
Primary Government	1,218,986	2,321,765
School Fund	2,318,950	62,964
Economic Development Authority	-	1,089,691
Public Service Authority	2,815	66,331
Total	\$ 4,122,930	\$ 4,122,930
	Transfers in	Transfers out
Primary Government:		
General Fund	\$ -	\$ 4,177,447
County CIP Fund	3,121,788	-
Information Technology, Garage, and Communication Service Fund	1,055,659	-
Total	\$ 4,177,447	\$ 4,177,447

Details of advances to component unit amounts are as follows:

Pulaski County Economic Development Authority:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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, 2021.

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct Borrowings and Placements:				
General obligation bonds	\$ 6,049,539	\$ -	\$ 959,539	\$ 5,090,000
Literary loans	3,296,487	-	446,410	2,850,077
Lease revenue notes	7,378,129	-	1,185,418	6,192,711
Unamortized bond premiums	224,088	-	41,287	182,801
General obligation bonds	42,980,000	-	1,680,000	41,300,000
Unamortized bond premiums	999,653	-	291,905	707,748
Unamortized bond discounts	(426,772)	-	(28,786)	(397,986)
Lease purchase agreement	169,883	57,826	40,581	187,128
Landfill post-closure monitoring costs	272,863	2,776	-	275,639
Net OPEB liabilities	2,200,162	502,504	628,703	2,073,963
Net pension liability	4,690,414	4,932,279	3,664,890	5,957,803
Compensated absences	1,287,911	1,024,445	965,933	1,346,423
Total	<u>\$ 69,122,357</u>	<u>\$ 6,519,830</u>	<u>\$ 9,875,880</u>	<u>\$ 65,766,307</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowing and Placements</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,056,220	\$ 464,368	\$ 1,765,000	\$ 1,424,269
2023	2,100,645	390,294	1,855,000	1,336,019
2024	1,604,361	327,479	1,945,000	1,243,269
2025	1,662,781	275,595	2,045,000	1,146,019
2026	1,710,415	221,301	2,145,000	1,043,769
2027-2031	4,796,340	364,969	11,795,000	4,156,769
2032-2036	202,026	7,599	13,670,000	2,274,950
2037-2041	-	-	6,080,000	298,024
Totals	<u>\$ 14,132,788</u>	<u>\$ 2,051,605</u>	<u>\$ 41,300,000</u>	<u>\$ 12,923,088</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 6- Long-Term Obligations: (continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General obligation bonds (B):						
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	\$ 1,090,000	\$ 545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	4,000,000	385,000
Subtotal GO bonds					<u>\$ 5,090,000</u>	<u>\$ 930,000</u>
Unamortized bond premium	n/a	11/7/2002	2023	436,841	43,685	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	17,056	2,007
Total general obligation bonds					<u>\$ 5,150,741</u>	<u>\$ 953,849</u>
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 2,755,000	\$ 285,000
Lease revenue note (A)	2.47-3.25%	12/6/2013	2027	321,054	170,152	26,637
Lease revenue note (A)	2.37%	6/15/2016	2028	3,443,000	2,126,300	282,600
Landfill sewer line revenue note	3.30%	3/5/2014	2034	1,842,628	1,141,259	80,645
Subtotal lease revenue notes					<u>\$ 6,192,711</u>	<u>\$ 674,882</u>
Unamortized bond premium	n/a	5/15/2008	2029	348,754	122,060	17,438
Total lease revenue notes					<u>\$ 6,314,771</u>	<u>\$ 692,320</u>
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 2,850,077	\$ 451,338
Total Direct Borrowings and Placements					<u>\$ 14,315,589</u>	<u>\$ 2,097,507</u>
General obligation bonds (B):						
GO bond	3.00-5.00%	3/1/2018	2038	46,240,000	\$ 41,300,000	\$ 1,765,000
Unamortized bond premium	n/a	3/1/2018	2029	1,739,614	707,748	240,217
Unamortized bond discount	n/a	3/1/2018	2038	(484,342)	(397,986)	(28,786)
Total general obligation bonds					<u>\$ 41,609,762</u>	<u>\$ 1,976,431</u>
Other obligations:						
Lease purchase agreement	5.797%	7/10/2019	2025	190,368	\$ 187,128	\$ 34,887
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	275,639	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,073,963	-
Net pension liability	n/a	n/a	n/a	n/a	5,957,803	-
Compensated absences	n/a	n/a	n/a	n/a	1,346,423	1,009,817
Total other obligations					<u>\$ 9,840,956</u>	<u>\$ 1,044,704</u>
Totals					<u>\$ 65,766,307</u>	<u>\$ 5,118,642</u>

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net OPEB liabilities	\$ 8,571,032	\$ 1,835,551	\$ 1,748,272	\$ 8,658,311
Net pension liability	34,495,643	14,506,134	12,253,850	36,747,927
Compensated absences	1,377,025	1,029,695	1,032,769	1,373,951
Total	\$ 44,443,700	\$ 17,371,380	\$ 15,034,891	\$ 46,780,189

Details of Long-Term Obligations:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Other obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 8,658,311	\$ -
Net pension liability	n/a	n/a	n/a	n/a	36,747,927	-
Compensated absences	n/a	n/a	n/a	n/a	1,373,951	1,030,463
Total other obligations					\$ 46,780,189	\$ 1,030,463

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 8-Capital Lease:

The County has entered into a lease purchase agreement for the purchase of vehicles. Total assets acquired through the capital lease are as follows:

Vehicles	\$	312,918
Accumulated depreciation		(49,007)
Net book value of assets	\$	<u>263,911</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 56,684
2023	56,684
2024	56,683
2025	30,390
2026	5,369
Subtotal	\$ 205,810
Less: Amount representing interest	(18,682)
Present value of lease agreement	<u>\$ 187,128</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Contributions

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

The County of Pulaski and the PSA's contractually required employer contribution rate for the year ended June 30, 2021 was 8.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$967,573 and \$981,662 for the County and \$157,815 and \$150,256 for the PSA for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Net Pension Liability

At June 30, 2021, the County and PSA reported a liability of \$5,957,803 and \$912,156, respectively, for their proportionate share of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. In order to allocate the net pension liability to all employers included in the plan, the County and PSA are required to determine their proportionate share of the net pension liability. Creditable compensation as of June 30, 2019 and 2018 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2020 and 2019, the County's proportion was 85.8900% and 85.7300%, respectively. At June 30, 2020 and 2019, the PSA's proportion was 13.1500% and 13.3600%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County of Pulaski and PSA's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Long-Term Expected Rate of Return (continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contribution by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 12,392,913	\$ 5,957,803	\$ 599,137
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,897,390	\$ 912,156	\$ 91,730

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

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

For the year ended June 30, 2021, the County and PSA recognized pension expense of \$1,433,839 and \$226,032, respectively. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, 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	\$ 78,999	\$ 688,099	\$ 12,311	\$ 105,199
Change in assumptions	531,539	-	82,834	-
Net difference between projected and actual earnings on pension plan investments	1,380,923	18,890	210,247	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	216,007	214,716	-	507
Employer contributions subsequent to the measurement date	967,573	-	157,815	-
Total	\$ 3,175,041	\$ 921,705	\$ 463,207	\$ 105,706

\$967,573 and \$157,815 is reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Pulaski County PSA
2022	\$ 207,556	\$ 36,034
2023	240,158	38,475
2024	401,262	58,305
2025	436,787	66,872

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Nonprofessional)

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	92
Inactive members:	
Vested inactive members	17
Non-vested members	71
Inactive members active elsewhere in VRS	<u>25</u>
Total inactive members	113
Active members	<u>96</u>
Total covered employees	<u><u>301</u></u>

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 4.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$97,800 and \$117,508 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 11,694,999	\$ 11,190,472	\$ 504,527
Changes for the year:			
Service cost	\$ 217,278	\$ -	\$ 217,278
Interest	770,518	-	770,518
Differences between expected and actual experience	(405,445)	-	(405,445)
Contributions - employer	-	117,292	(117,292)
Contributions - employee	-	115,412	(115,412)
Net investment income	-	211,656	(211,656)
Benefit payments, including refunds	(559,845)	(559,845)	-
Administrative expenses	-	(7,370)	7,370
Other changes	-	(250)	250
Net changes	\$ 22,506	\$ (123,105)	\$ 145,611
Balances at June 30, 2020	\$ 11,717,505	\$ 11,067,367	\$ 650,138

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,019,460	\$ 650,138	\$ (499,176)

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

For the year ended June 30, 2021, the Component Unit School Board (nonprofessional) recognized pension expense of \$230,041. At June 30, 2021, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,477	\$ 226,835
Change in assumptions	51,253	-
Net difference between projected and actual earnings on pension plan investments	330,693	-
Employer contributions subsequent to the measurement date	97,800	-
Total	<u>\$ 499,223</u>	<u>\$ 226,835</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-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)

\$97,800 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board Nonprofessional
2022	\$ (101,517)
2023	56,083
2024	113,543
2025	106,479

