

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

County of Pulaski, Virginia
 Annual Financial Report
 For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Dirk Compton, Vice Chairman
Adam Hall

Laura Walters, Chair

Howard "Andy" McCreedy
Jeffrey Reeves

Ashley Edmonds, Clerk

County School Board

Timothy Hurst, Vice Chair
Penny Golden

Dr. Paige Cash, Chair

Bill Benson
Beckie Cox

Teresa Porter, Clerk

Social Services Board

Kimberly Matthews, Vice Chair
Faye Powell Hawkins

Dean Pratt, Chair

Don Shelor
Charles R. Bopp

Kim Riffey, Clerk

Library Board

Jennifer McCarthy, Vice Chair
Margaret Spradlin
Lynne Clark
Kathy Weddle

Meagan Pratt, Chair

Margaret Brewster
Jan Booker
Laura Walters
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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia ("the County"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 24 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2022, the County restated beginning balances to reflect the requirements of GASB Statement No. 87. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023, 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, Farmer, Cox, Associates

Blacksburg, Virginia
May 30, 2023

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Position
June 30, 2022

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
ASSETS				
Cash and Cash Equivalents	\$ 35,694,204	\$ 6,320,246	\$ 4,378,282	\$ 191,599
Receivables (Net of Allowance for Uncollectibles):				
Taxes	14,664,104	-	-	-
Other Local Taxes and Fees	587,685	-	-	-
Accounts Receivable	253,448	-	1,674,884	1,323,981
Lease Receivable	-	-	-	1,698,917
Note Receivable	56,849	-	-	30,277,702
Loan Receivable	301,435	-	2,231,203	-
Other Receivable	1,242,077	-	-	-
Rent Receivable	-	-	-	60,926
Interest Receivable	-	-	-	92,064
Prepaid Items	157,902	466,489	23,338	19,612
Due from Primary Government	-	2,318,950	-	-
Due from Other Governmental Units	3,004,311	3,231,522	-	-
Due from Component Units	654,310	-	-	-
Advances to Component Units	500,000	-	-	-
Net Pension Asset	1,785,466	1,269,020	291,226	-
Restricted Assets:				
Cash and Cash Equivalents	3,101,387	-	361,053	526,478
Capital Assets (net of depreciation):				
Land	3,106,672	806,213	225,354	2,165,210
Buildings and Improvements	81,781,686	4,610,953	635,774	13,871,883
Machinery and Equipment	5,674,348	6,875,885	3,204,045	77,797
Infrastructure	-	-	22,072,438	-
Construction in Progress	2,086,628	2,393,421	201,752	-
Intangible right-to-use lease assets (net of accumulated amortization)	401,104	-	-	-
Total Assets	<u>\$ 155,053,616</u>	<u>\$ 28,292,699</u>	<u>\$ 35,299,349</u>	<u>\$ 50,306,169</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refunding	\$ 171,694	\$ -	\$ -	\$ -
Pension Related Items	2,511,420	7,454,903	427,421	-
OPEB Related Items	481,301	1,524,270	68,874	-
Total Deferred Outflows of Resources	<u>\$ 3,164,415</u>	<u>\$ 8,979,173</u>	<u>\$ 496,295</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 2,196,847	\$ 1,083,080	\$ 568,283	\$ 175,392
Accrued Wages	659,147	3,783,872	160,540	-
Customer Deposits	-	-	155,619	19,545
Accrued Interest Payable	686,463	-	17,436	11,514
Due to Component Units	2,318,950	-	-	-
Due to Primary Government	-	62,964	-	1,091,346
Cash held for others	-	-	-	506,933
Unearned Revenue	351,316	-	-	18,256
Long-Term Liabilities:				
Due Within One Year	5,469,877	1,337,293	430,615	2,003,073
Due in More Than One Year	50,590,812	28,029,112	10,430,330	31,174,057
Total Liabilities	<u>\$ 62,273,412</u>	<u>\$ 34,296,321</u>	<u>\$ 11,762,823</u>	<u>\$ 35,000,116</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Taxes	\$ 11,036,449	\$ -	\$ -	\$ -
Lease Related Items	-	-	-	1,682,628
Pension Related Items	6,806,441	17,144,565	1,095,438	-
OPEB Related Items	740,667	1,636,530	77,464	-
Total Deferred Inflows of Resources	<u>\$ 18,583,557</u>	<u>\$ 18,781,095</u>	<u>\$ 1,172,902</u>	<u>\$ 1,682,628</u>
NET POSITION				
Net Investment in Capital Assets	\$ 43,742,250	\$ 14,686,472	\$ 18,374,578	\$ 12,741,735
Restricted	5,014,279	1,443,491	361,053	-
Unrestricted (Deficit)	28,604,533	(31,935,507)	4,124,288	881,690
Total Net Position	<u>\$ 77,361,062</u>	<u>\$ (15,805,544)</u>	<u>\$ 22,859,919</u>	<u>\$ 13,623,425</u>

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

County of Pulaski, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	School Board	Public Service Authority	Economic Development Authority
Primary Government:						
Governmental Activities:						
General Government Administration	\$ 3,738,155	\$ 470	\$ 550,289			
Judicial Administration	2,178,268	117,980	1,177,348			
Public Safety	15,419,417	1,014,695	6,557,760			
Public Works	2,251,981	53,386	11,396			
Health and Welfare	9,420,070	-	7,061,485			
Education	21,666,411	-	-			
Parks, Recreation and Cultural	2,446,473	213,612	532,188			
Community Development	2,219,436	-	-			
Interest on long-term debt	1,613,525	-	487,488			
Total Primary Government	\$ 60,953,736	\$ 1,400,143	\$ 15,890,466	\$ 487,488	\$ -	\$ -
Component Units:						
School Board	\$ 46,467,904	\$ 1,378,792	\$ 39,312,450			
Public Service Authority	10,191,336	9,930,586	54,054			
Economic Development Authority	371,525	1,171,500	150,000	150,404		
Total Component Units	\$ 57,030,765	\$ 12,480,878	\$ 39,516,504	\$ 150,404	\$ -	\$ -
General Revenues:						
General Property Taxes					\$ 35,676,092	\$ -
Other Local Taxes						
Local Sales and Use Taxes					4,226,626	
Consumers' Utility Taxes					695,300	
Cigarette Tax					307,550	
Business Licenses					940,459	
Franchise License Taxes					8,257	
Consumption Taxes					100,521	
Motor Vehicle Licenses					626,090	
Taxes on Recordation and Wills					353,598	
Hotel and Motel Room Taxes					458,247	
Restaurant Food Taxes					1,664,687	
Unrestricted Revenues from Use of Money and Property					16,544	
Miscellaneous					328,520	
Payments from Primary Government					62,003	
Grants and Contributions Not Restricted to Specific Programs					1,581,600	
Gain (Loss) on Disposal of Capital Assets					16,033,835	
Total General Revenues and Special Items					\$ 2,431,631	\$ -
Change in Net Position					\$ 49,329,178	\$ 466,576
Net Position - Beginning - as restated					\$ 6,223,539	\$ 259,880
Net Position - Ending					\$ 71,137,523	\$ 22,600,039
					\$ (15,805,544)	\$ 12,013,874
					\$ 77,361,062	\$ 22,859,919
						\$ 13,623,425

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	General	School CIP Fund	Nonmajor County CIP Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 25,409,195	\$ -	\$ 3,900,249	\$ 29,309,444
Receivables (Net of Allowance for Uncollectibles):				
Taxes	14,664,104	-	-	14,664,104
Other Local Taxes and Fees	587,685	-	-	587,685
Accounts	88,724	-	-	88,724
Loans	56,849	-	-	56,849
Other	1,242,077	-	-	1,242,077
Due from Other Funds	1,335,359	294,412	-	1,629,771
Due from Other Governmental Units	2,528,674	-	475,637	3,004,311
Prepaid items	71,268	-	-	71,268
Due from Component Units	420,422	-	170,924	591,346
Advances to Component Units	500,000	-	-	500,000
Restricted:				
Cash and cash equivalents	-	3,101,387	-	3,101,387
Total Assets	<u>\$ 46,904,357</u>	<u>\$ 3,395,799</u>	<u>\$ 4,546,810</u>	<u>\$ 54,846,966</u>
LIABILITIES				
Accounts Payable	\$ 925,274	\$ 318,704	\$ 451,618	\$ 1,695,596
Accrued Wages	624,122	-	-	624,122
Due to Other Funds	180,280	1,335,359	181,228	1,696,867
Due to Component Units	2,318,950	-	-	2,318,950
Unearned Revenue	351,316	-	-	351,316
Total Liabilities	<u>\$ 4,399,942</u>	<u>\$ 1,654,063</u>	<u>\$ 632,846</u>	<u>\$ 6,686,851</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 14,412,125	\$ -	\$ -	\$ 14,412,125
Unavailable Revenue - Opioid Settlement	1,198,933	-	-	1,198,933
Total Deferred Inflows of Resources	<u>\$ 15,611,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,611,058</u>
FUND BALANCE				
Nonspendable	\$ 571,268	\$ -	\$ -	\$ 571,268
Restricted	1,487,077	1,741,736	-	3,228,813
Committed	2,248,977	-	3,913,964	6,162,941
Assigned	1,105,823	-	-	1,105,823
Unassigned	21,480,212	-	-	21,480,212
Total Fund Balances	<u>\$ 26,893,357</u>	<u>\$ 1,741,736</u>	<u>\$ 3,913,964</u>	<u>\$ 32,549,057</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,904,357</u>	<u>\$ 3,395,799</u>	<u>\$ 4,546,810</u>	<u>\$ 54,846,966</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 32,549,057

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

Land	\$ 3,106,672	
Building and Improvements	81,781,686	
Machinery and Equipment	5,674,348	
Construction in Progress	2,086,628	
Intangible right-to-use assets:		
Machinery and Equipment	164,587	
Building and Improvements	236,517	
	93,050,438	93,050,438

The net pension asset is not an available resource and, therefore, is not reported in the funds. 1,785,466

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	\$ 3,375,676	
Unavailable Revenue - Opioid Settlement	1,198,933	
Loans Receivable	301,435	
	4,876,044	4,876,044

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. 6,229,902

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

Pension related items	\$ 2,511,420	
OPEB related items	481,301	
	2,992,721	2,992,721

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	\$ (43,695,000)	
Literary Loans	(2,398,739)	
Lease Revenue Notes	(5,517,830)	
Unamortized Bond Premiums	(609,045)	
Unamortized Bond Discounts	369,200	
Landfill Post-Closure Monitoring Costs	(288,318)	
Lease Liabilities	(411,151)	
Net OPEB Liabilities	(1,880,515)	
Deferred Charge on Refunding	171,694	
Compensated Absences	(1,629,291)	
Accrued Interest Payable	(686,463)	
	(56,575,458)	(56,575,458)

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

Pension related items	\$ (6,806,441)	
OPEB related items	(740,667)	
	(7,547,108)	(7,547,108)

Net Position of Governmental Activities \$ 77,361,062

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, 2022

	General Fund	School CIP Fund	Nonmajor County CIP Fund	Total
REVENUES				
General Property Taxes	\$ 35,810,946	\$ -	\$ -	\$ 35,810,946
Other Local Taxes	9,381,335	-	-	9,381,335
Permits, Privilege Fees and Regulatory Licenses	182,475	-	-	182,475
Fines and Forfeitures	116,647	-	-	116,647
Revenue from Use of Money and Property	319,452	9,068	-	328,520
Charges for Services	1,101,021	-	-	1,101,021
Miscellaneous	381,424	-	1,243	382,667
Recovered Costs	1,353,922	-	6,435	1,360,357
Intergovernmental	18,227,228	-	582,357	18,809,585
Total Revenues	<u>\$ 66,874,450</u>	<u>\$ 9,068</u>	<u>\$ 590,035</u>	<u>\$ 67,473,553</u>
EXPENDITURES				
Current:				
General Government Administration	\$ 3,402,729	\$ -	\$ 652,781	\$ 4,055,510
Judicial Administration	2,163,468	-	-	2,163,468
Public Safety	15,473,695	-	663,775	16,137,470
Public Works	2,417,085	-	634,794	3,051,879
Health and Welfare	9,484,449	-	-	9,484,449
Education	16,208,176	-	-	16,208,176
Parks, Recreation and Cultural	1,978,966	-	387,331	2,366,297
Community Development	1,822,005	-	240,794	2,062,799
Non-Departmental	7,825	-	-	7,825
Capital Projects	-	657,665	-	657,665
Debt Service:				
Principal Retirement	3,853,487	-	42,490	3,895,977
Interest and Other Fiscal Charges	1,897,585	-	11,953	1,909,538
Total Expenditures	<u>\$ 58,709,470</u>	<u>\$ 657,665</u>	<u>\$ 2,633,918</u>	<u>\$ 62,001,053</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 8,164,980</u>	<u>\$ (648,597)</u>	<u>\$ (2,043,883)</u>	<u>\$ 5,472,500</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 3,579,791	\$ 3,579,791
Transfers Out	(4,642,557)	-	-	(4,642,557)
Issuance of Leases Payable	274,350	-	57,532	331,882
Total Other Financing Sources (Uses)	<u>\$ (4,368,207)</u>	<u>\$ -</u>	<u>\$ 3,637,323</u>	<u>\$ (730,884)</u>
Net Change in Fund Balance	\$ 3,796,773	\$ (648,597)	\$ 1,593,440	\$ 4,741,616
Fund Balance - Beginning	23,096,584	2,390,333	2,320,524	27,807,441
Fund Balance - Ending	<u>\$ 26,893,357</u>	<u>\$ 1,741,736</u>	<u>\$ 3,913,964</u>	<u>\$ 32,549,057</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, 2022

