

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025**

Pulaski County Public Service Authority
(A Component Unit of Pulaski County, Virginia)
Annual Financial Report
Year Ended June 30, 2025

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FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
Pulaski County Public Service Authority
Pulaski, Virginia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Pulaski County Public Service Authority, component unit of the County of Pulaski, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 business-type activities of Pulaski County Public Service Authority, as of June 30, 2025, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Authorities, Boards, and Commissions*, 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 Pulaski County Public Service Authority, 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 opinion.

Change in Accounting Principles

As described in Note 14 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2025, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinion is 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 Pulaski County Public Service Authority'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 opinion. 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 Authorities, Boards, and Commissions* 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 Authorities, Boards, and Commissions*, 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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 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.

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 an opinion on the financial statements that collectively comprise Pulaski County Public Service Authority's basic financial statements. The supporting schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 2022, *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 supporting schedule 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 statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 March 17, 2026, on our consideration of Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority's control over financial reporting and compliance.

Robinson, Jarrett, Cox, Associates

Blacksburg, Virginia
March 17, 2026

Financial Statements

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Statement of Net Position
At June 30, 2025

Assets:*Current Assets:*

Cash	\$	4,635,581
Receivables (net of allowance for uncollectibles)		1,812,352
Prepaid expenses		22,593
Due from other governmental units		65,612
Loans receivable, current portion		121,154
Total Current Assets	\$	<u>6,657,292</u>

Noncurrent Assets:

Restricted cash	\$	381,515
Loans receivable, long-term portion		1,768,080
Capital assets, not being depreciated		2,838,035
Capital assets, net of accumulated depreciation		25,350,216
Total Noncurrent Assets	\$	<u>30,337,846</u>
Total Assets	\$	<u>36,995,138</u>

Deferred Outflows of Resources:

Pension related items	\$	677,438
OPEB related items		57,819
Total Deferred Outflows of Resources	\$	<u>735,257</u>

Liabilities:*Current Liabilities:*

Accounts payable	\$	298,542
Accrued payroll		192,554
Interest payable		29,506
Customer deposits		211,352
Compensated absences, current portion		150,755
Proprietary debt, current portion		412,394
Total Current Liabilities	\$	<u>1,295,103</u>

Noncurrent Liabilities:

Compensated absences, long-term portion	\$	452,264
Net OPEB liabilities		210,735
Net pension liability		591,203
Proprietary debt, long-term portion		10,596,661
Total Noncurrent Liabilities	\$	<u>11,850,863</u>
Total Liabilities	\$	<u>13,145,966</u>

Deferred Inflows of Resources:

Pension related items	\$	270,791
OPEB related items		90,338
Total Deferred Inflows of Resources	\$	<u>361,129</u>

Net Position:

Net investment in capital assets	\$	17,942,770
Restricted for Debt Service		381,515
Unrestricted		5,899,015
Total Net Position	\$	<u>24,223,300</u>

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

Operating Revenues:	
Water, sewer, and garbage services	\$ 10,223,533
Street lights	8,901
Reconnection fees	26,510
Penalties and interest on delinquent accounts	210,421
Miscellaneous	317,348
Total operating revenues	<u>\$ 10,786,713</u>
Operating Expenses:	
Water Distribution	\$ 1,760,192
Water Treatment Plant	1,937,886
Sewer Collection and Treatment	1,786,290
Refuse Collection and Disposal	4,403,336
Administration	1,094,951
Street Lighting	8,833
Total operating expenses	<u>\$ 10,991,488</u>
Operating income (loss)	<u>\$ (204,775)</u>
Nonoperating Revenues (Expenses):	
Interest income	\$ 163,662
Interest on notes receivable	33,370
Connection fees	70,400
Interest expense	(329,487)
Total nonoperating revenues (expenses)	<u>\$ (62,055)</u>
Income (loss) before capital contributions	<u>\$ (266,830)</u>
Capital Contributions:	
Grants	<u>\$ 1,429,053</u>
Increase (Decrease) in Net Position	\$ 1,162,223
Net Position, Beginning of Year, as previously reported	\$ 23,424,177
Restatement	(363,100)
Net Position, Beginning of Year, as restated	<u>\$ 23,061,077</u>
Net Position, End of Year	<u><u>\$ 24,223,300</u></u>