Component Unit School Board (Professional)

Plan Description

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

Additional information regarding the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,509,331 and \$3,326,828 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-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, 2021, the school division reported a liability of \$36,097,789 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.24810% as compared to 0.25828% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$2,962,199. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,115,887
Net difference between projected and actual earnings on pension plan investments	2,745,637	-
Change in assumptions	2,464,127	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,628,701
Employer contributions subsequent to the measurement date	3,509,331	-
Total	\$ 8,719,095	\$ 4,744,588

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-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)

\$3,509,331 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board Professional
2022	\$ (837,691)
2023	198,912
2024	622,833
2025	579,460
2026	(98,338)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	<u>36,449,229</u>
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 71.47%

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

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 52,963,564	\$ 36,097,789	\$ 22,147,661

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit Pulaski County PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:												
Primary Government	\$ 3,175,041	\$ 921,705	\$ 5,957,803	\$ 1,433,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski County PSA	-	-	-	-	463,207	105,706	912,156	226,032	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	499,223	226,835	650,138	230,041
School Board Professional	-	-	-	-	-	-	-	-	8,719,095	4,744,588	36,097,789	2,962,199
Totals	\$ 3,175,041	\$ 921,705	\$ 5,957,803	\$ 1,433,839	\$ 463,207	\$ 105,706	\$ 912,156	\$ 226,032	\$ 9,218,318	\$ 4,971,423	\$ 36,747,927	\$ 3,192,240

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 10-Other Postemployment Benefits - Health Insurance:

In addition to the pension benefits described in Note 9, the County and School Board administer the Pulaski Post-Retirement Medical Plan (the Plan), which is a single-employer defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County of Pulaski, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's and School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and employee contributions, are governed by the County and can be amended through County action.

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County, PSA and School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$(7,800), \$0, and \$155,800 respectively.

Total OPEB Liability

At June 30, 2021, the County, PSA, and School Board reported a liability of \$1,132,100, \$138,300 and \$3,215,300, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2020 and 2019, the County's proportion was 25.24% and 27.70%, respectively, the PSA's proportion was 3.08% and 4.20%, respectively, and the School Board's proportion was 71.68% and 67.95%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	2.45%
Healthcare Trend Rate	5.00% for fiscal year end 2021 and for all years thereafter
Salary Scale	2.50%

Mortality rates use RP-2014 Mortality Table, fully generational with base year 2006, using two-dimensional improvement scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on July 1, 2020 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2020 actuarial valuation report.

Discount Rate

The discount rate has been set equal to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

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

The following amounts present the total OPEB liability of the County, PSA, and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	Rate		
	1% Decrease (1.45%)	Current Discount (2.45%)	1% Increase (3.45%)
Proportionate share of the healthcare net OPEB liability:			
County	\$ 1,242,542	\$ 1,132,101	\$ 1,030,266
Component Unit Pulaski County PSA	\$ 151,790	\$ 138,299	\$ 125,858
Component Unit School Board	\$ 3,528,967	\$ 3,215,300	\$ 2,926,076

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

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

	Rate		
	1% Decrease	Current Trend	1% Increase
Proportionate share of the healthcare net OPEB liability:			
County	\$ 990,920	\$ 1,132,101	\$ 1,299,404
Component Unit Pulaski County PSA	\$ 121,052	\$ 138,299	\$ 158,736
Component Unit School Board	\$ 2,814,329	\$ 3,215,300	\$ 3,690,460

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

For the year ended June 30, 2021, the County, PSA, and School Board recognized OPEB expense in the amount of \$75,700, \$3,100 and \$243,500, respectively. At June 30, 2021, the County, PSA and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit Pulaski County PSA		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,900	\$ 366,000	\$ -	\$ 92,800	\$ 101,700	\$ 314,200
Changes in assumptions	96,500	5,000	13,900	6,700	279,600	200,100
Employer contributions subsequent to the measurement date	-	-	-	-	155,800	-
Total	\$ 149,400	\$ 371,000	\$ 13,900	\$ 99,500	\$ 537,100	\$ 514,300

\$0, \$0, and \$155,800 were reported as deferred outflows of resources related to OPEB resulting from the County's, PSA's, and Component Unit School Board's, respectively, contributions subsequent to the measurement date and will be recognized as reduction of the Total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized OPEB expense as follows:

Year Ended June 30	Primary Government	Component Unit Pulaski County PSA	Component Unit School Board
2022	\$ (34,400)	\$ (15,900)	\$ (28,800)
2023	(34,400)	(15,900)	(28,800)
2024	(34,400)	(15,900)	(28,800)
2025	(34,400)	(15,900)	(28,800)
2026	(41,800)	(12,500)	(8,300)
Thereafter	(34,400)	(9,500)	(9,500)

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$64,131 and \$60,458 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Pulaski County PSA were \$10,460 and \$9,256 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Nonprofessional) were \$12,437 and \$12,314 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$118,567 and \$112,852 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$941,863 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit Pulaski County PSA reported a liability of \$144,202 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (Nonprofessional) reported a liability of \$192,083 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (Professional) reported a liability of \$1,764,627 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

At June 30, 2020, the County's proportion was 0.05643% as compared to 0.05509% at June 30, 2019.

At June 30, 2020, the Component Unit Pulaski County PSA's proportion was 0.008640% as compared to 0.008585% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (Nonprofessional) proportion was 0.01150% as compared to 0.01185% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (Professional) proportion was 0.10570% as compared to 0.11061% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$45,142. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component Unit Pulaski County PSA recognized GLI OPEB expense of \$6,911. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$3,698. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (Professional) recognized GLI OPEB expense of \$34,860. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Pulaski County PSA		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,412	\$ 8,459	\$ 9,249	\$ 1,295	\$ 12,320	\$ 1,725	\$ 113,185	\$ 15,851
Change in assumptions	47,104	19,666	7,212	3,011	9,606	4,011	88,252	36,846
Net difference between projected and actual earnings on GLI OPEB plan investments	28,293	-	4,332	-	5,770	-	53,008	-
Changes in proportionate share	32,181	-	4,927	-	-	12,245	-	143,657
Employer contributions subsequent to the measurement date	64,131	-	10,460	-	12,437	-	118,567	-
Total	\$ 232,121	\$ 28,125	\$ 36,180	\$ 4,306	\$ 40,133	\$ 17,981	\$ 373,012	\$ 196,354

\$64,131, \$10,460, \$12,437, and \$118,567 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component Unit Pulaski County PSA's, Component-Unit School Board (Nonprofessional)'s, and Component-Unit School Board (Professional)'s, respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Pulaski County PSA	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
2022	\$ 23,411	\$ 3,584	\$ (733)	\$ (5,853)
2023	31,401	4,808	896	9,116
2024	37,315	5,713	3,868	24,509
2025	35,517	5,438	5,147	32,754
2026	10,987	1,682	617	(704)
Thereafter	1,234	189	(80)	(1,731)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB	
		Plan
		<hr/>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,668,835
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		 52.64%

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

Proportionate share of the GLI Plan Net OPEB Liability:	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
County	\$ 1,238,151	\$ 941,863	\$ 701,249
Component Unit Pulaski County PSA	\$ 189,564	\$ 144,202	\$ 107,363
Component Unit-School Board (Nonprofessional)	\$ 252,508	\$ 192,083	\$ 143,013
Component Unit-School Board (Professional)	\$ 2,319,738	\$ 1,764,627	\$ 1,313,825

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$265,683 and \$260,318 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2021, the school division reported a liability of \$3,237,679 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.24820% as compared to 0.25823% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$210,678. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 43,237
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	14,348	-
Change in assumptions	64,004	17,690
Change in proportionate share	-	297,911
Employer contributions subsequent to the measurement date	265,683	-
Total	\$ 344,035	\$ 358,838

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$265,683 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (54,467)
2023	(53,045)
2024	(53,522)
2025	(48,892)
2026	(37,061)
Thereafter	(33,499)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%

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

Long-Term Expected Rate of Return

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (continued)

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,624,245	\$ 3,237,679	\$ 2,909,127

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Active members	<u>96</u>
Total covered employees	<u><u>96</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board to the HIC Plan were \$18,840 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The Component Unit School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 248,622	\$ -	\$ 248,622
Net changes	\$ 248,622	\$ -	\$ 248,622
Balances at June 30, 2020	\$ 248,622	\$ -	\$ 248,622

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board's Net HIC OPEB Liability	\$ 273,965	\$ 248,622	\$ 226,804

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

For the year ended June 30, 2021, the Component Unit School Board recognized HIC Plan OPEB expense of \$248,622. At June 30, 2021, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 18,840	\$ -
Total	\$ 18,840	\$ -

\$18,840 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14-Aggregate OPEB Information:

	Primary Government				Component Unit Pulaski County PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:												
Group Life Insurance Plan:												
County	\$ 232,121	\$ 28,125	\$ 941,863	\$ 45,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski PSA	-	-	-	-	36,180	4,306	144,202	6,911	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	40,133	17,981	192,083	3,698
School Board Professional	-	-	-	-	-	-	-	-	373,012	196,354	1,764,627	34,860
County Health Insurance Credit Plan	-	-	-	-	-	-	-	-	18,840	-	248,622	248,622
Teacher Health Insurance Credit Plan	-	-	-	-	-	-	-	-	344,035	358,838	3,237,679	210,678
County Stand-Alone Plan	149,400	371,000	1,132,100	75,700	13,900	99,500	138,300	3,100	537,100	514,300	3,215,300	243,500
Totals	\$ 381,521	\$ 399,125	\$ 2,073,963	\$ 120,842	\$ 50,080	\$ 103,806	\$ 282,502	\$ 10,011	\$ 1,313,120	\$ 1,087,473	\$ 8,658,311	\$ 741,358

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 15- Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,112,565	\$ -	\$ -	\$ 3,112,565
Construction in progress	44,699,200	6,639,436	(339,807)	50,998,829
Total capital assets not being depreciated	<u>\$ 47,811,765</u>	<u>\$ 6,639,436</u>	<u>\$ (339,807)</u>	<u>\$ 54,111,394</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 62,861,493	\$ 67,761	\$ -	\$ 62,929,254
Machinery and equipment	17,923,350	2,164,547	(83,465)	20,004,432
Total capital assets, being depreciated	<u>\$ 80,784,843</u>	<u>\$ 2,232,308</u>	<u>\$ (83,465)</u>	<u>\$ 82,933,686</u>
Accumulated depreciation:				
Buildings and improvements	\$ (23,056,569)	\$ (1,720,691)	\$ -	\$ (24,777,260)
Machinery and equipment	(13,825,586)	(1,200,503)	83,465	(14,942,624)
Total accumulated depreciation	<u>\$ (36,882,155)</u>	<u>\$ (2,921,194)</u>	<u>\$ 83,465</u>	<u>\$ (39,719,884)</u>
Total capital assets being depreciated, net	<u>\$ 43,902,688</u>	<u>\$ (688,886)</u>	<u>\$ -</u>	<u>\$ 43,213,802</u>
Governmental activities capital assets, net	<u>\$ 91,714,453</u>	<u>\$ 5,950,550</u>	<u>\$ (339,807)</u>	<u>\$ 97,325,196</u>

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

Governmental activities:	
General government administration	\$ 92,127
Judicial administration	4,598
Public safety	1,127,636
Public works	360,791
Health and welfare	27,975
Education	1,051,150
Parks, recreation and cultural	239,785
Community development	<u>17,132</u>
Total depreciation expense-governmental activities	<u>\$ 2,921,194</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 15- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 858,360	\$ -	\$ -	\$ 858,360
Construction in progress	-	136,699	-	136,699
Total capital assets not being depreciated	<u>\$ 858,360</u>	<u>\$ 136,699</u>	<u>\$ -</u>	<u>\$ 995,059</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,835,543	\$ 332,489	\$ -	\$ 22,168,032
Machinery and equipment	11,925,982	1,120,101	(646,603)	12,399,480
Total capital assets, being depreciated	<u>\$ 33,761,525</u>	<u>\$ 1,452,590</u>	<u>\$ (646,603)</u>	<u>\$ 34,567,512</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,742,481)	\$ (398,162)	\$ -	\$ (17,140,643)
Machinery and equipment	(8,198,626)	(705,253)	606,603	(8,297,276)
Total accumulated depreciation	<u>\$ (24,941,107)</u>	<u>\$ (1,103,415)</u>	<u>\$ 606,603</u>	<u>\$ (25,437,919)</u>
Total capital assets being depreciated, net	<u>\$ 8,820,418</u>	<u>\$ 349,175</u>	<u>\$ (40,000)</u>	<u>\$ 9,129,593</u>
Governmental activities capital assets, net	<u>\$ 9,678,778</u>	<u>\$ 485,874</u>	<u>\$ (40,000)</u>	<u>\$ 10,124,652</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 16- Risk Management:

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

Self-Insurance - The County established a limited risk management program for health insurance in fiscal year 2010. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2021, a total of \$7,328,724 was paid by the County in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$252,313 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the County records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

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

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2020-21	\$ 452,418	\$ 7,128,619	\$ (7,328,724)	\$ 252,313
2019-20	586,978	7,366,200	(7,500,760)	452,418
2018-19	389,858	7,809,003	(7,611,883)	586,978
2017-18	436,458	8,200,409	(8,247,009)	389,858

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 17- Contingent Liabilities:

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

Note 18- Surety Bonds:

Primary Government:

<u>Fidelity and Deposit Company of Maryland-Surety</u>	
Maetta H. Crewe, Clerk of Circuit Court	\$ 145,000
Melinda Worrell, Treasurer	500,000
Kim Matthews, Commissioner of the Revenue	3,000
Michael Worrell, Sheriff	30,000
The above constitutional officers' employees - blanket bond	50,000
All Social Services employees - blanket bond	100,000
<u>VaCo Risk Management Programs</u>	
All County employees - blanket bond	\$ 250,000
<u>United Stated Fidelity and Guaranty</u>	
Jonathan Sweet, County Administrator	\$ 2,000
Componet Unit - School Board:	
<u>VaCo Risk Management Programs</u>	
All School Board employees - blanket bond	\$ 250,000

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 19- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd’s Mountain in 1989. At June 30, 2021, the total post-closure care liability (which represents the 2 years remaining) was \$275,639 representing what it would cost to perform all post-closure care in fiscal year 2021. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County demonstrated financial assurance requirements for closure, post-closure care through the submission of a Local Government Financial Test to the Virginia Department of environmental Quality in accordance with section 9VA C20-70 of the Virginia Administrative Code.

Note 20- Unearned and Unavailable/Deferred Revenue:

Unearned and unavailable/deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. These amounts consist of the following:

Unearned Revenue - Primary Government:

Unearned Grants - Grant revenue collected by the County for various purposes that has not met the revenue criteria totaled \$3,342,298.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	3,510,530
2nd half assessments due in December 2021	10,642,386	10,642,386
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	284,411	284,411
	\$ 10,926,797	\$ 14,437,327

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 21- Fund Balance Classifications:

	<u>General Fund</u>	<u>School CIP Fund</u>	<u>County CIP Fund</u>
Nonspendable:			
Advances to Component Units	\$ 500,000	\$ -	\$ -
Prepaid Items	93,475	-	-
Total Nonspendable	<u>\$ 593,475</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:			
Commonwealth Attorney Seized			
Assets, State & Federal	\$ 16,059	\$ -	\$ -
Sheriff Seized Assets	43,436	-	-
Community Corrections Admin Fees	198,467	-	-
School Construction	-	2,390,333	-
Total Restricted	<u>\$ 257,962</u>	<u>\$ 2,390,333</u>	<u>\$ -</u>
Committed:			
County Construction	\$ 1,500,000	\$ -	\$ 2,320,524
Total Committed	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 2,320,524</u>
Assigned:			
Outstanding Encumbrances			
06/30/21 - Various Departments	\$ 411,925	\$ -	\$ -
Court Services Unit CE Richardson Grant	431	-	-
Sheriff Equipment & Maintenance	25,986	-	-
Joint Dispatch Equipment	183,058	-	-
Special Ops Equipment	1,000	-	-
Animal Control Donations	63,666	-	-
Claytor Lake Festival	13,000	-	-
Courthouse Grants	6,500	-	-
Office on Youth Kids Fishing Day	34,120	-	-
Library Donations	4,607	-	-
Transfer to School Capital Fund	408,315	-	-
Transfer to School Fund	191,360	-	-
Total Assigned	<u>\$ 1,343,968</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned:			
Unassigned	<u>\$ 19,401,179</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balance	<u><u>\$ 23,096,584</u></u>	<u><u>\$ 2,390,333</u></u>	<u><u>\$ 2,320,524</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 22 - Tax Abatement Programs:

A tax abatement consists of “a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of these governments.”

Pulaski County has several agreements with local companies for the purposes of economic development which conform to that definition. Tax abatements related to various tax types of \$225,000 have been agreed to in aggregate and are applied over the next 9 years. The companies regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any company failing to maintain their end of the agreement will forfeit any further abatement reimbursements. The County is currently negotiating the terms of some of the aforementioned agreements, but no updating agreements have been finalized.

Note 23 - Commitments and Contingencies:

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

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Amount Outstanding at June 30, 2021</u>	<u>Funding Source</u>
Branch Builds, Inc.-Pulaski Co. Middle School Construction	\$ 32,466,834	\$ 811,671	Local Funds
Fieldturf USA-Pulaski Co. Middle School Construction	713,558	561,369	Local Funds
RRMM Architect-Pulaski Co. Middle School Construction	3,647,056	291,145	Local Funds
King General Contractors-Old Res Walking Trail/Riverlawn Court Trail	426,705	93,535	Local Funds
Clark Nexsen Construction Services-Brick Courthouse Project	466,764	191,809	Local Funds
F&S Building Innovations, Inc.-Welding/Lab Switchgear Upgrade	818,277	651,578	Local Funds

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 24 - COVID-19 Pandemic Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$5,937,450. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$677,093.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 17, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$3,304,673 from the initial allocation are reported as unearned revenues as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 25 - Restatement of Beginning Balances:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The County also restated balances for the correction of a prior year error.