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

Net changes in fund balance - total governmental funds \$ 4,741,616

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Detail of items supporting these adjustments is as follows:

Capital outlays	\$ 3,703,949	
Depreciation and amortization expenses	<u>(4,409,035)</u>	(705,086)

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

Disposal of assets	\$ (117,892)	
Transfer of assets to EDA	(5,893)	
Transfer of assets to School Board	<u>(3,372,432)</u>	(3,496,217)

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	\$ (134,854)	
Decrease (Increase) in unavailable revenue - opioid settlement	<u>1,198,933</u>	1,064,079

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 liabilities	\$ (331,882)	
Principal repayments:		
General obligation bonds	2,695,000	
Literary loans	451,338	
Lease liabilities	74,758	
Lease revenue notes	674,881	
Decrease (increase) in estimated liability:		
Landfill post-closure monitoring costs	<u>(12,679)</u>	3,551,416

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	\$ (48,314)	
Changes in pension related items	1,194,912	
(Increase) Decrease in compensated absences	(282,868)	
(Increase) Decrease in accrued interest payable	77,634	
Increase (Decrease) in deferred charge on refunding	(34,339)	
Amortization of bond premiums and discounts	<u>252,718</u>	1,159,743

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.

(92,012)

Change in net position of governmental activities

\$ 6,223,539

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, 2022

	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	\$ 6,384,760	\$ -	\$ 6,384,760
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	164,724	164,724
Due from Other Funds	-	67,096	67,096
Prepaid Items	-	86,634	86,634
Due from Component Units	-	62,964	62,964
	<u>6,384,760</u>	<u>381,418</u>	<u>6,766,178</u>
Total Assets	\$ 6,384,760	\$ 381,418	\$ 6,766,178
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 35,678	\$ 62,233	\$ 97,911
Accrued Wages	-	35,025	35,025
IBNR Payable	403,340	-	403,340
	<u>439,018</u>	<u>97,258</u>	<u>536,276</u>
Total Liabilities	\$ 439,018	\$ 97,258	\$ 536,276
NET POSITION			
Unrestricted	\$ 5,945,742	\$ 284,160	\$ 6,229,902
	<u>5,945,742</u>	<u>284,160</u>	<u>6,229,902</u>
Total Net Position	\$ 5,945,742	\$ 284,160	\$ 6,229,902

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, 2022

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Charges for Services:			
Information Technology Charges	\$ -	\$ 483,562	\$ 483,562
Garage Charges	-	2,000,447	2,000,447
Communication Charges	-	95,265	95,265
Other Revenues:			
Miscellaneous	-	28,774	28,774
Insurance Premiums	8,813,421	-	8,813,421
Total Operating Revenues	<u>\$ 8,813,421</u>	<u>\$ 2,608,048</u>	<u>\$ 11,421,469</u>
OPERATING EXPENSES			
Information Technology	\$ -	\$ 862,275	\$ 862,275
Central Garage	-	2,651,627	2,651,627
Communications	-	100,109	100,109
Insurance Claims and Expenses	8,962,236	-	8,962,236
Total Operating Expenses	<u>\$ 8,962,236</u>	<u>\$ 3,614,011</u>	<u>\$ 12,576,247</u>
Operating Income (Loss)	<u>\$ (148,815)</u>	<u>\$ (1,005,963)</u>	<u>\$ (1,154,778)</u>
Transfer In	<u>\$ -</u>	<u>\$ 1,062,766</u>	<u>\$ 1,062,766</u>
Change in Net Position	<u>\$ (148,815)</u>	<u>\$ 56,803</u>	<u>\$ (92,012)</u>
Net Position - Beginning	6,094,557	227,357	6,321,914
Net Position - Ending	<u>\$ 5,945,742</u>	<u>\$ 284,160</u>	<u>\$ 6,229,902</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, 2022

	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	\$ -	\$ 2,486,004	\$ 2,486,004
Other receipts (payments)	-	28,774	28,774
Payments to suppliers for goods and services	-	(3,577,544)	(3,577,544)
Receipts for insurance premiums	8,813,421	-	8,813,421
Payments for insurance premiums	(8,845,339)	-	(8,845,339)
Total cash provided by (used for) operating activities	<u>\$ (31,918)</u>	<u>\$ (1,062,766)</u>	<u>\$ (1,094,684)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ -	\$ 1,062,766	\$ 1,062,766
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (31,918)</u>	<u>\$ -</u>	<u>\$ (31,918)</u>
Cash and Cash Equivalents - Beginning	\$ 6,416,678	\$ -	\$ 6,416,678
Cash and Cash Equivalents - Ending	<u>\$ 6,384,760</u>	<u>\$ -</u>	<u>\$ 6,384,760</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (148,815)	\$ (1,005,963)	\$ (1,154,778)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ (34,130)	\$ 42,418	\$ 8,288
Increase (Decrease) in Accrued Wages	-	(191)	(191)
Increase (Decrease) in IBNR Payable	151,027	-	151,027
(Increase) Decrease in Accounts Receivable	-	(132,168)	(132,168)
(Increase) Decrease in Due from Other Funds	-	(27,433)	(27,433)
(Increase) Decrease in Prepaid Items	-	(5,760)	(5,760)
(Increase) Decrease in Due from Component Units	-	66,331	66,331
Total Adjustments	<u>\$ 116,897</u>	<u>\$ (56,803)</u>	<u>\$ 60,094</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (31,918)</u>	<u>\$ (1,062,766)</u>	<u>\$ (1,094,684)</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, 2022

		<u>Custodial Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	<u>265,271</u>
 NET POSITION		
Restricted:		
Special Welfare	\$	27,236
Performance Bond		146,623
Employee Flexible Benefits		<u>91,412</u>
Total net position	\$	<u>265,271</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, 2022

		<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Expenditure reimbursement	\$	73,123
Support enforcements		48,034
Benefits reimbursements		31,483
Total contributions	\$	<u>152,640</u>
Total additions		<u>152,640</u>
DEDUCTIONS		
Special welfare payments	\$	108,268
Refund bonds		2,690
Flexible benefits		28,990
Total deductions	\$	<u>139,948</u>
Net increase (decrease) in fiduciary net position	\$	12,692
Net position, beginning		252,579
Net position, ending	\$	<u><u>265,271</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements
June 30, 2022

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, 2022, the County paid \$1,845,576 for the confinement of prisoners.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

A. Financial Reporting Entity: (continued)

The County and the Counties of Montgomery, Giles, Floyd, and the City of Radford participate in supporting New River Valley Community Services (NRVCS). The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$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 (NRVJDH). The County contributed \$100,832 to the NRVJDH for the current year.

B. Government-wide and Fund Financial Statements:

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

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

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

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

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following nonmajor governmental funds:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

The Pulaski County School Board reports the following major funds:

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

3. Receivables and Payables

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

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

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

4. Property Taxes

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

5. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$3,034,451 at June 30, 2022 and is comprised of \$993,118 in real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years and \$2,041,333 for unpaid ambulance services.

6. Use of Estimates

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

7. Prepaid Items

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

8. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

8. Capital Assets (Continued)

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

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

9. Deferred Outflows/Inflows of Resources

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

10. Compensated Absences

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

11. Pensions

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

12. Other Postemployment Benefits (OPEB)

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

13. Long-Term Obligations

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

15. Net Position

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

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

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

16. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

16. Leases (continued)

Key Estimates and Judgments

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

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

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information:

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the functional level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's subcategories.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

A. Budgetary Information: (continued)

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

B. Excess of Expenditures Over Appropriations:

Expenditures exceeded appropriations for several departments in the General Fund during fiscal year 2022.

C. Deficit Fund Balance:

At June 30, 2022, 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.

Investments:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 3- Deposits and Investments: (continued)

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	Fair Value	Investment Maturities (in years)	
		Net Asset Value (NAV)	1 Year
LGIP	\$ 115,931	\$ -	\$ 115,931
SNAP	3,101,387	-	3,101,387
VML/VACo Investment Pool	-	3,132,106	3,132,106
Total	\$ 3,217,318	\$ 3,132,106	\$ 6,349,424

Custodial Credit Risk (Investments):

The County's rated debt investments as of June 30, 2022 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Ratings
	AAAm
LGIP	\$ 115,931
SNAP	3,101,387
VML/VACo Investment Pool	3,132,106
Total	\$ 6,349,424

External Investment Pools

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

Redemption Restrictions

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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	\$ 68,680	\$ -
City of Radford	37,696	-
Town of Pulaski	72,055	-
Other local governments	72,192	-
Commonwealth of Virginia:		
State sales tax	750,237	1,017,124
Communication sales tax	94,161	-
Other taxes	40,243	-
Categorical aid-shared expenses	317,210	-
Categorical aid-other	689,488	-
Categorical aid-VPA funds	156,385	-
Categorical aid-CSA funds	322,124	-
Federal Government:		
Categorical aid-VPA funds	251,903	-
Categorical aid-other	131,937	2,214,398
Totals	\$ 3,004,311	\$ 3,231,522

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 5- Interfund Balances and Transfers:

Fund	Due from	Due to
Primary Government:		
General Fund	\$ 1,335,359	\$ 180,280
County CIP Fund	-	181,228
School CIP Fund	294,412	1,335,359
Information Technology, Garage, and Communication Service Fund	67,096	-
Component Units:		
Primary Government	1,154,310	2,318,950
School Fund	2,318,950	62,964
Economic Development Authority	-	1,091,346
Total	\$ 5,170,127	\$ 5,170,127
	Transfers in	Transfers out
Primary Government:		
General Fund	\$ -	\$ 4,642,557
County CIP Fund	3,579,791	-
Information Technology, Garage, and Communication Service Fund	1,062,766	-
Total	\$ 4,642,557	\$ 4,642,557

Details of advances to component unit amounts are as follows:

Pulaski County Economic Development Authority:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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, 2022.

	<u>Beginning Balance</u>	<u>GASB 87 Adjustment</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct Borrowings and Placements:					
General obligation bonds	\$ 5,090,000	\$ -	\$ -	\$ 930,000	\$ 4,160,000
Literary loans	2,850,077	-	-	451,338	2,398,739
Lease revenue notes	6,192,711	-	-	674,881	5,517,830
Unamortized bond premiums	182,801	-	-	41,287	141,514
General obligation bonds	41,300,000	-	-	1,765,000	39,535,000
Unamortized bond premiums	707,748	-	-	240,217	467,531
Unamortized bond discounts	(397,986)	-	-	(28,786)	(369,200)
Lease purchase agreement	187,128	(187,128)	-	-	-
Lease liabilities	-	154,027	331,882	74,758	411,151
Landfill post-closure monitoring costs	275,639	-	12,679	-	288,318
Net OPEB liabilities	2,073,963	-	456,392	649,840	1,880,515
Net pension liability (A)	5,957,803	-	6,444,555	12,402,358	-
Compensated absences	1,346,423	-	1,292,685	1,009,817	1,629,291
Total	<u>\$ 65,766,307</u>	<u>\$ (33,101)</u>	<u>\$ 8,538,193</u>	<u>\$ 18,210,710</u>	<u>\$ 56,060,689</u>

(A) Net pension asset as of June 30, 2022; therefore, ending balance is not reported above.