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities:	
Cash received from customers	\$ 10,605,550
Cash paid to suppliers for goods and services	(4,989,808)
Cash paid to employees for services	(4,236,413)
Net cash provided by (used for) operating activities	<u>\$ 1,379,329</u>
Cash flows from noncapital financing activities:	
Contributions (to) from Pulaski County	<u>\$ 26,292</u>
Cash flows from capital and related financing activities:	
Connection charges	\$ 70,400
Acquisition of capital assets	(2,482,701)
Capital grants received	1,505,678
Retirement of debt	(403,070)
Interest and loan costs paid on debt	(321,168)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,630,861)</u>
Cash flows from investing activities:	
Interest income	\$ 163,662
Interest received from notes receivable	33,370
Loan payments received	117,495
Net cash provided by (used for) investing activities	<u>\$ 314,527</u>
Net increase (decrease) in cash	<u>\$ 89,287</u>
Cash at beginning of year (including restricted cash of \$374,694)	4,927,809
Cash at end of year (including restricted cash of \$381,515)	<u><u>\$ 5,017,096</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating income (loss)	\$ (204,775)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,966,205
(Increase) decrease in receivables	(203,461)
(Increase) decrease in prepaid expenses	1,868
(Increase) decrease in deferred outflows of resources	(250,988)
Increase (decrease) in operating accounts payable	(220,775)
Increase (decrease) in Due to Primary Government	(505)
Increase (decrease) in compensated absences	17,971
Increase (decrease) in net OPEB liabilities	(27,001)
Increase (decrease) in net pension liability	168,830
Increase (decrease) in accrued payroll	59,990
Increase (decrease) in customer deposits	22,298
Increase (decrease) in deferred inflows of resources	49,672
Net cash provided by (used for) operating activities	<u><u>\$ 1,329,657</u></u>
Noncash capital and related financing activities:	
Capital asset additions included in accounts payable at end of year	\$ 38,620

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

**PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS
AT JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Pulaski County Public Service Authority (the “Authority”) 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. The Financial Reporting Entity:

The Authority is a discretely presented component unit of the County of Pulaski, Virginia and is presented as such in the County’s financial report for the fiscal year ended June 30, 2025.

B. Basis of Accounting:

Proprietary Funds- The accrual basis of accounting is used for the Authority. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Capital Assets:

Capital assets are tangible and intangible assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$20,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	5-50
Machinery and equipment	3-10
Buildings and improvements	30-50

D. Allowance for Uncollectible Accounts:

The Authority calculates its allowance for uncollectible accounts using historical collection data. At June 30, 2025, the allowance amounted to approximately \$2,152,510.

E. 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 Authority considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. Restricted Assets:

Included in restricted cash and cash equivalents are amounts held in debt service reserve accounts in the amount of \$381,515.

H. Compensated Absences:

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the financial statements and includes salary-related benefits, where applicable.

I. 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) until then. The Authority only has one item that qualifies for reporting in this category. It 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

J. Net Position:

For the Authority, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

Sometimes the Authority 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

K. 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 Pulaski County Public Service Authority’s and the deductions from the Pulaski County Public Service Authority’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 benefit terms. Investments are reported at fair value.

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS GLI OPEB liability, 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 OPEB Plan and the additions to/deductions from the VRS OPEB Plan’s fiduciary net 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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

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

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	Less than 1 Year
Local Government Investment Pool	\$ 2,280,824	\$ 2,280,824

External Investment Pool

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Credit Risk of Debt Securities

The Authority's debt investments consist of the following:

County's Rated Debt Investments'	
Rated Debt Investments	Fair Quality Ratings
	S&P AAAM
Local Government Investment Pool	\$ 2,280,824

NOTE 3 - DUE FROM PRIMARY GOVERNMENT:

As of June 30, 2025, the Authority had \$0 due from the Primary Government.