	Fund Balance	Governmental	Net Position	
	Component Unit - School Board		Governmental Activities	Component Unit - School Board
Beginning balance, as previously reported	\$ 2,649,266	\$ 61,028,608	\$ (30,187,917)	\$ -
Implementation of GASB 84	1,522,372	-	1,522,372	258,269
Restatement for long-term receivable	-	340,059	-	-
Beginning balance, as restated	<u>\$ 4,171,638</u>	<u>\$ 61,368,667</u>	<u>\$ (28,665,545)</u>	<u>\$ 258,269</u>

Note 26 - Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. (Note to Auditor: Early application is encouraged so you may consider discussing this with the client for implementation now if there are construction projects underway. If early implemented, modify the opinion and governance letter to reflect early implementation.)

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

Note 26 - Upcoming Pronouncements: (continued)

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Required Supplementary Information

County of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
General Property Taxes	\$ 31,573,936	\$ 32,359,037	\$ 33,047,088	\$ 688,051
Other Local Taxes	6,925,360	7,812,523	8,666,350	853,827
Permits, Privilege Fees and Regulatory Licenses	186,947	143,947	149,347	5,400
Fines and Forfeitures	135,000	154,811	159,901	5,090
Revenue from Use of Money and Property	468,700	468,700	462,766	(5,934)
Charges for Services	1,746,384	1,177,229	1,456,704	279,475
Miscellaneous	136,030	107,847	87,400	(20,447)
Recovered Costs	1,254,472	1,479,149	1,589,604	110,455
Intergovernmental:				
Commonwealth	12,160,222	12,282,314	11,174,984	(1,107,330)
Federal Government	2,700,254	7,329,049	9,653,186	2,324,137
Total Revenues	\$ 57,287,305	\$ 63,314,606	\$ 66,447,330	\$ 3,132,724
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,223,234	\$ 3,279,299	\$ 3,219,819	\$ 59,480
Judicial Administration	2,107,969	2,160,058	2,110,508	49,550
Public Safety	12,142,458	20,277,990	16,477,575	3,800,415
Public Works	2,339,811	2,839,241	2,420,599	418,642
Health and Welfare	12,002,725	11,946,417	9,419,244	2,527,173
Education	15,673,419	16,540,185	15,590,153	950,032
Parks, Recreation and Cultural	1,646,716	1,643,919	1,630,231	13,688
Community Development	1,189,862	1,320,206	2,648,534	(1,328,328)
Debt Service:				
Principal Retirement	4,100,037	4,081,660	4,271,367	(189,707)
Interest and Other Fiscal Charges	2,072,593	2,090,970	2,055,266	35,704
Total Expenditures	\$ 56,498,824	\$ 66,179,945	\$ 59,843,296	\$ 6,336,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 788,481	\$ (2,865,339)	\$ 6,604,034	\$ 9,469,373
Other Financing Sources (Uses)				
Transfers Out	\$ (1,288,481)	\$ (2,371,006)	\$ (4,177,447)	\$ (1,806,441)
Net Change in Fund Balance	\$ (500,000)	\$ (5,236,345)	\$ 2,426,587	\$ 7,662,932
Fund Balance - Beginning	500,000	5,236,345	20,669,997	15,433,652
Fund Balance - Ending	\$ -	\$ -	\$ 23,096,584	\$ 23,096,584

County of Pulaski, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
 For the Measurement Dates of June 30, 2014 through June 30, 2020

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government - County of Pulaski Retirement Plan					
2020	85.8900%	\$ 5,957,803	\$ 11,615,916	51.29%	88.50%
2019	85.7300%	4,690,414	10,056,520	46.64%	90.73%
2018	81.5237%	2,873,283	9,814,514	29.28%	93.59%
2017	81.5237%	3,619,908	9,341,508	38.75%	91.72%
2016	81.8900%	5,948,972	9,046,509	65.76%	86.10%
2015	81.3919%	4,247,122	8,486,988	50.04%	89.62%
2014	81.2400%	3,792,677	8,225,333	46.11%	90.36%
Component Unit Public Service Authority					
2020	13.1500%	\$ 912,156	\$ 1,778,429	51.29%	88.50%
2019	13.3600%	730,945	1,680,489	43.50%	90.73%
2018	12.8998%	454,651	1,552,987	29.28%	93.59%
2017	12.8998%	572,792	1,498,406	38.23%	91.72%
2016	12.7300%	924,782	1,399,901	66.06%	86.10%
2015	13.2000%	688,791	1,380,323	49.90%	89.62%
2014	13.2000%	615,090	1,341,630	45.85%	90.36%
Component Unit School Board (professional)					
2020	0.2481%	\$ 36,097,789	\$ 21,758,155	165.90%	71.47%
2019	0.2583%	33,991,116	21,659,328	156.94%	73.51%
2018	0.2681%	31,530,000	21,717,893	145.18%	74.81%
2017	0.2761%	33,960,000	21,798,816	155.79%	72.92%
2016	0.2811%	39,386,000	21,429,302	183.80%	68.28%
2015	0.2876%	36,199,000	21,387,353	169.25%	70.68%
2014	0.3002%	36,277,000	21,994,717	164.94%	70.88%

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

County of Pulaski, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 217,278	\$ 205,580	\$ 205,130	\$ 217,216	\$ 248,654	\$ 265,386	\$ 259,384
Interest	770,518	741,559	721,459	727,532	703,996	680,732	653,059
Differences between expected and actual experience	(405,445)	119,357	(75,674)	(407,240)	(78,558)	(89,812)	-
Changes of assumptions	-	314,083	-	(62,808)	-	-	-
Benefit payments	(559,845)	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Net change in total pension liability	22,506	822,005	281,964	(79,276)	352,345	330,137	404,385
Total pension liability - beginning	11,694,999	10,872,994	10,591,030	10,670,306	10,317,961	9,987,824	9,583,439
Total pension liability - ending (a)	11,717,505	11,694,999	10,872,994	10,591,030	10,670,306	10,317,961	9,987,824
Plan fiduciary net position							
Contributions - employer	\$ 117,292	\$ 116,646	\$ 156,401	\$ 151,950	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	115,412	109,242	108,131	105,216	111,956	121,343	123,727
Net investment income	211,656	710,228	761,233	1,146,141	164,816	424,421	1,281,760
Benefit payments	(559,845)	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Administrator charges	(7,370)	(7,218)	(6,699)	(6,774)	(6,016)	(5,914)	(6,966)
Other	(250)	(447)	(672)	(1,014)	(72)	(90)	68
Net change in plan fiduciary net position	(123,105)	369,877	449,443	841,543	(48,079)	232,329	1,135,996
Plan fiduciary net position - beginning	11,190,472	10,820,595	10,371,152	9,529,609	9,577,688	9,345,359	8,209,363
Plan fiduciary net position - ending (b)	11,067,367	11,190,472	10,820,595	10,371,152	9,529,609	9,577,688	9,345,359
School Division's net pension liability - ending (a) - (b)	\$ 650,138	\$ 504,527	\$ 52,399	\$ 219,878	\$ 1,140,697	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability	94.45%	95.69%	99.52%	97.92%	89.31%	92.83%	93.57%
Covered payroll	\$ 2,355,416	\$ 2,320,345	\$ 2,271,156	\$ 2,171,340	\$ 2,279,771	\$ 2,434,851	\$ 2,474,506
School Division's net pension liability as a percentage of covered payroll	27.60%	21.74%	2.31%	10.13%	50.04%	30.40%	25.96%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Pension Plans
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 967,573	\$ 967,573	\$ -	\$ 11,888,512	8.14%
2020	981,662	981,662	-	11,615,916	8.45%
2019	859,240	859,240	-	10,056,520	8.54%
2018	923,644	923,644	-	9,814,514	9.41%
2017	886,604	886,604	-	9,341,508	9.49%
2016	1,099,960	1,099,960	-	9,046,509	12.16%
2015	1,018,523	1,018,523	-	8,486,988	12.00%
Component Unit Public Service Authority					
2021	\$ 157,815	\$ 157,815	\$ -	\$ 1,939,122	8.14%
2020	150,256	150,256	-	1,778,429	8.45%
2019	143,608	143,608	-	1,680,489	8.55%
2018	146,152	146,152	-	1,552,987	9.41%
2017	142,214	142,214	-	1,498,406	9.49%
2016	169,248	169,248	-	1,399,901	12.09%
2015	166,881	166,881	-	1,380,323	12.09%
Component Unit School Board (nonprofessional)					
2021	\$ 97,800	\$ 97,800	\$ -	\$ 2,297,560	4.26%
2020	117,508	117,508	-	2,355,416	4.99%
2019	116,793	116,793	-	2,320,345	5.03%
2018	156,538	156,538	-	2,271,156	6.89%
2017	151,735	151,735	-	2,171,340	6.99%
2016	205,179	205,179	-	2,279,771	9.00%
2015	219,137	219,137	-	2,434,851	9.00%
2014	245,471	245,471	-	2,474,506	9.92%
2013	238,765	238,765	-	2,406,908	9.92%
2012	164,102	164,102	-	2,304,799	7.12%
Component Unit School Board (professional)					
2021	\$ 3,509,331	\$ 3,509,331	\$ -	\$ 21,957,337	15.98%
2020	3,326,828	3,326,828	-	21,758,155	15.29%
2019	3,309,921	3,309,921	-	21,659,328	15.28%
2018	3,473,102	3,473,102	-	21,717,893	15.99%
2017	3,143,365	3,143,365	-	21,798,816	14.66%
2016	3,012,959	3,012,959	-	21,429,302	14.06%
2015	3,092,245	3,092,245	-	21,387,353	14.46%
2014	2,564,584	2,564,584	-	21,994,717	11.66%
2013	2,567,054	2,567,054	-	22,015,901	11.66%
2012	1,342,616	1,342,616	-	21,210,363	6.33%