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

Year Ending June 30,	Direct Borrowings and Placements		General Obligation Bonds		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,100,646	\$ 390,294	\$ 1,855,000	\$ 1,336,019	\$ 91,462	\$ 18,396
2024	1,604,361	327,479	1,945,000	1,243,269	98,209	13,080
2025	1,662,781	275,595	2,045,000	1,146,019	84,552	7,737
2026	1,710,415	221,301	2,145,000	1,043,768	67,930	4,173
2027	1,772,396	164,586	2,220,000	968,694	60,046	1,356
2028-2032	3,136,025	206,427	12,150,000	3,802,919	8,952	34
2033-2037	89,945	1,555	14,085,000	1,857,706	-	-
2038	-	-	3,090,000	100,425	-	-
Totals	<u>\$ 12,076,569</u>	<u>\$ 1,587,237</u>	<u>\$ 39,535,000</u>	<u>\$ 11,498,819</u>	<u>\$ 411,151</u>	<u>\$ 44,776</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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	\$ 545,000	\$ 545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	3,615,000	395,000
Subtotal GO bonds					<u>\$ 4,160,000</u>	<u>\$ 940,000</u>
Unamortized bond premium	n/a	11/7/2002	2023	436,841	21,843	21,843
Unamortized bond premium	n/a	1/13/2010	2030	40,136	15,049	2,007
Total general obligation bonds					<u>\$ 4,196,892</u>	<u>\$ 963,850</u>
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 2,470,000	\$ 300,000
Lease revenue note (A)	2.47-3.25%	12/6/2013	2027	321,054	143,516	27,304
Lease revenue note (A)	2.37%	6/15/2016	2028	3,443,000	1,843,700	289,400
Landfill sewer line revenue note	3.30%	3/5/2014	2034	1,842,628	1,060,614	83,327
Subtotal lease revenue notes					<u>\$ 5,517,830</u>	<u>\$ 700,031</u>
Unamortized bond premium	n/a	5/15/2008	2029	348,754	104,622	17,437
Total lease revenue notes					<u>\$ 5,622,452</u>	<u>\$ 717,468</u>
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 2,398,739	\$ 460,615
Total Direct Borrowings and Placements					<u>\$ 12,218,083</u>	<u>\$ 2,141,933</u>
Lease Liabilities:						
Vehicle 1	7.53%	12/1/2019	2024	29,354	\$ 15,465	\$ 6,060
Vehicle 2	7.46%	12/1/2019	2024	29,402	15,478	6,070
Vehicle 3	7.46%	12/1/2019	2024	29,402	15,478	6,070
Vehicle 4	7.46%	12/1/2019	2024	29,402	15,478	6,070
Vehicle 5	7.46%	12/1/2019	2024	29,402	15,478	6,070
Vehicle 6	6.97%	9/1/2020	2025	28,271	18,915	5,530
Vehicle 7	7.10%	4/1/2021	2026	25,635	19,933	4,809
Vehicle 8	10.75%	2/1/2022	2027	26,513	24,584	4,386
Vehicle 9	8.13%	1/1/2022	2026	31,019	28,260	5,421
Building 1	3.00%	9/1/2021	2027	274,350	242,082	40,976
Total lease liabilities					<u>\$ 411,151</u>	<u>\$ 91,462</u>
General obligation bonds (B):						
GO bond	3.00-5.00%	3/1/2018	2038	46,240,000	\$ 39,535,000	\$ 1,855,000
Unamortized bond premium	n/a	3/1/2018	2029	1,739,614	467,531	188,300
Unamortized bond discount	n/a	3/1/2018	2038	(484,342)	(369,200)	(28,786)
Total general obligation bonds					<u>\$ 39,633,331</u>	<u>\$ 2,014,514</u>
Other obligations:						
Landfill post-closure monitoring cost	n/a	n/a	n/a	n/a	\$ 288,318	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,880,515	-
Compensated absences	n/a	n/a	n/a	n/a	1,629,291	1,221,968
Total other obligations					<u>\$ 3,798,124</u>	<u>\$ 1,221,968</u>
Totals					<u>\$ 56,060,689</u>	<u>\$ 5,469,877</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, 2022

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, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net OPEB liabilities	\$ 8,658,311	\$ 1,832,812	\$ 2,164,915	\$ 8,326,208
Net pension liability (A)	36,747,927	7,567,692	25,058,479	19,257,140
Compensated absences	1,373,951	1,439,569	1,030,463	1,783,057
Total	\$ 46,780,189	\$ 10,840,073	\$ 28,253,857	\$ 29,366,405

(A) Non-Instructional is a net pension asset as of June 30, 2022; therefore, ending balance is not reported above.

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	\$ 8,326,208	\$ -
Net pension liability	n/a	n/a	n/a	n/a	19,257,140	-
Compensated absences	n/a	n/a	n/a	n/a	1,783,057	1,337,293
Total other obligations					\$ 29,366,405	\$ 1,337,293

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan:

Plan Description

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

Benefit Structures

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Contributions

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

The County of Pulaski and the PSA's contractually required employer contribution rate for the year ended June 30, 2022 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 \$1,089,888 and \$967,573 for the County and \$177,811 and \$157,815 for the PSA for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Net Pension Liability (Asset)

At June 30, 2022, the County and PSA reported a liability (asset) of \$(1,785,466) and \$(291,226), respectively, for their proportionate share of the net pension liability. The County and PSA's net pension liability (asset) was measured as of June 30, 2021. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. In order to allocate the net pension liability (asset) to all employers included in the plan, the County and PSA are required to determine their proportionate share of the net pension liability (asset). Creditable compensation as of June 30, 2021 and 2020 was used as a basis for allocation to determine the County's proportionate share of the net pension liability (asset). At June 30, 2021 and 2020, the County's proportion was 85.4460% and 85.8900%, respectively. At June 30, 2021 and 2020, the PSA's proportion was 13.9370% and 13.1500%, 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, 2020, 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, 2021.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

Long-Term Expected Rate of Return

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Long-Term Expected Rate of Return (continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, 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, 2021, 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, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 5,380,786	\$ (1,785,466)	\$ (7,690,345)
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 877,654	\$ (291,226)	\$ (1,254,363)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

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

For the year ended June 30, 2022, the County and PSA recognized pension expense of \$(105,030) and \$(48), 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, 2022, 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	\$ 12,613	\$ 492,065	\$ 1,966	\$ 76,726
Change in assumptions	1,281,393	-	208,390	-
Net difference between projected and actual earnings on pension plan investments	1,998	6,167,489	-	1,018,712
Changes in proportion and differences between employer contributions and proportionate share of contributions	125,528	146,887	39,254	-
Employer contributions subsequent to the measurement date	1,089,888	-	177,811	-
Total	\$ 2,511,420	\$ 6,806,441	\$ 427,421	\$ 1,095,438

\$1,089,888 and \$177,811 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, 2023. 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
2023	\$ (1,091,085)	\$ (163,760)
2024	(974,054)	(151,118)
2025	(1,445,342)	(225,215)
2026	(1,874,428)	(305,735)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2020 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	97
Inactive members:	
Vested inactive members	20
Non-vested members	80
Inactive members active elsewhere in VRS	<u>22</u>
Total inactive members	122
Active members	<u>89</u>
Total covered employees	<u><u>308</u></u>

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2022 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 \$104,981 and \$97,800 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Net Pension Liability (Asset)

The net pension liability (asset) (NPLA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Changes in Net Pension Liability (Asset)

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 11,717,505	\$ 11,067,367	\$ 650,138
Changes for the year:			
Service cost	\$ 202,457	\$ -	\$ 202,457
Interest	768,210	-	768,210
Differences between expected and actual experience	(187,949)	-	(187,949)
Assumption changes	467,838	-	467,838
Contributions - employer	-	97,556	(97,556)
Contributions - employee	-	106,533	(106,533)
Net investment income	-	2,972,994	(2,972,994)
Benefit payments, including refunds	(673,229)	(673,229)	-
Administrative expenses	-	(7,647)	7,647
Other changes	-	278	(278)
Net changes	<u>\$ 577,327</u>	<u>\$ 2,496,485</u>	<u>\$ (1,919,158)</u>
Balances at June 30, 2021	<u>\$ 12,294,832</u>	<u>\$ 13,563,852</u>	<u>\$ (1,269,020)</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

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

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

	Rate		
	<u>1% Decrease (5.75%)</u>	<u>Current Discount (6.75%)</u>	<u>1% Increase (7.75%)</u>
Component Unit School Board (Nonprofessional) Net Pension Liability (Asset)	\$ 243,061	\$ (1,269,020)	\$ (2,527,052)

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

For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized pension expense of \$(268,738). At June 30, 2022, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Nonprofessional)	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 141,727
Change in assumptions	232,744	-
Net difference between projected and actual earnings on pension plan investments	-	1,469,293
Employer contributions subsequent to the measurement date	104,981	-
Total	<u>\$ 337,725</u>	<u>\$ 1,611,020</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

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

\$104,981 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, 2023. 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
2023	\$ (253,081)
2024	(334,863)
2025	(341,927)
2026	(448,405)

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, 2022 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 \$3,742,313 and \$3,509,331 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

At June 30, 2022, the school division reported a liability of \$19,257,140 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.2481% as compared to 0.2481% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(551,761). 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, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,640,206
Net difference between projected and actual earnings on pension plan investments	-	12,135,334
Change in assumptions	3,373,800	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,065	1,758,005
Employer contributions subsequent to the measurement date	3,742,313	-
Total	\$ 7,117,178	\$ 15,533,545

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

\$3,742,313 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, 2023. 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
2023	\$ (3,167,294)
2024	(2,743,362)
2025	(2,786,746)
2026	(3,464,585)
2027	3,307

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 85.46%

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 8-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease (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)	\$ 37,165,236	\$ 19,257,140	\$ 4,525,338

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit Pulaski County PSA			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,511,420	\$ 6,806,441	\$ (1,785,466)	\$ (105,030)	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski County PSA	-	-	-	-	427,421	1,095,438	(291,226)	(48)
Totals	<u>\$ 2,511,420</u>	<u>\$ 6,806,441</u>	<u>\$ (1,785,466)</u>	<u>\$ (105,030)</u>	<u>\$ 427,421</u>	<u>\$ 1,095,438</u>	<u>\$ (291,226)</u>	<u>\$ (48)</u>
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense				
VRS Pension Plans:								
School Board Nonprofessional	\$ 337,725	\$ 1,611,020	\$ (1,269,020)	\$ (268,738)				
School Board Professional	7,117,178	15,533,545	19,257,140	(551,761)				
Totals	<u>\$ 7,454,903</u>	<u>\$ 17,144,565</u>	<u>\$ 17,988,120</u>	<u>\$ (820,499)</u>				

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 9-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, 2022 was \$27,872, \$3,458, and \$80,970 respectively.

Total OPEB Liability

At June 30, 2022, the County, PSA, and School Board reported a liability of \$1,210,800, \$150,200 and \$3,517,400, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2021 and 2020, the County's proportion was 24.82% and 25.24%, respectively, the PSA's proportion was 3.08% and 3.08%, respectively, and the School Board's proportion was 72.10% and 71.68%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 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	1.92%
Healthcare Trend Rate	County (6.00%) for fiscal year end 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Scale	2.50%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on July 1, 2021 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2021 actuarial valuation report.