NOTE 4 - CAPITAL ASSETS:

A summary of changes in capital assets for the year follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 274,354	\$ -	\$ -	\$ 274,354
Construction in progress	730,544	2,093,883	(260,746)	2,563,681
Total capital assets not being depreciated	\$ 1,004,898	\$ 2,093,883	\$ (260,746)	\$ 2,838,035
Capital assets, being depreciated:				
Infrastructure	\$ 54,817,924	\$ 356,644	\$ -	\$ 55,174,568
Buildings and improvements	711,184	-	-	711,184
Machinery and equipment	9,691,036	331,540	(269,555)	9,753,021
Total capital assets being depreciated	\$ 65,220,144	\$ 688,184	\$ (269,555)	\$ 65,638,773
Accumulated depreciation:				
Infrastructure	\$ (32,250,965)	\$ (1,296,324)	\$ -	\$ (33,547,289)
Buildings and improvements	(111,299)	(17,944)	-	(129,243)
Machinery and equipment	(6,229,643)	(651,937)	269,555	(6,612,025)
Total accumulated depreciation	\$ (38,591,907)	\$ (1,966,205)	\$ 269,555	\$ (40,288,557)
Total capital assets being depreciated, net	\$ 26,628,237	\$ (1,278,021)	\$ -	\$ 25,350,216
Capital assets, net	\$ 27,633,135	\$ 815,862	\$ (260,746)	\$ 28,188,251

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 4 - CAPITAL ASSETS: (continued)

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

Water distribution	\$	611,307
Water Treatment Plant		279,764
Sewer Collection and Treatment		520,212
Refuse Collection and Disposal		541,171
Administration		13,751
Total	\$	<u>1,966,205</u>

NOTE 5 - LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligations of the Authority for the fiscal year ended June 30, 2025:

	Beginning Balance, as restated	Issuances/ Increases	Retirements/ Decreases	Ending Balance
Direct Borrowings and Placements:				
Revenue bonds	\$ 11,396,178	\$ -	\$ (403,070)	\$ 10,993,108
Unamortized bond premiums	18,224	-	(2,277)	15,947
Net OPEB liabilities	237,736	80,341	(107,342)	210,735
Net pension liability	422,373	1,347,123	(1,178,293)	591,203
Compensated absences*	585,048	17,971	-	603,019
Total	<u>\$ 12,659,559</u>	<u>\$ 1,445,435</u>	<u>\$ (1,690,982)</u>	<u>\$ 12,414,012</u>

*The change in the compensated absences liability is presented as a net change.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Water and Sewer Revenue Bonds	
	Principal	Interest
2026	\$ 410,117	\$ 306,215
2027	422,186	300,217
2028	434,546	286,898
2029	447,470	272,981
2030	460,711	258,715
2031-2035	2,140,242	1,079,268
2036-2040	1,900,337	800,785
2041-2045	1,965,718	524,947
2046-2050	2,067,670	222,373
2051-2055	457,054	45,149
2056-2060	287,057	12,989
Totals	<u>\$ 10,993,108</u>	<u>\$ 4,110,537</u>

**PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025**

NOTE 5 - LONG-TERM OBLIGATIONS: (continued)

Details of Long-term Obligations:

	Interest Rate(s)	Issue Date	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Direct Borrowings and Placements:						
Rural Development (RD) Water and Sewer Revenue Bonds:						
Central Utilities	4.50%	5/11/2009	2049	\$ 865,900	\$ 690,055	\$ 16,785
Highland Park Sewer	4.25%	11/19/2009	2050	1,187,600	953,925	22,991
Dublin Subdivisions Sewer	4.25%	11/19/2009	2050	804,400	646,852	15,569
Commerce Park Initial	2.375%	2/17/2011	2051	3,812,000	2,908,744	84,340
Commerce Park Subsequent	2.375%	2/17/2011	2051	929,000	705,472	20,735
Community Sewers #05	1.750%	11/19/2019	2060	1,249,000	1,122,053	24,011
Community Sewers #06	2.375%	11/19/2019	2060	638,000	580,736	11,039
Total RD Revenue Bonds					\$ 7,607,837	\$ 195,470
Other Water and Sewer Revenue Bonds:						
Claytor Lake #1 and #2	3.300%	3/5/2014	2034	\$ 2,490,038	\$ 1,123,571	\$ 128,811
Total Other Revenue Bonds					\$ 1,123,571	\$ 128,811
Premium	n/a	6/30/2004	2032	\$ 63,764	\$ 15,947	\$ 2,277
Virginia Resource Authority (VRA) Water and Sewer Revenue Bonds:						
Generator	2.00%	3/31/2016	2046	\$ 231,000	\$ 177,218	\$ 6,884
Water Meter	2.50%	7/30/2019	2038	475,000	368,329	23,821
Raw Water Intake	2.50%	5/16/2019	2041	362,500	303,327	16,117
Intake Improvements WSL-046-18 (1)	2.50%	11/1/2022	2054	1,534,000	1,412,826	39,014
Total VRA Revenue Bonds					\$ 2,261,700	\$ 85,836
Total Direct Borrowing and Placements Revenue Bonds					\$ 11,009,055	\$ 412,394
Other Obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 210,735	\$ -
Compensated absences	n/a	n/a	n/a	n/a	603,019	150,755
Net pension liability	n/a	n/a	n/a	n/a	591,203	-
Total Other Obligations					\$ 1,404,957	\$ 150,755
Totals					\$ 12,414,012	\$ 563,149