Schedule is intended to show information for 10 years. Prior to 2015, the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. The PSA participates in VRS plans through the County; therefore, no additional data is currently available for the PSA as a result.

County of Pulaski, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019, valuations were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Pulaski, Virginia
 Schedule of County's Share of Net OPEB Liability
 Healthcare OPEB Plan
 For the Years Ended June 30, 2018 through June 30, 2021

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Covered- Employee Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
<u>Primary Government:</u>				
2020	25.24%	\$ 1,132,100	N/A	N/A
2019	27.70%	1,303,700	N/A	N/A
2018	27.37%	1,218,300	N/A	N/A
2017	26.28%	1,191,800	N/A	N/A
<u>Component Unit Public Service Authority:</u>				
2020	3.08%	\$ 138,300	N/A	N/A
2019	4.20%	197,600	N/A	N/A
2018	4.14%	184,400	N/A	N/A
2017	4.24%	192,300	N/A	N/A
<u>Component Unit - School Board:</u>				
2020	71.68%	\$ 3,215,300	N/A	N/A
2019	67.95%	3,197,800	N/A	N/A
2018	68.35%	3,042,700	N/A	N/A
2017	69.26%	3,141,200	N/A	N/A

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

County of Pulaski, Virginia
 Notes to Required Supplementary Information - County OPEB
 For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
 Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	2.45%
Healthcare Trend Rate	5.00% for fiscal year end 2021 and for all years thereafter
Salary Scale	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

County of Pulaski, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.05643%	\$ 941,863	\$ 11,615,916	8.11%	52.64%
2019	0.05509%	896,462	10,073,360	8.90%	52.00%
2018	0.05197%	789,149	9,814,514	8.04%	51.22%
2017	0.05163%	777,136	9,341,508	8.32%	48.86%
Component Unit Public Service Authority					
2020	0.00864%	\$ 144,202	\$ 1,786,764	8.07%	52.64%
2019	0.00859%	139,703	1,683,303	8.30%	52.00%
2018	0.00822%	124,870	1,552,987	8.04%	51.22%
2017	0.00803%	120,808	1,498,406	8.06%	48.86%
Component Unit - School Board (nonprofessional)					
2020	0.01150%	\$ 192,083	\$ 2,365,581	8.12%	52.64%
2019	0.01185%	192,831	2,323,486	8.30%	52.00%
2018	0.01197%	182,000	2,271,156	8.01%	51.22%
2017	0.01177%	177,000	2,171,340	8.15%	48.86%
Component Unit - School Board (professional)					
2020	0.10570%	\$ 1,764,627	\$ 21,762,660	8.11%	52.64%
2019	0.11061%	1,799,919	21,683,706	8.30%	52.00%
2018	0.11429%	1,735,000	21,717,893	7.99%	51.22%
2017	0.11814%	1,778,000	21,798,816	8.16%	48.86%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<u>Primary Government:</u>					
2021	\$ 64,131	\$ 64,131	-	\$ 11,888,512	0.54%
2020	60,458	60,458	-	11,615,916	0.52%
2019	52,381	52,381	-	10,073,360	0.52%
2018	51,268	51,268	-	9,814,514	0.52%
2017	49,634	49,634	-	9,341,508	0.53%
<u>Component Unit Public Service Authority</u>					
2021	\$ 10,460	\$ 10,460	-	\$ 1,939,122	0.54%
2020	9,256	9,256	-	1,786,764	0.52%
2019	8,753	8,753	-	1,683,303	0.52%
2018	8,112	8,112	-	1,552,987	0.52%
2017	7,716	7,716	-	1,498,406	0.51%
<u>Component Unit - School Board (nonprofessional)</u>					
2021	\$ 12,437	\$ 12,437	-	\$ 2,303,210	0.54%
2020	12,314	12,314	-	2,365,581	0.52%
2019	12,082	12,082	-	2,323,486	0.52%
2018	11,831	11,831	-	2,271,156	0.52%
2017	11,291	11,291	-	2,171,340	0.52%
2016	10,943	10,943	-	2,279,771	0.48%
2015	11,708	11,708	-	2,434,851	0.48%
2014	11,901	11,901	-	2,474,506	0.48%
2013	11,730	11,730	-	2,406,908	0.49%
2012	6,487	6,487	-	2,304,799	0.28%
<u>Component Unit - School Board (professional)</u>					
2021	\$ 118,567	\$ 118,567	-	\$ 21,957,337	0.54%
2020	112,852	112,852	-	21,762,660	0.52%
2019	112,755	112,755	-	21,683,706	0.52%
2018	113,185	113,185	-	21,717,893	0.52%
2017	113,316	113,316	-	21,798,816	0.52%
2016	102,879	102,879	-	21,429,302	0.48%
2015	102,659	102,659	-	21,387,353	0.48%
2014	105,375	105,375	-	21,994,717	0.48%
2013	105,730	105,730	-	22,015,901	0.48%
2012	59,427	59,427	-	21,210,363	0.28%

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

County of Pulaski, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Pulaski, Virginia
Schedule of County School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.24820%	\$ 3,237,679	\$ 21,758,155	14.88%	9.95%
2019	0.25823%	3,380,482	21,659,328	15.61%	8.97%
2018	0.26811%	3,404,000	21,717,893	15.67%	8.08%
2017	0.27607%	3,503,000	21,798,816	16.07%	7.04%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 265,683	\$ 265,683	\$ -	\$ 21,957,337	1.21%
2020	260,318	260,318	-	21,758,155	1.20%
2019	259,911	259,911	-	21,659,328	1.20%
2018	267,130	267,130	-	21,717,893	1.23%
2017	241,839	241,839	-	21,798,816	1.11%
2016	227,151	227,151	-	21,429,302	1.06%
2015	226,667	226,667	-	21,387,353	1.06%
2014	243,679	243,679	-	21,994,717	1.11%
2013	244,383	244,383	-	22,015,901	1.11%
2012	127,262	127,262	-	21,210,363	0.60%

County of Pulaski, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

	2020
Total HIC OPEB Liability	
Changes of benefit terms	\$ 248,622
Net change in total HIC OPEB liability	248,622
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	\$ 248,622
Plan fiduciary net position - ending (b)	\$ -
School Division's net OPEB liability - ending (a) - (b)	248,622
Plan fiduciary net position as a percentage of the total HIC OPEB Liability	
Covered payroll	\$ -
Component Unit School Board's net HIC OPEB liability as a percentage of covered payroll	-

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 18,840	\$ 18,840	-	\$ 2,297,560	0.82%

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

County of Pulaski, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Other Supplementary Information

County of Pulaski, Virginia
 Nonmajor Capital Projects Fund-County CIP Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 1,190	\$ 1,190	\$ -
Intergovernmental:				
Commonwealth	-	811,046	1,170	(809,876)
Federal Government	-	586,253	458,312	(127,941)
Total Revenues	\$ -	\$ 1,398,489	\$ 460,672	\$ (937,817)
EXPENDITURES:				
Current:				
General Government Administration	\$ 1,397,000	\$ 1,933,532	\$ 543,909	\$ 1,389,623
Public Safety	559,000	1,074,190	1,004,141	70,049
Public Works	17,000	2,212,105	289,311	1,922,794
Health and Welfare	-	393,864	28,104	365,760
Parks, Recreation and Cultural	155,000	2,248,652	1,279,401	969,251
Community Development	-	417,836	366,708	51,128
Debt Service:				
Principal Retirement	-	-	40,581	(40,581)
Interest and Other Fiscal Charges	-	-	10,970	(10,970)
Total Expenditures	\$ 2,128,000	\$ 8,280,179	\$ 3,563,125	\$ 4,717,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,128,000)	\$ (6,881,690)	\$ (3,102,453)	\$ 3,779,237
Other Financing Sources (Uses)				
Transfers In	\$ 2,128,000	\$ 6,932,746	\$ 3,121,788	\$ (3,810,958)
Issuance of capital lease	-	-	57,826	57,826
Total Other Financing Sources (Uses)	\$ 2,128,000	\$ 6,932,746	\$ 3,179,614	\$ (3,753,132)
Net Change in Fund Balance	\$ -	\$ 51,056	\$ 77,161	\$ 26,105
Fund Balance - Beginning	-	(51,056)	2,243,363	2,294,419
Fund Balance - Ending	\$ -	\$ -	\$ 2,320,524	\$ 2,320,524