Discount Rate

The discount rate has been set equal to 1.92% 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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate		
	<u>1% Decrease (0.92%)</u>	<u>Current Discount (1.92%)</u>	<u>1% Increase (2.92%)</u>
Proportionate share of the healthcare net OPEB liability:			
County	<u>\$ 1,325,616</u>	<u>\$ 1,210,800</u>	<u>\$ 1,104,349</u>
Component Unit Pulaski County PSA	<u>\$ 164,443</u>	<u>\$ 150,200</u>	<u>\$ 136,995</u>
Component Unit School Board	<u>\$ 3,850,941</u>	<u>\$ 3,517,400</u>	<u>\$ 3,208,156</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

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

	Rate		
	1% Decrease	Current Trend	1% Increase
Proportionate share of the healthcare net OPEB liability:			
County	\$ 1,050,490	\$ 1,210,800	\$ 1,402,209
Component Unit Pulaski County PSA	\$ 130,314	\$ 150,200	\$ 173,944
Component Unit School Board	\$ 3,051,696	\$ 3,517,400	\$ 4,073,447

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

For the year ended June 30, 2022, the County, PSA, and School Board recognized OPEB expense in the amount of \$39,034, \$9,766 and \$268,400, respectively. At June 30, 2022, 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	\$ 18,458	\$ 480,722	\$ 3,042	\$ 30,678	\$ 77,300	\$ 485,000
Changes in assumptions	207,785	3,365	25,315	4,935	589,100	152,000
Employer contributions subsequent to the measurement date	27,872	-	3,458	-	80,970	-
Total	\$ 254,115	\$ 484,087	\$ 31,815	\$ 35,613	\$ 747,370	\$ 637,000

\$27,872, \$3,458, and \$80,970 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, 2023. 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
2023	\$ (51,090)	\$ (1,810)	\$ (5,900)
2024	(51,090)	(1,810)	(5,900)
2025	(51,090)	(1,810)	(5,900)
2026	(55,598)	(1,302)	14,600
2027	(46,062)	(1,038)	13,400
Thereafter	(2,914)	514	19,100

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 10-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, 2022 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 \$73,126 and \$64,131 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Pulaski County PSA were \$11,931 and \$10,460 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Nonprofessional) were \$13,512 and \$12,437 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$127,044 and \$118,567 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the County reported a liability of \$669,715 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit Pulaski County PSA reported a liability of \$109,237 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit-School Board (Nonprofessional) reported a liability of \$129,933 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit-School Board (Professional) reported a liability of \$1,238,203 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, 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, 2022

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

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

At June 30, 2021, the County's proportion was 0.05751% as compared to 0.05643% at June 30, 2020.

At June 30, 2021, the Component Unit Pulaski County PSA's proportion was 0.00938% as compared to 0.008640% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (Nonprofessional) proportion was 0.01120% as compared to 0.01150% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (Professional) proportion was 0.10630% as compared to 0.10570% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$38,690. 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, 2022, the Component Unit Pulaski County PSA recognized GLI OPEB expense of \$6,311. 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, 2022, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$566. 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, 2022, the Component-Unit School Board (Professional) recognized GLI OPEB expense of \$17,330. 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, 2022

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

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

At June 30, 2022, the 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	\$ 76,384	\$ 5,103	\$ 12,458	\$ 832	\$ 14,819	\$ 990	\$ 141,221	\$ 9,434
Change in assumptions	36,921	91,631	6,022	14,946	7,163	17,778	68,262	169,413
Net difference between projected and actual earnings on GLI OPEB plan investments	-	159,846	-	26,073	-	31,012	-	295,532
Changes in proportionate share	40,755	-	6,648	-	-	12,727	7,511	109,381
Employer contributions subsequent to the measurement date	73,126	-	11,931	-	13,512	-	127,044	-
Total	\$ 227,186	\$ 256,580	\$ 37,059	\$ 41,851	\$ 35,494	\$ 62,507	\$ 344,038	\$ 583,760

\$73,126, \$11,931, \$13,512, and \$127,044 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, 2023. 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)
2023	\$ (21,739)	\$ (3,546)	\$ (11,158)	(94,396)
2024	(15,679)	(2,557)	(8,231)	(78,925)
2025	(17,458)	(2,848)	(6,955)	(70,676)
2026	(42,427)	(6,921)	(11,341)	(104,385)
2027	(5,217)	(851)	(2,840)	(18,384)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB	
		Plan
		<hr/>
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,164,272

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%
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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, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

Proportionate share of the GLI Plan Net OPEB Liability:	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County	\$ 978,478	\$ 669,715	\$ 420,376
Component Unit Pulaski County PSA	\$ 159,598	\$ 109,237	\$ 68,566
Component Unit-School Board (Nonprofessional)	\$ 189,836	\$ 129,933	\$ 81,558
Component Unit-School Board (Professional)	\$ 1,809,059	\$ 1,238,203	\$ 777,210

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 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 \$284,614 and \$265,683 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 11-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, 2022, the school division reported a liability of \$3,186,846 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.24828% as compared to 0.24820% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$199,432. 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, 2022, 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	\$ -	\$ 55,610
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	41,980
Change in assumptions	86,146	12,808
Change in proportionate share	1,005	241,419
Employer contributions subsequent to the measurement date	284,614	-
Total	\$ 371,765	\$ 351,817

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

\$284,614 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, 2023. 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>	
2023	\$ (64,010)
2024	(64,487)
2025	(59,856)
2026	(48,025)
2027	(22,731)
Thereafter	(5,557)

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, 2020, 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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, 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	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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

Long-Term Expected Rate of Return

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Long-Term Expected Rate of Return (continued)

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2022

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

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

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

	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	\$ 3,587,505	\$ 3,186,846	\$ 2,847,793

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>49</u>
Inactive members:	
Vested inactive members	<u>1</u>
Active members	<u>89</u>
Total covered employees	<u><u>139</u></u>

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, 2022 was 0.82% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$20,494 and \$18,840 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The Component Unit School Board's net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions (continued)

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 248,622	\$ -	\$ 248,622
Changes for the year:			
Service cost	\$ 3,003	\$ -	\$ 3,003
Interest	16,782	-	16,782
Differences between expected and actual experience	(1)	-	(1)
Assumption changes	6,616	-	6,616
Contributions - employer	-	18,840	(18,840)
Net investment income	-	2,439	(2,439)
Administrative expenses	-	(83)	83
Net changes	\$ 26,400	\$ 21,196	\$ 5,204
Balances at June 30, 2021	\$ 275,022	\$ 21,196	\$ 253,826

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	\$ 280,660	\$ 253,826	\$ 230,855

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

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

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

For the year ended June 30, 2022, the Component Unit School Board recognized HIC Plan OPEB expense of \$20,381. At June 30, 2022, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,445
Change in assumptions	5,109	-
Employer contributions subsequent to the measurement date	20,494	-
Total	\$ 25,603	\$ 1,446

\$20,494 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ 1,146
2024	1,146
2025	1,146
2026	225

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

Note 13-Aggregate OPEB Information:

	Primary Government				Component Unit Pulaski County PSA			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	\$ 227,186	\$ 256,580	\$ 669,715	\$ 38,690	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski PSA	-	-	-	-	37,059	41,851	109,237	6,311
County Stand-Alone Plan	254,115	484,087	1,210,800	39,034	31,815	35,613	150,200	9,766
Totals	<u>\$ 481,301</u>	<u>\$ 740,667</u>	<u>\$ 1,880,515</u>	<u>\$ 77,724</u>	<u>\$ 68,874</u>	<u>\$ 77,464</u>	<u>\$ 259,437</u>	<u>\$ 16,077</u>
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense				
VRS OPEB Plans:								
Group Life Insurance Plan:								
School Board Nonprofessional	\$ 35,494	\$ 62,507	\$ 129,933	\$ 566				
School Board Professional	344,038	583,760	1,238,203	17,330				
County Health Insurance Credit Plan	25,603	1,446	253,826	20,381				
Teacher Health Insurance Credit Plan	371,765	351,817	3,186,846	199,432				
County Stand-Alone Plan	747,370	637,000	3,517,400	268,400				
Totals	<u>\$ 1,524,270</u>	<u>\$ 1,636,530</u>	<u>\$ 8,326,208</u>	<u>\$ 506,109</u>				

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 14-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>GASB 87 Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:					
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,112,565	\$ -	\$ -	\$ (5,893)	\$ 3,106,672
Construction in progress	50,998,829	-	2,293,501	(51,205,702)	2,086,628
Total capital assets not being depreciated	<u>\$ 54,111,394</u>	<u>\$ -</u>	<u>\$ 2,293,501</u>	<u>\$ (51,211,595)</u>	<u>\$ 5,193,300</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 62,929,254	\$ -	\$ 49,865,991	\$ (7,500,000)	\$ 105,295,245
Machinery and equipment	20,004,432	(312,918)	2,300,385	(2,257,533)	19,734,366
Total capital assets, being depreciated	<u>\$ 82,933,686</u>	<u>\$ (312,918)</u>	<u>\$ 52,166,376</u>	<u>\$ (9,757,533)</u>	<u>\$ 125,029,611</u>
Accumulated depreciation:					
Buildings and improvements	\$ (24,777,260)	\$ -	\$ (2,863,867)	\$ 4,127,568	\$ (23,513,559)
Machinery and equipment	(14,942,624)	85,436	(1,460,363)	2,257,533	(14,060,018)
Total accumulated depreciation	<u>\$ (39,719,884)</u>	<u>\$ 85,436</u>	<u>\$ (4,324,230)</u>	<u>\$ 6,385,101</u>	<u>\$ (37,573,577)</u>
Total capital assets being depreciated, net	<u>\$ 43,213,802</u>	<u>\$ (227,482)</u>	<u>\$ 47,842,146</u>	<u>\$ (3,372,432)</u>	<u>\$ 87,456,034</u>
Intangible right-to-use lease assets:					
Buildings and improvements	\$ -	\$ 154,027	\$ 57,532	\$ -	\$ 211,559
Machinery and equipment	-	-	274,350	-	274,350
Less accumulated amortization	-	-	(84,805)	-	(84,805)
Net intangible right-to-use assets	<u>\$ -</u>	<u>\$ 154,027</u>	<u>\$ 247,077</u>	<u>\$ -</u>	<u>\$ 401,104</u>
Governmental activities capital assets, net	<u>\$ 97,325,196</u>	<u>\$ (73,455)</u>	<u>\$ 50,382,724</u>	<u>\$ (54,584,027)</u>	<u>\$ 93,050,438</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 14-Capital Assets: (continued)

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

Governmental activities:	
General government administration	\$ 341,426
Judicial administration	4,598
Public safety	1,159,965
Public works	375,686
Health and welfare	24,896
Education	2,085,805
Parks, recreation and cultural	396,908
Community development	19,751
Total depreciation/amorization expense-governmental activities	\$ <u>4,409,035</u>

Capital asset activity for the School Board for the year ended June 30, 2022 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	\$ -	\$ (52,147)	\$ 806,213
Construction in progress	136,699	2,256,722	-	2,393,421
Total capital assets not being depreciated	\$ <u>995,059</u>	\$ <u>2,256,722</u>	\$ <u>(52,147)</u>	\$ <u>3,199,634</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 22,168,032	\$ 79,108	\$ (1,971,975)	\$ 20,275,165
Machinery and equipment	12,399,480	9,874,896	(165,868)	22,108,508
Total capital assets, being depreciated	\$ <u>34,567,512</u>	\$ <u>9,954,004</u>	\$ <u>(2,137,843)</u>	\$ <u>42,383,673</u>
Accumulated depreciation:				
Buildings and improvements	\$ (17,140,643)	\$ (378,487)	\$ 1,854,918	\$ (15,664,212)
Machinery and equipment	(8,297,276)	(7,056,215)	120,868	(15,232,623)
Total accumulated depreciation	\$ <u>(25,437,919)</u>	\$ <u>(7,434,702)</u>	\$ <u>1,975,786</u>	\$ <u>(30,896,835)</u>
Total capital assets being depreciated, net	\$ <u>9,129,593</u>	\$ <u>2,519,302</u>	\$ <u>(162,057)</u>	\$ <u>11,486,838</u>
Governmental activities capital assets, net	\$ <u>10,124,652</u>	\$ <u>4,776,024</u>	\$ <u>(214,204)</u>	\$ <u>14,686,472</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 15-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 2022, a total of \$8,962,236 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 \$403,340 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 four 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>
2021-22	\$ 252,313	\$ 9,113,263	\$ (8,962,236)	\$ 403,340
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, 2022

Note 16-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 17-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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 18-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, 2022, the total post-closure care liability (which represents the 2 years remaining) was \$288,318 representing what it would cost to perform all post-closure care in fiscal year 2022. 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 19-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 \$351,316.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Long-term portion of opioid settlement receivable that is not available for funding off current expenditures	\$ _____	\$ _____ 1,198,933
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	3,375,676
2nd half assessments due in December 2022	10,842,788	10,842,788
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	_____ 193,661	_____ 193,661
Total property taxes	\$ _____ 11,036,449	\$ _____ 14,412,125
Total	\$ _____ 11,036,449	\$ _____ 15,611,058