County of Pulaski, Virginia
Major Capital Projects Fund-School CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ -	\$ -	\$ 12,820	\$ 12,820
Total Revenues	\$ -	\$ -	\$ 12,820	\$ 12,820
EXPENDITURES				
Capital Projects	\$ -	\$ 8,602,022	\$ 4,126,196	\$ (4,475,826)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (8,602,022)	\$ (4,113,376)	\$ 4,488,646
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 8,602,022	\$ -	\$ (8,602,022)
Net Change in Fund Balance	\$ -	\$ -	\$ (4,113,376)	\$ (4,113,376)
Fund Balance - Beginning	-	-	6,503,709	6,503,709
Fund Balance - Ending	\$ -	\$ -	\$ 2,390,333	\$ 2,390,333

County of Pulaski, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	<u>Custodial Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
ASSETS				
Cash and Cash Equivalents	\$ 27,672	\$ 135,988	\$ 88,919	\$ 252,579
Total Assets	<u>\$ 27,672</u>	<u>\$ 135,988</u>	<u>\$ 88,919</u>	<u>\$ 252,579</u>
NET POSITION				
Restricted:				
Special Welfare	\$ 27,672	\$ -	\$ -	\$ 27,672
Performance Bond	-	135,988	-	135,988
Employee Flexible Benefits	-	-	88,919	88,919
Total net position	<u>\$ 27,672</u>	<u>\$ 135,988</u>	<u>\$ 88,919</u>	<u>\$ 252,579</u>

County of Pulaski, Virginia
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Special Welfare	Performance Bond	Employee Flexible Benefits	Total
ADDITIONS				
Contributions:				
Expenditure reimbursement	\$ 47,605	\$ -	\$ -	\$ 47,605
Support enforcements	35,125	-	-	35,125
Benefits reimbursements	-	-	34,642	34,642
Total contributions	<u>\$ 82,730</u>	<u>\$ -</u>	<u>\$ 34,642</u>	<u>\$ 117,372</u>
Total additions	<u>\$ 82,730</u>	<u>\$ -</u>	<u>\$ 34,642</u>	<u>\$ 117,372</u>
DEDUCTIONS				
Special welfare payments	\$ 82,844	\$ -	\$ -	\$ 82,844
Refund bonds	-	8,880	-	8,880
Flexible benefits	-	-	31,338	31,338
Total deductions	<u>\$ 82,844</u>	<u>\$ 8,880</u>	<u>\$ 31,338</u>	<u>\$ 123,062</u>
Net increase (decrease) in fiduciary net position	\$ (114)	\$ (8,880)	\$ 3,304	\$ (5,690)
Net position, beginning - as restated	<u>27,786</u>	<u>144,868</u>	<u>85,615</u>	<u>258,269</u>
Net position, ending	<u>\$ 27,672</u>	<u>\$ 135,988</u>	<u>\$ 88,919</u>	<u>\$ 252,579</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

MAJOR GOVERNMENTAL FUND

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

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

County of Pulaski, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2021

	School Operating Fund	School Activity Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,008,134	\$ 1,545,148	\$ 5,553,282
Receivables (Net of Allowance for Uncollectibles):			
Accounts	-	1,211	1,211
Prepaid Items	446,810	-	446,810
Due from Primary Government	2,318,950	-	2,318,950
Due from Other Governmental Units	1,855,400	-	1,855,400
Total Assets	<u>\$ 8,629,294</u>	<u>\$ 1,546,359</u>	<u>\$ 10,175,653</u>
LIABILITIES			
Accounts Payable	\$ 462,642	-	\$ 462,642
Accrued Wages	3,608,316	-	3,608,316
Due to Primary Government	62,964	-	62,964
Total Liabilities	<u>\$ 4,133,922</u>	<u>\$ -</u>	<u>\$ 4,133,922</u>
FUND BALANCES			
Nonspendable - Prepaid Items	\$ 446,810	-	\$ 446,810
Assigned - School activity fund	-	1,357,173	1,357,173
Committed	4,048,562	-	4,048,562
Restricted - School activity fund	-	189,186	189,186
Total Fund Balances	<u>\$ 4,495,372</u>	<u>\$ 1,546,359</u>	<u>\$ 6,041,731</u>
Total Liabilities and Fund Balances	<u>\$ 8,629,294</u>	<u>\$ 1,546,359</u>	<u>\$ 10,175,653</u>

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

Total fund balances - per above \$ 6,041,731

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 858,360	
Building and System	5,027,389	
Machinery and Equipment	4,102,204	
Construction in Progress	136,699	10,124,652

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension Related Items	\$ 9,218,318	
OPEB Related Items	1,313,120	10,531,438

Long-term liabilities, including compensated absences, net pension liability, and net OPEB liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Compensated Absences	\$ (1,373,951)	
Net Pension Liability	(36,747,927)	
Net OPEB liabilities	(8,658,311)	(46,780,189)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension Related Items	\$ (4,971,423)	
OPEB Related Items	(1,087,473)	(6,058,896)

Net position of governmental activities - component unit school board

\$ (26,141,264)

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, 2021

	School Operating Fund	School Activity Fund*	Total
REVENUES			
Revenue from Use of Money and Property	\$ 16,475	\$ -	\$ 16,475
Charges for Services	522,865	453,557	976,422
Miscellaneous	97,189	-	97,189
Recovered Costs	597,452	-	597,452
Intergovernmental:			
Local Government	15,573,686	-	15,573,686
Commonwealth	29,530,690	-	29,530,690
Federal Government	6,892,180	-	6,892,180
Total Revenues	\$ 53,230,537	\$ 453,557	\$ 53,684,094
EXPENDITURES:			
Current:			
Education	\$ 51,041,678	\$ 772,323	\$ 51,814,001
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,188,859	\$ (318,766)	\$ 1,870,093
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 342,753	\$ 342,753
Transfers Out	(342,753)	-	(342,753)
Total Other Financing Sources (Uses)	\$ (342,753)	\$ 342,753	\$ -
Net Change in Fund Balance	\$ 1,846,106	\$ 23,987	\$ 1,870,093
Fund Balance - Beginning, as restated	2,649,266	1,522,372	4,171,638
Fund Balance - Ending	\$ 4,495,372	\$ 1,546,359	\$ 6,041,731

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balance - total governmental funds - per above \$ 1,870,093

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	\$ 1,589,289	
Depreciation	(1,103,415)	485,874

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (40,000)

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	\$ 3,074	
Changes in pension related items	381,387	
Changes in OPEB related items	(176,147)	208,314

Change in net position of governmental funds - component unit school board \$ 2,524,281

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

County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ 7,200	\$ 7,200	\$ 16,475	\$ 9,275
Charges for Services	753,150	920,896	522,865	(398,031)
Miscellaneous	24,187	24,187	97,189	73,002
Recovered Costs	670,500	670,500	597,452	(73,048)
Intergovernmental:				
Local Government	15,363,454	16,230,220	15,573,686	(656,534)
Commonwealth	28,905,285	29,111,605	29,530,690	419,085
Federal Government	7,393,205	8,218,429	6,892,180	(1,326,249)
Total Revenues	\$ 53,116,981	\$ 55,183,037	\$ 53,230,537	\$ (1,952,500)
EXPENDITURES:				
Current:				
Education	\$ 53,110,661	\$ 55,296,905	\$ 51,041,678	\$ 4,255,227
Total Expenditures	\$ 53,110,661	\$ 55,296,905	\$ 51,041,678	\$ 4,255,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,320	\$ (113,868)	\$ 2,188,859	\$ 2,302,727
Other Financing Sources (Uses)				
Transfers Out	\$ -	\$ -	\$ (342,753)	\$ (342,753)
Net Change in Fund Balance	\$ 6,320	\$ (113,868)	\$ 1,846,106	\$ 1,959,974
Fund Balance - Beginning	(6,320)	113,868	2,649,266	2,535,398
Fund Balance - Ending	\$ -	\$ -	\$ 4,495,372	\$ 4,495,372

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
2020-21	\$ 3,279,198	\$ 2,110,024	\$ 16,319,331	\$ 1,686,968	\$ 9,409,838	\$ 17,637,702	\$ 890,249	\$ 2,758,678	\$ 1,733,954	\$ 55,825,942
2019-20	3,128,845	2,169,572	12,496,921	2,230,327	10,235,842	15,838,781	1,840,271	1,105,826	1,884,031	50,930,416
2018-19	2,660,377	1,945,251	10,668,415	1,949,125	9,518,680	15,549,922	1,566,378	1,181,486	1,870,352	46,909,986
2017-18	2,801,349	2,067,758	9,874,829	2,586,077	10,515,792	16,553,189	1,621,925	3,504,042	1,717,409	51,242,370
2016-17	2,700,402	2,109,851	10,833,574	2,617,920	10,957,406	15,480,363	1,615,012	1,149,908	785,624	48,250,060
2015-16	2,271,956	1,839,512	9,084,993	2,248,209	10,778,762	15,078,566	1,474,176	2,444,344	854,398	46,074,916
2014-15	2,297,377	1,763,999	8,960,435	3,355,036	10,387,390	14,981,310	1,581,597	5,180,699	780,400	49,288,243
2013-14	2,674,206	1,444,538	8,526,040	1,601,211	11,482,125	14,300,540	1,424,232	3,023,726	1,210,907	45,687,525
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

Table 2

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

Fiscal Year	Program Revenues				General Revenues					Grants and Contributions Not Restricted to Specific Programs	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous			
2020-21	\$ 1,765,952	\$ 18,867,125	\$ 1,170	\$	\$ 33,406,557	\$ 8,666,350	\$ 475,586	\$ 33,055	\$ 2,419,357	\$ 65,635,152	
2019-20	2,025,196	12,833,704	407,169		31,446,592	8,270,789	926,218	108,675	2,587,059	58,605,402	
2018-19	1,151,680	12,089,326	128,397		31,370,107	7,849,693	1,612,865	301,726	2,663,341	57,167,135	
2017-18	730,770	12,636,401	123,701		28,799,097	7,479,531	669,250	137,700	2,624,484	53,200,934	
2016-17	784,304	13,695,749	139,906		26,556,425	7,476,305	371,956	113,955	2,653,536	51,792,136	
2015-16	722,159	12,010,459	1,364,931		25,966,779	7,247,877	306,940	363,247	2,582,112	50,564,504	
2014-15	846,761	12,748,161	106,529		25,590,142	7,120,592	268,759	352,115	2,637,132	49,670,191	
2013-14	715,688	12,782,630	268,452		24,368,213	6,839,403	405,155	127,828	2,651,916	48,159,285	
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	

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
2020-21	\$ 3,763,728	\$ 2,110,508	\$ 17,481,716	\$ 2,709,910	\$ 9,447,348	\$ 51,058,145	\$ 2,909,632	\$ 3,015,242	\$ -	\$ 6,378,184	\$ 98,874,413
2019-20	3,551,066	2,090,825	12,646,612	2,741,035	10,128,218	49,471,676	2,443,175	1,279,627	-	6,421,927	90,774,161
2018-19	3,309,300	2,083,683	11,350,386	2,364,247	9,777,818	49,109,733	2,087,391	1,211,765	-	6,368,340	87,662,663
2017-18	3,256,810	2,061,752	9,584,427	3,266,501	10,519,706	47,520,022	1,600,164	3,481,924	52,143	3,685,580	85,029,029
2016-17	2,705,363	2,015,564	10,764,367	2,755,809	11,099,772	48,196,247	1,555,062	1,889,719	-	3,253,181	84,235,084
2015-16	2,656,161	1,936,077	9,472,446	2,399,136	11,601,877	47,273,041	1,571,268	2,445,903	11,203	7,969,056	87,336,168
2014-15	2,682,677	1,855,350	9,701,372	3,541,420	10,417,669	46,858,303	1,550,851	5,233,090	149,816	3,013,268	85,003,816
2013-14	2,760,506	1,763,092	10,944,572	3,190,606	11,523,164	46,534,079	1,825,172	3,350,445	62,946	3,235,756	85,190,338
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

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

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

(3) Debt service increased in fiscal year 2018-19 to reflect the PCMS Bonds repayments.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2020-21	\$ 33,047,088	\$ 8,666,350	\$ 149,347	\$ 159,901	\$ 479,241	\$ 1,979,569	\$ 185,779	\$ 2,187,056	\$ 57,710,522	\$ 104,564,853
2019-20	31,124,002	8,270,789	160,975	191,397	508,978	2,632,620	219,239	2,276,197	49,248,445	94,632,642
2018-19	31,255,925	7,849,693	258,938	390,284	546,004	1,634,994	374,573	1,529,417	47,423,369	91,263,197
2017-18	28,775,279	7,479,531	145,952	83,229	379,044	1,947,060	228,308	2,013,767	46,775,323	87,827,493
2016-17	26,298,277	7,476,305	134,340	60,363	383,286	1,952,158	227,596	2,508,787	47,773,424	86,814,536
2015-16	25,713,685	7,247,877	128,556	30,051	319,238	1,887,874	138,056	1,670,611	46,644,090	83,780,038
2014-15	25,192,418	7,120,592	147,521	120,427	287,464	2,198,388	361,530	1,694,079	46,388,682	83,511,101
2013-14	24,638,943	6,839,403	137,443	97,337	420,047	1,477,261	188,158	2,064,141	46,426,984	82,289,717
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

(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
2020-21	\$ 34,955,086	\$ 33,907,541	97.00%	\$ 173,420	\$ 34,080,961	97.50%	\$ 5,233,629	14.97%
2019-20	33,288,666	32,043,223	96.26%	101,596	32,144,819	96.56%	4,494,676	13.50%
2018-19	32,948,802	32,161,771	97.61%	104,256	32,266,027	97.93%	4,187,829	12.71%
2017-18	30,535,084	29,717,045	97.32%	110,615	29,827,660	97.68%	3,749,643	12.28%
2016-17	28,049,095	27,267,139	97.21%	82,924	27,350,063	97.51%	3,634,099	12.96%
2015-16	27,548,852	26,677,079	96.84%	170,543	26,847,622	97.45%	3,232,106	11.73%
2014-15	26,742,150	26,254,911	98.18%	93,368	26,348,279	98.53%	3,428,552	12.82%
2013-14	25,423,667	24,518,687	96.44%	1,167,629	25,686,316	101.03%	2,978,078	11.71%
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%

(1) Includes penalty and interest.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Home	Machinery and Tools	Public Service (2)	Total
2020-21	\$ 2,786,596,625	\$ 368,610,820	\$ 290,271,558	\$ 149,943,179	\$ 3,595,422,182
2019-20	2,601,630,003	351,551,716	275,139,003	138,554,825	3,366,875,547
2018-19	2,575,140,103	342,672,126	280,377,041	138,533,409	3,336,722,679
2017-18	2,550,432,050	332,759,391	260,827,009	145,064,073	3,289,082,523
2016-17	2,537,515,050	319,208,214	236,896,594	149,228,267	3,242,848,125
2015-16	2,524,308,875	308,155,852	228,505,168	144,390,827	3,205,360,722
2014-15	2,599,360,300	299,330,652	208,708,502	141,855,487	3,249,254,941
2013-14	2,771,466,000	309,328,321	187,946,761	132,601,989	3,401,343,071
2012-13	2,855,125,100	309,328,321	187,946,761	134,148,506	3,486,548,688
2011-12	2,749,057,900	283,251,757	173,603,157	132,152,095	3,338,064,909

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes
2020-21	\$ 0.77	\$ 2.35	\$ 1.50	0.77
2019-20	0.77	2.35	1.50	0.77
2018-19	0.77	2.35	1.50	0.77
2017-18 (4)	0.64/0.77	2.35	1.50	0.64
2016-17	0.64	2.35	1.50	0.64
2015-16	0.64	2.35	1.50	0.64
2014-15 (3)	0.59/0.64	2.35	1.50	0.64
2013-14	0.59	2.35	1.50	0.59
2012-13 (2)	0.54/0.59	2.35	1.50	0.59
2011-12	0.54	2.14	1.50	0.54

(1) Per \$100 of assessed value.