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 20-Fund Balance and Net Position Classifications:

	General Fund	School CIP Fund	County CIP Fund
Nonspendable:			
Advances to Component Units	\$ 500,000	\$ -	\$ -
Prepaid Items	71,268	-	-
Total Nonspendable	\$ 571,268	\$ -	\$ -
Restricted:			
Commonwealth Attorney Seized			
Assets, State & Federal	\$ 14,447	\$ -	\$ -
Sheriff Seized Assets	33,633	-	-
Community Corrections Admin Fees	196,920	-	-
School Construction	-	1,741,736	-
Opioid settlement	1,242,077	-	-
Total Restricted	\$ 1,487,077	\$ 1,741,736	\$ -
Committed:			
County Construction	\$ 2,248,977	\$ -	\$ 3,913,964
Total Committed	\$ 2,248,977	\$ -	\$ 3,913,964
Assigned:			
Outstanding Encumbrances			
06/30/22 - Various Departments	\$ 396,075	\$ -	\$ -
Court Services Unit CE Richardson Grant	375	-	-
Sheriff Equipment & Maintenance	47,492	-	-
Sheriff Donations	3,729	-	-
Joint Dispatch Equipment	180,038	-	-
Special Ops Equipment	6,633	-	-
Animal Control Donations	11,506	-	-
Animal Control Spay & Neuter Program	68,526	-	-
NRCC ACCE Program	41,738	-	-
Courthouse Grants	770	-	-
Office on Youth Kids Fishing Day	29,576	-	-
Office on Youth Wounded Warrior	3,079	-	-
Recreation Donations	374	-	-
Recreation Youth Golf	55,000	-	-
Library Donations	2,028	-	-
Transfer to School Capital Fund Unused Schools Funds	116,591	-	-
Transfer to School Capital Funds Cigarette Tax	142,293	-	-
Total Assigned	\$ 1,105,823	\$ -	\$ -
Unassigned:			
Unassigned	\$ 21,480,212	\$ -	\$ -
Total Fund Balance	\$ 26,893,357	\$ 1,741,736	\$ 3,913,964

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 20-Fund Balance and Net Position Classifications: (Continued)

	Primary Government	School Board
Restricted Net Postion:		
Commonwealth Attorney Seized Assets, State & Federal	\$ 14,447	\$ -
Sheriff Seized Assets	33,633	-
Community Corrections Admin Fees	196,920	-
School Construction	1,741,736	-
Opioid settlement	1,242,077	-
Net pension asset	1,785,466	1,269,020
School Activity Fund	-	174,471
Total Restricted Net Position	\$ 5,014,279	\$ 1,443,491

Note 21-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 22-Commitments and Contingencies:

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

Entity	Project	Contract Amount	Contract Amount Outstanding	Funding Source
			at June 30, 2022	
Primary Government	ZMM Architects - Design-County Administration Renovations - Phase 2	\$ 133,761	\$ 93,334	Local Funds
Primary Government	Clark Nexsen Construction Services-Brick Courthouse Security Improvements	608,928	123,532	Local Funds
School Board	F&S Building Innovations, Inc.-Welding/Lab Switchgear Upgrade	842,203	88,776	Grant Funding
School Board	R.L. Price Construction, Inc.-Storage Facility	1,670,000	701,069	Grant Funding
School Board	WACO Inc.-CTE - Heating Systems Reno	898,740	602,761	Grant Funding
School Board	G&H Contracting, Inc.-PCPS HVAC Improvements	3,094,000	2,854,126	Grant Funding

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 23-COVID-19 Pandemic Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. 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 2023.

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 \$351,316 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, 2022

Note 24-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. 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. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Governmental Activities
Lease asset activity:	
Former capital lease assets	\$ (227,482)
Lease assets	154,027
Total lease asset activity	<u>\$ (73,455)</u>
Lease liability activity:	
Former capital lease liability	\$ 187,128
Leases payable	(154,027)
Total lease liability activity	<u>\$ 33,101</u>

Note 25-Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2022

Note 25-Upcoming Pronouncements: (Continued)

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

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

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

Required Supplementary Information

County of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
General Property Taxes	\$ 34,541,029	\$ 35,327,139	\$ 35,810,946	\$ 483,807
Other Local Taxes	8,440,000	8,440,000	9,381,335	941,335
Permits, Privilege Fees and Regulatory Licenses	182,500	182,500	182,475	(25)
Fines and Forfeitures	269,500	338,050	116,647	(221,403)
Revenue from Use of Money and Property	352,900	352,900	319,452	(33,448)
Charges for Services	2,190,266	2,268,572	1,101,021	(1,167,551)
Miscellaneous	327,350	297,735	381,424	83,689
Recovered Costs	1,972,258	2,258,805	1,353,922	(904,883)
Intergovernmental:				
Commonwealth	13,706,543	14,209,509	11,414,324	(2,795,185)
Federal Government	66,904	804,488	6,812,904	6,008,416
Total Revenues	\$ 62,049,250	\$ 64,479,698	\$ 66,874,450	\$ 2,394,752
EXPENDITURES:				
Current:				
General Government Administration	\$ 4,908,138	\$ 5,095,737	\$ 3,402,729	\$ 1,693,008
Judicial Administration	2,208,473	2,254,402	2,163,468	90,934
Public Safety	13,559,016	18,990,566	15,473,695	3,516,871
Public Works	2,564,697	2,611,292	2,417,085	194,207
Health and Welfare	11,959,460	11,958,301	9,484,449	2,473,852
Education	16,231,533	16,440,090	16,208,176	231,914
Parks, Recreation and Cultural	1,762,650	2,059,018	1,978,966	80,052
Community Development	1,152,334	1,610,237	1,822,005	(211,768)
Non-Departmental	-	-	7,825	(7,825)
Debt Service:				
Principal Retirement	3,864,244	3,864,244	3,853,487	10,757
Interest and Other Fiscal Charges	1,821,780	1,821,780	1,897,585	(75,805)
Total Expenditures	\$ 60,032,325	\$ 66,705,667	\$ 58,709,470	\$ 7,996,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,016,925	\$ (2,225,969)	\$ 8,164,980	\$ 10,390,949
Other Financing Sources (Uses)				
Transfers Out	\$ (2,016,925)	\$ (3,309,779)	\$ (4,642,557)	\$ (1,332,778)
Issuance of Leases Payable	-	-	274,350	274,350
Total Other Financing Sources (Uses)	\$ (2,016,925)	\$ (3,309,779)	\$ (4,368,207)	\$ (1,058,428)
Net Change in Fund Balance	\$ -	\$ (5,535,748)	\$ 3,796,773	\$ 9,332,521
Fund Balance - Beginning	-	5,535,748	23,096,584	17,560,836
Fund Balance - Ending	\$ -	\$ -	\$ 26,893,357	\$ 26,893,357

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, 2021

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Employer's Proportionate Share of the NPLA (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government - County of Pulaski Retirement Plan					
2021	85.4460%	\$ (1,785,466)	\$ 11,888,512	-15.02%	103.24%
2020	85.8900%	5,957,803	11,615,916	51.29%	88.50%
2019	85.7300%	4,690,414	10,056,520	46.64%	90.73%
2018	81.5237%	2,873,283	9,814,514	29.28%	93.59%
2017	81.5237%	3,619,908	9,341,508	38.75%	91.72%
2016	81.8900%	5,948,972	9,046,509	65.76%	86.10%
2015	81.3919%	4,247,122	8,486,988	50.04%	89.62%
2014	81.2400%	3,792,677	8,225,333	46.11%	90.36%
Component Unit Public Service Authority					
2021	13.9370%	\$ (291,226)	\$ 1,939,122	-15.02%	103.24%
2020	13.1500%	912,156	1,778,429	51.29%	88.50%
2019	13.3600%	730,945	1,680,489	43.50%	90.73%
2018	12.8998%	454,651	1,552,987	29.28%	93.59%
2017	12.8998%	572,792	1,498,406	38.23%	91.72%
2016	12.7300%	924,782	1,399,901	66.06%	86.10%
2015	13.2000%	688,791	1,380,323	49.90%	89.62%
2014	13.2000%	615,090	1,341,630	45.85%	90.36%
Component Unit School Board (professional)					
2021	0.2481%	\$ 19,257,140	\$ 21,957,337	87.70%	85.46%
2020	0.2481%	36,097,789	21,758,155	165.90%	71.47%
2019	0.2583%	33,991,116	21,659,328	156.94%	73.51%
2018	0.2681%	31,530,000	21,717,893	145.18%	74.81%
2017	0.2761%	33,960,000	21,798,816	155.79%	72.92%
2016	0.2811%	39,386,000	21,429,302	183.80%	68.28%
2015	0.2876%	36,199,000	21,387,353	169.25%	70.68%
2014	0.3002%	36,277,000	21,994,717	164.94%	70.88%

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

County of Pulaski, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 202,457	\$ 217,278	\$ 205,580	\$ 205,130	\$ 217,216	\$ 248,654	\$ 265,386	\$ 259,384
Interest	768,210	770,518	741,559	721,459	727,532	703,996	680,732	653,059
Differences between expected and actual experience	(187,949)	(405,445)	119,357	(75,674)	(407,240)	(78,558)	(89,812)	-
Changes of assumptions	467,838	-	314,083	-	(62,808)	(521,747)	(526,169)	(508,058)
Benefit payments	(673,229)	(559,845)	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Net change in total pension liability	\$ 577,327	\$ 22,506	\$ 822,005	\$ 281,964	\$ (79,276)	\$ 352,345	\$ 330,137	\$ 404,385
Total pension liability - beginning	\$ 11,717,505	\$ 11,694,999	\$ 10,872,994	\$ 10,591,030	\$ 10,670,306	\$ 10,317,961	\$ 9,987,824	\$ 9,583,439
Total pension liability - ending (a)	\$ 12,294,832	\$ 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	\$ 97,556	\$ 117,292	\$ 116,646	\$ 156,401	\$ 151,950	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	106,533	115,412	109,242	108,131	105,216	111,956	121,343	123,727
Net investment income	2,972,994	2,116,656	710,228	761,233	1,146,141	164,816	424,421	1,281,760
Benefit payments	(673,229)	(559,845)	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Administrator charges	(7,647)	(7,370)	(7,218)	(6,699)	(6,774)	(6,016)	(5,914)	(6,966)
Other	278	(250)	(447)	(672)	(1,014)	(72)	(90)	68
Net change in plan fiduciary net position	\$ 2,496,485	\$ (123,105)	\$ 369,877	\$ 449,443	\$ 841,543	\$ (48,079)	\$ 232,329	\$ 1,135,996
Plan fiduciary net position - beginning	\$ 11,067,367	\$ 11,190,472	\$ 10,820,595	\$ 10,371,152	\$ 9,529,609	\$ 9,577,688	\$ 9,345,359	\$ 8,209,363
Plan fiduciary net position - ending (b)	\$ 13,563,852	\$ 11,067,367	\$ 11,190,472	\$ 10,820,595	\$ 10,371,152	\$ 9,529,609	\$ 9,577,688	\$ 9,345,359
School Division's net pension liability (asset) - ending (a) - (b)	\$ (1,269,020)	\$ 650,138	\$ 504,527	\$ 52,399	\$ 219,878	\$ 1,140,697	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.32%	94.45%	95.69%	99.52%	97.92%	89.31%	92.83%	93.57%
Covered payroll	\$ 2,297,560	\$ 2,355,416	\$ 2,320,345	\$ 2,271,156	\$ 2,171,340	\$ 2,279,771	\$ 2,434,851	\$ 2,474,506
School Division's net pension liability as a percentage of covered payroll	-55.23%	27.60%	21.74%	2.31%	10.13%	50.04%	30.40%	25.96%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Pension Plans
 For the Years Ended June 30, 2013 through June 30, 2022

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					
2022	\$ 1,089,888	\$ 1,089,888	\$ -	\$ 13,550,482	8.04%
2021	967,573	967,573	-	11,888,512	8.14%
2020	981,662	981,662	-	11,615,916	8.45%
2019	859,240	859,240	-	10,056,520	8.54%
2018	923,644	923,644	-	9,814,514	9.41%
2017	886,604	886,604	-	9,341,508	9.49%
2016	1,099,960	1,099,960	-	9,046,509	12.16%
2015	1,018,523	1,018,523	-	8,486,988	12.00%
Component Unit Public Service Authority					
2022	\$ 177,811	\$ 177,811	\$ -	\$ 2,210,691	8.04%
2021	157,815	157,815	-	1,939,122	8.14%
2020	150,256	150,256	-	1,778,429	8.45%
2019	143,608	143,608	-	1,680,489	8.55%
2018	146,152	146,152	-	1,552,987	9.41%
2017	142,214	142,214	-	1,498,406	9.49%
2016	169,248	169,248	-	1,399,901	12.09%
2015	166,881	166,881	-	1,380,323	12.09%
Component Unit School Board (nonprofessional)					
2022	\$ 104,981	\$ 104,981	\$ -	\$ 2,513,908	4.18%
2021	97,800	97,800	-	2,297,560	4.26%
2020	117,508	117,508	-	2,355,416	4.99%
2019	116,793	116,793	-	2,320,345	5.03%
2018	156,538	156,538	-	2,271,156	6.89%
2017	151,735	151,735	-	2,171,340	6.99%
2016	205,179	205,179	-	2,279,771	9.00%
2015	219,137	219,137	-	2,434,851	9.00%
2014	245,471	245,471	-	2,474,506	9.92%
2013	238,765	238,765	-	2,406,908	9.92%
Component Unit School Board (professional)					
2022	\$ 3,742,313	\$ 3,742,313	\$ -	\$ 23,520,768	15.91%
2021	3,509,331	3,509,331	-	21,957,337	15.98%
2020	3,326,828	3,326,828	-	21,758,155	15.29%
2019	3,309,921	3,309,921	-	21,659,328	15.28%
2018	3,473,102	3,473,102	-	21,717,893	15.99%
2017	3,143,365	3,143,365	-	21,798,816	14.66%
2016	3,012,959	3,012,959	-	21,429,302	14.06%
2015	3,092,245	3,092,245	-	21,387,353	14.46%
2014	2,564,584	2,564,584	-	21,994,717	11.66%
2013	2,567,054	2,567,054	-	22,015,901	11.66%

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

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

County of Pulaski, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Pulaski, Virginia
 Schedule of County's Share of Net OPEB Liability
 Healthcare OPEB Plan
 For the Years Ended June 30, 2017 through June 30, 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>				
2021	24.82%	\$ 1,210,800	N/A	N/A
2020	25.24%	1,132,100	N/A	N/A
2019	27.70%	1,303,700	N/A	N/A
2018	27.37%	1,218,300	N/A	N/A
2017	26.28%	1,191,800	N/A	N/A
<u>Component Unit Public Service Authority:</u>				
2021	3.08%	\$ 150,200	N/A	N/A
2020	3.08%	138,300	N/A	N/A
2019	4.20%	197,600	N/A	N/A
2018	4.14%	184,400	N/A	N/A
2017	4.24%	192,300	N/A	N/A
<u>Component Unit - School Board:</u>				
2021	72.10%	\$ 3,517,400	N/A	N/A
2020	71.68%	3,215,300	N/A	N/A
2019	67.95%	3,197,800	N/A	N/A
2018	68.35%	3,042,700	N/A	N/A
2017	69.26%	3,141,200	N/A	N/A

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

County of Pulaski, Virginia
 Notes to Required Supplementary Information - County OPEB
 For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
 Measurement Date: 7/1/2021

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	1.92%
Healthcare Trend Rate	County (6.00%) for fiscal year end 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Scale	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

County of Pulaski, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

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					
2021	0.05751%	\$ 669,715	\$ 11,888,512	5.63%	67.45%
2020	0.05643%	941,863	11,615,916	8.11%	52.64%
2019	0.05509%	896,462	10,073,360	8.90%	52.00%
2018	0.05197%	789,149	9,814,514	8.04%	51.22%
2017	0.05163%	777,136	9,341,508	8.32%	48.86%
Component Unit Public Service Authority					
2021	0.00938%	\$ 109,237	\$ 1,939,122	5.63%	67.45%
2020	0.00864%	144,202	1,786,764	8.07%	52.64%
2019	0.00859%	139,703	1,683,303	8.30%	52.00%
2018	0.00822%	124,870	1,552,987	8.04%	51.22%
2017	0.00803%	120,808	1,498,406	8.06%	48.86%
Component Unit - School Board (nonprofessional)					
2021	0.01120%	\$ 129,933	\$ 2,303,210	5.64%	67.45%
2020	0.01150%	192,083	2,365,581	8.12%	52.64%
2019	0.01185%	192,831	2,323,486	8.30%	52.00%
2018	0.01197%	182,000	2,271,156	8.01%	51.22%
2017	0.01177%	177,000	2,171,340	8.15%	48.86%
Component Unit - School Board (professional)					
2021	0.10630%	\$ 1,238,203	\$ 21,957,337	5.64%	67.45%
2020	0.10570%	1,764,627	21,762,660	8.11%	52.64%
2019	0.11061%	1,799,919	21,683,706	8.30%	52.00%
2018	0.11429%	1,735,000	21,717,893	7.99%	51.22%
2017	0.11814%	1,778,000	21,798,816	8.16%	48.86%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

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>					
2022	\$ 73,126	\$ 73,126	\$ -	\$ 13,543,196	0.54%
2021	64,131	64,131	-	11,888,512	0.54%
2020	60,458	60,458	-	11,615,916	0.52%
2019	52,381	52,381	-	10,073,360	0.52%
2018	51,268	51,268	-	9,814,514	0.52%
2017	49,634	49,634	-	9,341,508	0.53%
<u>Component Unit Public Service Authority</u>					
2022	\$ 11,931	\$ 11,931	\$ -	\$ 2,209,516	0.54%
2021	10,460	10,460	-	1,939,122	0.54%
2020	9,256	9,256	-	1,786,764	0.52%
2019	8,753	8,753	-	1,683,303	0.52%
2018	8,112	8,112	-	1,552,987	0.52%
2017	7,716	7,716	-	1,498,406	0.51%
<u>Component Unit - School Board (nonprofessional)</u>					
2022	\$ 13,512	\$ 13,512	\$ -	\$ 2,502,174	0.54%
2021	12,437	12,437	-	2,303,210	0.54%
2020	12,314	12,314	-	2,365,581	0.52%
2019	12,082	12,082	-	2,323,486	0.52%
2018	11,831	11,831	-	2,271,156	0.52%
2017	11,291	11,291	-	2,171,340	0.52%
2016	10,943	10,943	-	2,279,771	0.48%
2015	11,708	11,708	-	2,434,851	0.48%
2014	11,901	11,901	-	2,474,506	0.48%
2013	11,730	11,730	-	2,406,908	0.49%
<u>Component Unit - School Board (professional)</u>					
2022	\$ 127,044	\$ 127,044	\$ -	\$ 23,526,688	0.54%
2021	118,567	118,567	-	21,957,337	0.54%
2020	112,852	112,852	-	21,762,660	0.52%
2019	112,755	112,755	-	21,683,706	0.52%
2018	113,185	113,185	-	21,717,893	0.52%
2017	113,316	113,316	-	21,798,816	0.52%
2016	102,879	102,879	-	21,429,302	0.48%
2015	102,659	102,659	-	21,387,353	0.48%
2014	105,375	105,375	-	21,994,717	0.48%
2013	105,730	105,730	-	22,015,901	0.48%

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

County of Pulaski, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Pulaski, Virginia
 Schedule of County School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates June 30, 2017 through June 30, 2021

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)
2021	0.24828%	\$ 3,186,846	\$ 21,957,337	14.51%	13.15%
2020	0.24820%	3,237,679	21,758,155	14.88%	9.95%
2019	0.25823%	3,380,482	21,659,328	15.61%	8.97%
2018	0.26811%	3,404,000	21,717,893	15.67%	8.08%
2017	0.27607%	3,503,000	21,798,816	16.07%	7.04%

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 284,614	\$ 284,614	\$ -	\$ 23,521,838	1.21%
2021	265,683	265,683	-	21,957,337	1.21%
2020	260,318	260,318	-	21,758,155	1.20%
2019	259,911	259,911	-	21,659,328	1.20%
2018	267,130	267,130	-	21,717,893	1.23%
2017	241,839	241,839	-	21,798,816	1.11%
2016	227,151	227,151	-	21,429,302	1.06%
2015	226,667	226,667	-	21,387,353	1.06%
2014	243,679	243,679	-	21,994,717	1.11%
2013	244,383	244,383	-	22,015,901	1.11%

County of Pulaski, Virginia
 Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2022

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

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

County of Pulaski, Virginia
 Schedule of Changes in the Component Unit School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2020 through June 30, 2021

	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability		
Service cost	\$ 3,003	\$ -
Interest	16,782	-
Changes of benefit terms	-	248,622
Differences between expected and actual experience	(1)	-
Changes of assumptions	6,616	-
Net change in total HIC OPEB liability	<u>26,400</u>	<u>248,622</u>
Total HIC OPEB Liability - beginning	<u>248,622</u>	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 275,022</u></u>	<u><u>\$ 248,622</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 18,840	\$ -
Net investment income	2,439	-
Administrator charges	(83)	-
Net change in plan fiduciary net position	<u>\$ 21,196</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 21,196</u></u>	<u><u>\$ -</u></u>
School Division's net OPEB liability - ending (a) - (b)	\$ 253,826	\$ 248,622
Plan fiduciary net position as a percentage of the total HIC OPEB Liability	7.71%	-
Covered payroll	\$ 2,297,560	\$ -
Component Unit School Board's net HIC OPEB liability as a percentage of covered payroll	11.05%	-

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

County of Pulaski, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ending June 30, 2021 through June 30, 2022

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)
2022	\$ 20,494	\$ 20,494	-	\$ 2,499,280	0.82%
2021	18,840	18,840	-	2,297,560	0.82%

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

County of Pulaski, Virginia
 Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2022

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

Non-Largest Ten Locality Employers - General Employees

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

Other Supplementary Information

County of Pulaski, Virginia
 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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,243	\$ 1,243
Recovered Costs	-	-	6,435	6,435
Intergovernmental:				
Commonwealth	-	770,994	487,488	(283,506)
Federal Government	-	214,029	94,869	(119,160)
Total Revenues	\$ -	\$ 985,023	\$ 590,035	\$ (394,988)
EXPENDITURES:				
Current:				
General Government Administration	\$ 738,150	\$ 1,612,209	\$ 652,781	\$ 959,428
Public Safety	1,230,672	2,705,951	663,775	2,042,176
Public Works	757,000	1,742,478	634,794	1,107,684
Health and Welfare	-	1,159,708	-	1,159,708
Parks, Recreation and Cultural	307,613	1,428,441	387,331	1,041,110
Community Development	-	73,770	240,794	(167,024)
Debt Service:				
Principal Retirement	-	-	42,490	(42,490)
Interest and Other Fiscal Charges	-	-	11,953	(11,953)
Total Expenditures	\$ 3,033,435	\$ 8,722,557	\$ 2,633,918	\$ 6,088,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,033,435)	\$ (7,737,534)	\$ (2,043,883)	\$ 5,693,651
Other Financing Sources (Uses)				
Transfers In	\$ 3,033,435	\$ 7,943,163	\$ 3,579,791	\$ (4,363,372)
Issuances of Leases Payable	-	-	57,532	57,532
Total Other Financing Sources (Uses)	\$ 3,033,435	\$ 7,943,163	\$ 3,579,791	\$ (4,363,372)
Net Change in Fund Balance	\$ -	\$ 205,629	\$ 1,535,908	\$ 1,330,279
Fund Balance - Beginning	-	(205,629)	2,320,524	2,526,153
Fund Balance - Ending	\$ -	\$ -	\$ 3,856,432	\$ 3,856,432

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, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ (48,525)	\$ -	\$ 9,068	\$ 9,068
Total Revenues	<u>\$ (48,525)</u>	<u>\$ -</u>	<u>\$ 9,068</u>	<u>\$ 9,068</u>
EXPENDITURES				
Capital Projects	\$ 11,759,621	\$ 1,315,279	\$ 657,665	\$ (657,614)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (11,808,146)</u>	<u>\$ (1,315,279)</u>	<u>\$ (648,597)</u>	<u>\$ 666,682</u>
Other Financing Sources (Uses)				
Transfers In	\$ 46,883,201	\$ 3,152,900	\$ -	\$ (3,152,900)
Net Change in Fund Balance	\$ 35,075,055	\$ 1,837,621	\$ (648,597)	\$ (2,486,218)
Fund Balance - Beginning	(35,075,055)	(1,837,621)	2,390,333	4,227,954
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,741,736</u>	<u>\$ 1,741,736</u>