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

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	33,800	\$ 3,595,422	\$ 55,432,788	\$ 55,432,788	1.54%	\$ 1,640
2019-20	34,872	3,366,876	59,704,155	59,704,155	1.77%	1,712
2018-19	34,872	3,336,723	63,874,793	63,874,793	1.91%	1,832
2017-18	34,872	3,289,083	66,528,621	66,528,621	2.02%	1,908
2016-17	34,872	3,242,848	22,709,144	22,709,144	0.70%	651
2015-16	34,872	3,205,361	20,094,769	20,094,769	0.63%	576
2014-15	34,872	3,249,255	23,671,302	23,671,302	0.73%	679
2013-14	34,872	3,401,343	25,721,676	25,721,676	0.76%	738
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

(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
2020-21	\$ 4,271,367	\$ 2,055,266	\$ 6,326,633	\$ 98,874,413	6.40%
2019-20	4,170,638	2,222,850	6,393,488	90,774,161	7.04%
2018-19	4,177,665	2,190,675	6,368,340	87,662,663	7.26%
2017-18	2,482,797	738,402	3,221,199	85,029,029	3.79%
2016-17	2,433,902	819,279	3,253,181	84,235,084	3.86%
2015-16	7,095,430	873,626	7,969,056	87,336,168	9.12%
2014-15	2,109,205	904,063	3,157,011	85,003,816	3.71%
2013-14	2,042,293	1,114,718	3,157,011	85,190,338	3.71%
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%

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia as of and for the year ended June 30, 2021, 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 June 13, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

County of Pulaski, Virginia's Response to Findings

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, Jarmer, Cox, Associates

Blacksburg, Virginia
June 13, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Pulaski, Virginia's major federal programs for the year ended June 30, 2021. County of Pulaski, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

Other Matters (continued)

County of Pulaski, Virginia's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
June 13, 2022

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number		Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:					
Pass through Payments:					
Department of Education:					
Temporary Assistance for Needy Families (TANF)	93.558	40274	\$	100,803	
Department of Social Services:					
Temporary Assistance for Needy Families (TANF)	93.558	400120/400121		406,433	\$ 507,236
<i>CCDF Cluster:</i>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760120/760121			84,716
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950119/950120			4,210
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	500120/500121			978
Low-Income Home Energy Assistance	93.568	600420/600421			67,340
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900120/900121			200
Foster Care - Title IV-E	93.658	1100120/1100121			386,353
Adoption Assistance	93.659	1120120/1120121			875,388
Social Services Block Grant	93.667	1000120/1000121			330,560
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120			12,896
Children's Health Insurance Program	93.767	540120/540121			5,680
<i>Medicaid Cluster:</i>					
Medical Assistance Program	93.778	1200120/1200121			453,487
Guardianship Assistance	93.090	Unknown			556
Chafee Education and Training Vouchers Program	93.599	9160119/9160120			9,021
Total Department of Health and Human Services				\$	2,738,621
Department of Agriculture:					
Pass through Payments:					
Department of Agriculture:					
<i>Child Nutrition Cluster:</i>					
Summer Food Service Program for Children	10.559	60302/60303	\$	2,437,626	
Summer Food Service Program for Children (Note 3)	10.559	40268/40269	1,162	\$ 2,438,788	
National School Lunch Program (Note 3)	10.555	40254/40264		150,851	
<i>Total Child Nutrition Cluster</i>					
Child and Adult Care Food Program (CACFP)	10.558	70027/70028/70035			\$ 2,589,639
Fresh Fruit and Vegetable Program	10.582	40251/40252/40256			40,184
<i>Forest Service Schools and Roads Cluster:</i>					
Schools and Roads - Grants to States	10.665	43841			16,793
Department of Social Services:					
<i>SNAP Cluster:</i>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10120/10121 40120/40121			607,968
Total Department of Agriculture				\$	3,281,562
Department of Justice:					
Pass through Payments:					
Department of Criminal Justice Services:					
Crime Victim Assistance	16.575	17VAGX0018/18VAGX0011		\$	141,768
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141			7,516
Total Department of Justice				\$	149,284
Department of Transportation:					
Pass-through payments:					
Department of Motor Vehicles:					
Alcohol Open Container Requirements	20.607	154AL-2020/154AL-2021		\$	24,352
Virginia Department of Transportation:					
<i>Highway Planning and Construction Cluster:</i>					
Highway Planning and Construction	20.205	Unknown			458,312
<i>Highway Safety Cluster:</i>					
State and Community Highway Safety	20.600	Not applicable	\$	13,332	
National Priority Safety Programs	20.616	FHLE-2021/FM2HVE-2020		5,155	
<i>Total Highway Safety Cluster</i>					
Total Department of Transportation				\$	501,151
Department of Education:					
Pass through Payments:					
Department of Education:					
Title I: Grants to Local Educational Agencies	84.010	42892/42901/42935/42999		\$	1,073,918
<i>Special Education Cluster:</i>					
Special Education - Grants to States	84.027	43071	\$	788,578	
Special Education - Preschool Grants	84.173	62521		35,536	
<i>Total Special Education Cluster</i>					
Career and Technical Education - Basic Grants to States	84.048	61095			824,114
Twenty-first Century Community Learning Centers	84.287	60565			89,661
School Improvement Grants	84.377	43040			20,244
Supporting Effective Instruction State Grant	84.367	61480/61481			64,835
Student Support and Academic Enrichment Program	84.424	60019/60022/60024/60281			198,920
<i>Education Stabilization Fund:</i>					
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	60041/60042/60173/60177/70037	\$	1,114,049	
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	70038		42,269	1,156,318
<i>Total Education Stabilization Fund</i>					
Total Department of Education				\$	3,440,690

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2021

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Labor:				
Pass through Payments:				
Virginia Community College System:				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	\$ 560,745	
WIA/WIOA Dislocated Worker Formula Grants	17.278	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	434,403	
WIA/WIOA Youth Activities	17.259	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	503,051	
Total WIOA Cluster			<u>\$ 1,498,199</u>	1,498,199
Total Department of Labor			<u>\$ 1,498,199</u>	
Executive Office of the President				
Pass through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 5,603	
Department of Homeland Security:				
Pass through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2020-EP-00010	\$ 16,904	
Department of Treasury:				
Pass through Payments:				
Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 6,078,765	\$ 893,796
Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	70056	<u>677,093</u>	<u>\$ 6,755,858</u>
Election Assistance Commission:				
Pass through Payments:				
Department of Elections:				
HAVA Election Security Grants	90.404	Unknown	\$ 59,227	
Total Federal Expenditures			<u>\$ 18,447,099</u>	<u>\$ 1,498,199</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Pulaski, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass through entity identifying numbers are presented where available.
- (3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2021, the County had no food commodities in inventory.

Note 4 -- Outstanding Balance of Federal Loans

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

Note 5 -- Donated Personal Protective Equipment (PPE) "unaudited":

The County did not receive any donated items during the year.

Note 6 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:	
General Fund	\$ 20,828,170
Other Governmental Funds	459,482
Less: Payments from Commonwealth	(11,176,154)
Add: Direct Payments to New River Valley Regional Commission	1,498,199
Less: Payments in Lieu of Taxes	(54,778)
Less: Provider Relief Funds	-
Total Primary Government	<u>\$ 11,554,919</u>
Component Unit School Board:	
School Operating Fund	\$ 6,892,180
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 18,447,099</u>

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
84.010	Title I: Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
21.019	COVID-19 - Coronavirus Relief Funds
84.425	Eductation Stabilization Fund

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

2021-001

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

2021-002

Criteria:	General and subsidiary ledgers should reconcile to one another.
Condition:	The County maintains accounting systems in the Treasurer's Office and the County Office that are not integrated. Accordingly, a batch upload process and reconciliations between the systems are necessary to ensure the County's financial statements are correct.
Effect:	The County has been unable to close months in the system in a timely manner; therefore, interim reporting was inaccurate and the annual close process was delayed significantly.
Cause:	A lack of monthly reconciliations and routine batch upload processes.
Recommendation:	The County should implement a process wherein batch uploads are performed at a minimum weekly and a reconciliation between systems is performed monthly. The monthly close process should occur within 30 days after month end. Alternatively, the systems should be integrated.
Management's Response:	Management concurs with the recommendation and is working to address the issues noted.

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs

2021-003	Compliance Finding
Program Titles:	COVID-19 Coronavirus Relief Fund
ALN/CFDA Number:	21.019
Compliance Requirement:	Reporting
Criteria:	Per single audit requirements, prime recipients (i.e. the Commonwealth of Virginia) are required to submit quarterly Financial Progress reports. To assist with the reporting requirement, the Commonwealth required quarterly reports from its subrecipients (the County).
Condition:	The amounts reported for in the quarterly information did not agree to the underlying schedules/information provided for audit. While the total amount of funds received was utilizing by June 30, 2021, the amounts initially included in the quarterly reports did not agree to the schedules ultimately determined to be applicable for the program and provided for audit purposes. Additionally, a total of \$32,775.13 was included in the Broadband quarterly reporting as of June 30, 2021 that was obligated but had yet to be expended until after year end.
Questioned Costs:	None
Context:	Updates were made to utilize funding predominately for public safety salaries rather than the various expenditures that were tracked and reported to the Commonwealth of Virginia throughout the year. Reports were not updated to reflect this change. Schedules related to broadband were not appropriately updated and maintained to reflect all related expenditures.
Cause:	Lack of appropriate reconciliation and review processes over the quarterly reporting process.
Effect:	The amounts reported to the Commonwealth of Virginia do not appropriately reflect program related expenditures.
Recommendation:	Management should establish a reconciliation process and reports should be reviewed by someone other than the preparer prior to submission to ensure accuracy of reporting.
Management's Response and Corrective Action:	The Finance staff will implement a reconciliation process that includes proper review and approval by someone other than the report preparer prior to submission to ensure accuracy of reporting.

County of Pulaski, Virginia

Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

2020-001

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

Recommendation: The County should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status: Finding 2020-001 was repeated in the current year as 2021-001.

2020-002

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

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

Current Status: Finding 2020-002 was repeated in the current year as 2021-002.