County of Pulaski, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	<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	\$ 27,236	\$ 146,623	\$ 91,412	\$ 265,271
Total Assets	<u>\$ 27,236</u>	<u>\$ 146,623</u>	<u>\$ 91,412</u>	<u>\$ 265,271</u>
NET POSITION				
Restricted:				
Special Welfare	\$ 27,236	\$ -	\$ -	\$ 27,236
Performance Bond	-	146,623	-	146,623
Employee Flexible Benefits	-	-	91,412	91,412
Total net position	<u>\$ 27,236</u>	<u>\$ 146,623</u>	<u>\$ 91,412</u>	<u>\$ 265,271</u>

County of Pulaski, Virginia
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

	Special Welfare	Performance Bond	Employee Flexible Benefits	Total
ADDITIONS				
Contributions:				
Expenditure reimbursement	\$ 59,798	\$ 13,325	\$ -	\$ 73,123
Support enforcements	48,034	-	-	48,034
Benefits reimbursements	-	-	31,483	31,483
Total contributions	<u>\$ 107,832</u>	<u>\$ 13,325</u>	<u>\$ 31,483</u>	<u>\$ 152,640</u>
Total additions	<u>\$ 107,832</u>	<u>\$ 13,325</u>	<u>\$ 31,483</u>	<u>\$ 152,640</u>
DEDUCTIONS				
Special welfare payments	\$ 108,268	\$ -	\$ -	\$ 108,268
Refund bonds	-	2,690	-	2,690
Flexible benefits	-	-	28,990	28,990
Total deductions	<u>\$ 108,268</u>	<u>\$ 2,690</u>	<u>\$ 28,990</u>	<u>\$ 139,948</u>
Net increase (decrease) in fiduciary net position	\$ (436)	\$ 10,635	\$ 2,493	\$ 12,692
Net position, beginning	27,672	135,988	88,919	252,579
Net position, ending	<u>\$ 27,236</u>	<u>\$ 146,623</u>	<u>\$ 91,412</u>	<u>\$ 265,271</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, 2022

	School Operating Fund	School Activity Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,669,786	\$ 1,650,460	\$ 6,320,246
Prepaid Items	466,489	-	466,489
Due from Primary Government	2,318,950	-	2,318,950
Due from Other Governmental Units	3,231,522	-	3,231,522
Total Assets	\$ 10,686,747	\$ 1,650,460	\$ 12,337,207
LIABILITIES			
Accounts Payable	\$ 1,083,080	\$ -	\$ 1,083,080
Accrued Wages	3,783,872	-	3,783,872
Due to Primary Government	62,964	-	62,964
Total Liabilities	\$ 4,929,916	\$ -	\$ 4,929,916
FUND BALANCES			
Nonspendable - Prepaid Items	\$ 466,489	\$ -	\$ 466,489
Assigned - School activity fund	-	1,475,989	1,475,989
Committed	5,290,342	-	5,290,342
Restricted - School activity fund	-	174,471	174,471
Total Fund Balances	\$ 5,756,831	\$ 1,650,460	\$ 7,407,291
Total Liabilities and Fund Balances	\$ 10,686,747	\$ 1,650,460	\$ 12,337,207

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

Total fund balances - per above \$ 7,407,291

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

Land	\$ 806,213	
Building and System	4,610,953	
Machinery and Equipment	6,875,885	
Construction in Progress	2,393,421	14,686,472

The net pension asset is not an available resource and, therefore, is not reported in the funds. 1,269,020

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

Pension Related Items	\$ 7,454,903	
OPEB Related Items	1,524,270	8,979,173

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	\$ (1,783,057)	
Net Pension Liability	(19,257,140)	
Net OPEB liabilities	(8,326,208)	(29,366,405)

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

Pension Related Items	\$ (17,144,565)	
OPEB Related Items	(1,636,530)	(18,781,095)

Net position of governmental activities - component unit school board \$ (15,805,544)

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, 2022

	School Operating Fund	School Activity Fund*	Total
REVENUES			
Revenue from Use of Money and Property	\$ 16,544	\$ -	\$ 16,544
Charges for Services	647,897	730,895	1,378,792
Miscellaneous	62,003	-	62,003
Recovered Costs	649,203	-	649,203
Intergovernmental:			
Local Government	16,033,835	-	16,033,835
Commonwealth	31,151,150	-	31,151,150
Federal Government	8,009,129	-	8,009,129
Total Revenues	\$ 56,569,761	\$ 730,895	\$ 57,300,656
EXPENDITURES:			
Current:			
Education	\$ 55,035,615	\$ 899,481	\$ 55,935,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,534,146	\$ (168,586)	\$ 1,365,560
Other Financing Sources (Uses)			
Transfers In	\$ 93,916	\$ 366,603	\$ 460,519
Transfers Out	(366,603)	(93,916)	(460,519)
Total Other Financing Sources (Uses)	\$ (272,687)	\$ 272,687	\$ -
Net Change in Fund Balance	\$ 1,261,459	\$ 104,101	\$ 1,365,560
Fund Balance - Beginning	4,495,372	1,546,359	6,041,731
Fund Balance - Ending	\$ 5,756,831	\$ 1,650,460	\$ 7,407,291

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 \$ 1,365,560

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Detail of items supporting these adjustments is as follows:

Capital Outlay	\$	8,838,294	
Depreciation		(7,434,702)	1,403,592

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

Disposal of assets	\$	(63,800)	
Transfer of assets to EDA		(150,404)	
Transfer of assets to School Board		3,372,432	3,158,228

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

State non-employer contribution to the pension plan 152,171

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	\$	(409,106)	
Changes in pension related items		4,671,079	
Changes in OPEB related items		(5,804)	4,256,169

Change in net position of governmental funds - component unit school board \$ 10,335,720

*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, 2022

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 11,900	\$ 11,900	\$ 16,544	\$ 4,644
Charges for Services	963,788	963,788	647,897	(315,891)
Miscellaneous	132,387	132,387	62,003	(70,384)
Recovered Costs	479,500	479,500	649,203	169,703
Intergovernmental:				
Local Government	15,559,134	15,559,134	16,033,835	474,701
Commonwealth	30,017,858	30,209,218	31,151,150	941,932
Federal Government	10,791,119	18,917,853	8,009,129	(10,908,724)
Total Revenues	<u>\$ 57,955,686</u>	<u>\$ 66,273,780</u>	<u>\$ 56,569,761</u>	<u>\$ (9,704,019)</u>
EXPENDITURES:				
Current:				
Education	\$ 58,015,686	\$ 66,333,780	\$ 55,035,615	\$ 11,298,165
Total Expenditures	<u>\$ 58,015,686</u>	<u>\$ 66,333,780</u>	<u>\$ 55,035,615</u>	<u>\$ 11,298,165</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ (60,000)	\$ (60,000)	\$ 1,534,146	\$ 1,594,146
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 93,916	\$ 93,916
Transfers Out	-	-	(366,603)	(366,603)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (272,687)</u>	<u>\$ (272,687)</u>
Net Change in Fund Balance	\$ (60,000)	\$ (60,000)	\$ 1,261,459	\$ 1,321,459
Fund Balance - Beginning	60,000	60,000	4,495,372	4,435,372
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,756,831</u>	<u>\$ 5,756,831</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration										Interest on Long-Term Debt	Total
	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development				
2021-22	\$ 3,738,155	\$ 2,178,268	\$ 15,419,417	\$ 2,251,981	\$ 9,420,070	\$ 21,666,411	\$ 2,446,473	\$ 2,219,436	\$ 1,613,525	\$ 60,953,736		
2020-21	3,279,198	2,110,024	16,319,331	1,686,968	9,409,838	17,637,702	890,249	2,758,678	1,733,954	55,825,942		
2019-20	3,128,845	2,169,572	12,496,921	2,230,327	10,235,842	15,838,781	1,840,271	1,105,826	1,884,031	50,930,416		
2018-19	2,660,377	1,945,251	10,668,415	1,949,125	9,518,680	15,549,922	1,566,378	1,181,486	1,870,352	46,909,986		
2017-18	2,801,349	2,067,758	9,874,829	2,586,077	10,515,792	16,553,189	1,621,925	3,504,042	1,717,409	51,242,370		
2016-17	2,700,402	2,109,851	10,833,574	2,617,920	10,957,406	15,480,363	1,615,012	1,149,908	785,624	48,250,060		
2015-16	2,271,956	1,839,512	9,084,993	2,248,209	10,778,762	15,078,566	1,474,176	2,444,344	854,398	46,074,916		
2014-15	2,297,377	1,763,999	8,960,435	3,355,036	10,387,390	14,981,310	1,581,597	5,180,699	780,400	49,288,243		
2013-14	2,674,206	1,444,538	8,526,040	1,601,211	11,482,125	14,300,540	1,424,232	3,023,726	1,210,907	45,687,525		
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		

Table 2

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

Fiscal Year	Program Revenues				General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2021-22	\$ 1,400,143	\$ 15,890,466	\$ 487,488	\$	\$ 35,676,092	\$ 9,381,335	\$ 328,520	\$ 1,581,600	\$ 2,431,631	\$ 67,177,275	
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	

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
2021-22	\$ 4,055,510	\$ 2,163,468	\$ 16,137,470	\$ 3,051,879	\$ 9,484,449	\$ 55,209,956	\$ 2,366,297	\$ 2,062,799	\$ 7,825	\$ 5,805,515	\$ 100,345,168
2020-21	3,763,728	2,110,508	17,481,716	2,709,910	9,447,348	51,058,145	2,909,632	3,015,242	-	6,378,184	98,874,413
2019-20	3,551,066	2,090,825	12,646,612	2,741,035	10,128,218	49,471,676	2,443,175	1,279,627	-	6,421,927	90,774,161
2018-19	3,309,300	2,083,683	11,350,386	2,364,247	9,777,818	49,109,733	2,087,391	1,211,765	-	6,368,340	87,662,663
2017-18	3,256,810	2,061,752	9,584,427	3,266,501	10,519,706	47,520,022	1,600,164	3,481,924	52,143	3,685,580	85,029,029
2016-17	2,705,363	2,015,564	10,764,367	2,755,809	11,099,772	48,196,247	1,555,062	1,889,719	-	3,253,181	84,235,084
2015-16	2,656,161	1,936,077	9,472,446	2,399,136	11,601,877	47,273,041	1,571,268	2,445,903	11,203	7,969,056	87,336,168
2014-15	2,682,677	1,855,350	9,701,372	3,541,420	10,417,669	46,858,303	1,550,851	5,233,090	149,816	3,013,268	85,003,816
2013-14	2,760,506	1,763,092	10,944,572	3,190,606	11,523,164	46,534,079	1,825,172	3,350,445	62,946	3,235,756	85,190,338
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

(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
2021-22	\$ 35,810,946	\$ 9,381,335	\$ 182,475	\$ 116,647	\$ 335,996	\$ 1,748,918	\$ 444,670	\$ 2,009,560	\$ 57,969,864	\$ 108,000,411
2020-21	33,047,088	8,666,350	149,347	159,901	479,241	1,979,569	185,779	2,187,056	57,710,522	104,564,853
2019-20	31,124,002	8,270,789	160,975	191,397	508,978	2,632,620	219,239	2,276,197	49,248,445	94,632,642
2018-19	31,255,925	7,849,693	258,938	390,284	546,004	1,634,994	374,573	1,529,417	47,423,369	91,263,197
2017-18	28,775,279	7,479,531	145,952	83,229	379,044	1,947,060	228,308	2,013,767	46,775,323	87,827,493
2016-17	26,298,277	7,476,305	134,340	60,363	383,286	1,952,158	227,596	2,508,787	47,773,424	86,814,536
2015-16	25,713,685	7,247,877	128,556	30,051	319,238	1,887,874	138,056	1,670,611	46,644,090	83,780,038
2014-15	25,192,418	7,120,592	147,521	120,427	287,464	2,198,388	361,530	1,694,079	46,388,682	83,511,101
2013-14	24,638,943	6,839,403	137,443	97,337	420,047	1,477,261	188,158	2,064,141	46,426,984	82,289,717
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

(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
2021-22	\$ 37,370,050	\$ 36,532,960	97.76%	\$ 101,584	\$ 36,634,544	98.03%	\$ 4,814,435	12.88%
2020-21	34,955,086	33,907,541	97.00%	173,420	34,080,961	97.50%	5,233,629	14.97%
2019-20	33,288,666	32,043,223	96.26%	101,596	32,144,819	96.56%	4,494,676	13.50%
2018-19	32,948,802	32,161,771	97.61%	104,256	32,266,027	97.93%	4,187,829	12.71%
2017-18	30,535,084	29,717,045	97.32%	110,615	29,827,660	97.68%	3,749,643	12.28%
2016-17	28,049,095	27,267,139	97.21%	82,924	27,350,063	97.51%	3,634,099	12.96%
2015-16	27,548,852	26,677,079	96.84%	170,543	26,847,622	97.45%	3,232,106	11.73%
2014-15	26,742,150	26,254,911	98.18%	93,368	26,348,279	98.53%	3,428,552	12.82%
2013-14	25,423,667	24,518,687	96.44%	1,167,629	25,686,316	101.03%	2,978,078	11.71%
2012-13	25,044,163	24,190,958	96.59%	160,657	24,351,615	97.23%	2,434,494	9.72%

(1) Includes penalty and interest.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Home			Machinery and Tools	Public Service (2)	Total
		Real Estate	Home	and Mobile			
2021-22	\$ 2,977,599,900	\$ 413,442,372	\$ 301,191,744	\$ 178,056,052	\$ 3,870,290,068		
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		

(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
2021-22	\$ 0.74	\$ 2.35	\$ 1.50	0.74
2020-21	0.77	2.35	1.50	0.77
2019-20	0.77	2.35	1.50	0.77
2018-19	0.77	2.35	1.50	0.77
2017-18 (4)	0.64/0.77	2.35	1.50	0.64
2016-17	0.64	2.35	1.50	0.64
2015-16	0.64	2.35	1.50	0.64
2014-15 (3)	0.59/0.64	2.35	1.50	0.64
2013-14	0.59	2.35	1.50	0.59
2012-13 (2)	0.54/0.59	2.35	1.50	0.59

(1) Per \$100 of assessed value.

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

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021-22	33,706	\$ 3,870,290	\$ 51,611,569	\$ 51,611,569	1.33%	\$ 1,531
2020-21	33,800	3,595,422	55,432,788	55,432,788	1.54%	1,640
2019-20	34,872	3,366,876	59,704,155	59,704,155	1.77%	1,712
2018-19	34,872	3,336,723	63,874,793	63,874,793	1.91%	1,832
2017-18	34,872	3,289,083	66,528,621	66,528,621	2.02%	1,908
2016-17	34,872	3,242,848	22,709,144	22,709,144	0.70%	651
2015-16	34,872	3,205,361	20,094,769	20,094,769	0.63%	576
2014-15	34,872	3,249,255	23,671,302	23,671,302	0.73%	679
2013-14	34,872	3,401,343	25,721,676	25,721,676	0.76%	738
2012-13	34,872	3,486,549	26,807,252	26,807,252	0.77%	769

(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
2021-22	\$ 3,853,487	\$ 1,897,585	\$ 5,751,072	\$ 100,345,168	5.73%
2020-21	4,271,367	2,055,266	6,326,633	98,874,413	6.40%
2019-20	4,170,638	2,222,850	6,393,488	90,774,161	7.04%
2018-19	4,177,665	2,190,675	6,368,340	87,662,663	7.26%
2017-18	2,482,797	738,402	3,221,199	85,029,029	3.79%
2016-17	2,433,902	819,279	3,253,181	84,235,084	3.86%
2015-16	7,095,430	873,626	7,969,056	87,336,168	9.12%
2014-15	2,109,205	904,063	3,157,011	85,003,816	3.71%
2013-14	2,042,293	1,114,718	3,157,011	85,190,338	3.71%
2012-13	2,169,831	1,222,812	3,392,643	81,540,515	4.16%

(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, 2022, and the related notes to the financial statements, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated May 30, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Pulaski, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Pulaski, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Jarrett, Cox, Associates

Blacksburg, Virginia
May 30, 2023



**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

Opinion on Each Major Federal Program

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Pulaski, Virginia's major federal programs for the year ended June 30, 2022. The County of Pulaski, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County of Pulaski, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Pulaski, Virginia's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia

May 30, 2023

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

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:					
Virginia Department of Education:					
Temporary Assistance for Needy Families (TANF)	93.558	400121/400122		\$ 392,799	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	88327			2,569
Virginia Department of Social Services:					
<i>CCDF Cluster:</i>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760121/760122			89,259
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950120/950121			6,687
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	500122			1,928
Low-Income Home Energy Assistance	93.568	600421/600422			72,130
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900121			981
Foster Care - Title IV-E	93.658	1100121/1100122			343,677
Adoption Assistance	93.659	1120121/1120122			813,287
Social Services Block Grant	93.667	1000121/1000122			412,085
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121			26,826
Children's Health Insurance Program	93.767	540121/540122			3,785
<i>Medicaid Cluster:</i>					
Medical Assistance Program	93.778	1200122			360,677
Guardianship Assistance	93.090	1110121/1110122			2,245
Title IV-E Prevention Program	93.472	1140122			5,056
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321			7,223
				<u>\$ 2,541,214</u>	
Total Department of Health and Human Services					
Department of Agriculture:					
Pass through Payments:					
Virginia Department of Agriculture:					
<i>Child Nutrition Cluster:</i>					
Summer Food Service Program for Children	10.559	60302/60303	\$ 169,829		
Summer Food Service Program for Children (Note 3)	10.559	Nott applicable	4,218	\$ 174,047	
National School Lunch Program (Note 3)	10.555	41108/40254/41106	\$ 228,345		
National School Lunch Program (NSLP)	10.555	41110	2,134,972		
COVID-19 - National School Lunch Program (NSLP)	10.555	86557	39,419	\$ 2,402,736	
School Breakfast Program (SBP)	10.553	40253		\$ 857,296	
<i>Total Child Nutrition Cluster</i>					
Child and Adult Care Food Program (CACFP)	10.558	70028/70027/86555			\$ 3,434,079
<i>Forest Service Schools and Roads Cluster:</i>					
Schools and Roads - Grants to States	10.665	43841			21,289
Pandemic Electronic Benefit Transfer Administrative Costs	10.649	86556			3,063
Virginia Department of Social Services:					
<i>SNAP Cluster:</i>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10121/10122 40121/40122			691,886
				<u>\$ 4,299,021</u>	
Total Department of Agriculture					
Department of Forestry:					
Pass through Payments:					
Virginia Department of Forestry:					
Hazard Mitigation	10.000	Unknown			\$ 10,000
Department of Justice:					
Pass through Payments:					
Virginia Department of Criminal Justice Services:					
Crime Victim Assistance	16.575	18VAGX0011/19V2GX0054			\$ 132,317
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141			16,926
Justice Assistance Act Grant Program	16.738	18DJBX0728			18,661
				<u>\$ 167,904</u>	
Total Department of Justice					
Department of Transportation:					
Pass-through payments:					
Virginia Department of Motor Vehicles:					
Alcohol Open Container Requirements	20.607	154AL-2021/154AL-2022			\$ 19,473
Virginia Department of Transportation:					
<i>Highway Planning and Construction Cluster:</i>					
Highway Planning and Construction	20.205	Unknown			94,869
<i>Highway Safety Cluster:</i>					
State and Community Highway Safety	20.600	86844		\$ 22,133	
National Priority Safety Programs	20.616	FM2HVE-2021/FM2HVE-2022		5,992	
				<u>\$ 28,125</u>	
				<u>\$ 142,467</u>	
Total Department of Transportation					
Department of Education:					
Pass through Payments:					
Virginia Department of Education:					
Title I: Grants to Local Educational Agencies	84.010	42901			\$ 1,321,104
<i>Special Education Cluster:</i>					
Special Education - Grants to States	84.027	43071		\$ 870,297	
Special Education - Preschool Grants	84.173	62521		34,670	
<i>Total Special Education Cluster</i>					
Career and Technical Education - Basic Grants to States	84.048	600310000/6001311005			904,967
Supporting Effective Instruction State Grant	84.367	61480			86,755
Student Support and Academic Enrichment Program	84.424	60281			167,387
English Language Acquisition State Grants	84.365	60509			96,862
<i>Education Stabilization Fund:</i>					
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	60177/50195/60041/60042/60170/60173		\$ 955,637	
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	70037			29,850
COVID-19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	50193		833,404	
				<u>\$ 1,818,891</u>	
				<u>\$ 4,399,425</u>	
Total Department of Education					

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2022

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	\$ 633,931	
WIA/WIOA Dislocated Worker Formula Grants	17.278	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	515,230	
WIA/WIOA Youth Activities	17.259	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	705,531	
Total WIOA Cluster			<u>\$ 1,854,692</u>	1,854,692
Total Department of Labor			<u>\$ 1,854,692</u>	
National Endowment for the Humanities				
Pass through Payments:				
Library of Virginia:				
COVID-19 - LSTA State Grants	45.310	Unknown	\$ 7,136	
Executive Office of the President				
Pass through Payments:				
Appalachia HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 11,989	
Department of Homeland Security:				
Pass through Payments:				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2020-EP-00010	\$ 74,364	
Department of Treasury:				
Pass through Payments:				
Virginia Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 37,625	
Direct Payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 2,988,357	
Pass through Payments:				
Virginia Department of Criminal Justice Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	11,250	
Virginia Department of Housing and Community Development:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	50,333	
Virginia Compensation Board:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	119,492	
Total Department of Treasury			<u>\$ 3,169,432</u>	
Total Federal Expenditures			<u>\$ 16,715,269</u>	<u>\$ 1,854,692</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 the County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Pulaski, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2022, 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	\$ 18,227,228
Other Governmental Funds	582,357
Less: Payments from Commonwealth	(11,901,812)
Add: Direct Payments to New River Valley Regional Commission	1,854,692
Less: Payments in Lieu of Taxes	(56,325)
Total Primary Government	<u>\$ 8,706,140</u>
Component Unit School Board:	
School Operating Fund	\$ 8,009,129
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 16,715,269</u>

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? Yes

Significant deficiency(ies)? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies)? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)? Yes

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

2022-001

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.

2022-002

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, 2022

Section III - Federal Award Findings and Questioned Costs

2022-003	Compliance Finding
Program Titles:	Coronavirus State and Local Fiscal Recovery Funds
ALN/CFDA Number:	21.027
Compliance Requirement:	Reporting
Criteria:	Per program requirements, an Interim Report was due by August 31, 2021 and a Project and Expenditure Report (P&E) was due by April 30, 2022 and annually thereafter. Additionally, subrecipient expenditures were required to be detailed in the reporting.
Condition:	The County was unable to provide documentation to verify that the Interim Report was filed. The P&E report provided was not certified and, therefore, it is unclear whether the report was filed in final and on what date it was filed. Additionally, the reporting listed several subrecipients that are actually subcontractors and should not have been included in the reporting.
Questioned Costs:	None
Context:	The individual responsible for overseeing the program and reporting is no longer with the County, but it appears that they were unaware of the due date for the Interim Report. The certification for the P&E report was not filed timely and management has been working to correct the issue. There was a misunderstanding regarding the definition of a subrecipient versus a subcontractor.
Cause:	Lack of appropriate knowledge related to the Uniform Guidance and program requirements.
Effect:	The required reports were not submitted timely and information input in the report does not accurately reflect subrecipients.
Recommendation:	Management should review the reporting requirements and continue working with the federal government to correct and complete the reports that are due.
Management's Response and Corrective Action:	Management will work with the federal government to get P&E reports certified in a timely manner going forward. Subrecipient information as reported will be reviewed and updated as necessary when the next annual P&E report is filed.

County of Pulaski, Virginia

Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

2021-001

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 2021-001 was repeated in the current year as 2022-001.

2021-002

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 2021-002 was repeated in the current year as 2022-002.

2021-003

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 utilized 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.

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.

Current Status: Reporting appears to have been updated to appropriately reflect underlying audit documentation. The Broadband item noted is considered a timing difference only for reporting. Finding 2021-003 is considered to be resolved in the current year.