(1) Issuance is still in the drawdown phase. Amortization information reported is based on the outstanding balance shown.

In the event of default on the rural development loans, the Lender can call the entire unpaid principal and interest amounts.

**PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025**

NOTE 6 - LOAN RECEIVABLE:

During 2013, the PSA entered into an agreement with Virginia's First RIFA whereby the RIFA agreed to repay the PSA for a portion of the cost of the Commerce Park water and sewer expansion project. The agreement resulted in a \$2,145,000 loan payable, dated April 13, 2010, which is due to the PSA in annual installments of \$55,000. The loan became due and payable upon completion of the PSA Commerce Park water and sewer expansion project on June 30, 2013. The loan is non-interest bearing; however, interest has been imputed at a rate of 2.375% based upon market conditions. The discounted value of the loan at June 30, 2025 is \$1,087,040 with \$29,183 included as the current portion due.

The County is responsible for 74% of the Claytor Lake #1 and #2 debt balance shown in Note 4 and, therefore, a loan receivable has been recorded for this portion of the loan. The County makes payments to the PSA in accordance with original loan's amortization schedule and terms at the percentage noted above. The balance of the loan receivable at June 30, 2025 was \$802,194 with \$91,971 included as the current portion due.

NOTE 7 - COMPENSATED ABSENCES:

The Authority has an accrued liability arising from outstanding compensated absences.

The Authority's employees earn vacation leave at various rates. No benefit or pay is received for unused sick leave upon termination. Accumulated vacation is paid upon termination. The Authority has outstanding compensated absences totaling \$603,019.

NOTE 8 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Pulaski County Public Service Authority 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 Pulaski County, Virginia 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.
- 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 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. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 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.

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. 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. 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.

NOTE 8 - PENSION PLAN: (continued)

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 Pulaski County Public Service Authority's contractually required employer contribution rate for the year ended June 30, 2025 was 10.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 Pulaski County Public Service Authority were \$285,123 and \$202,170 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$13,510 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$10,177 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,350,995 for the year ended June 30, 2025.

Net Pension Liability (Asset)

At June 30, 2025, the Pulaski County Public Service Authority reported a liability (asset) of \$591,203 for its proportionate share of the net pension liability (asset). The Pulaski County Public Service Authority's net pension liability (asset) was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Pulaski County Public Service Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2024 and 2023 as a basis for allocation. At June 30, 2024 and 2023, the Pulaski County Public Service Authority's proportion was 12.6284% and 13.7081%, respectively.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
 (A COMPONENT UNIT OF PULASKI COUNTY)
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 AT JUNE 30, 2025

NOTE 8 - PENSION PLAN: (continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Pulaski County Public Service Authority’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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 Improvements:

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
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 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 AT JUNE 30, 2025

NOTE 8 - PENSION PLAN: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 8 - PENSION PLAN: (continued)

Long-Term Expected Rate of Return

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

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers 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 Pulaski County Public Service Authority’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Pulaski County Public Service Authority’s proportionate share of the net pension liability (asset) using the discount rate of 6.75%, as well as what the Pulaski County Public Service Authority’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%)
Pulaski County Public Service Authority's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,815,570	\$ 591,203	\$ (414,472)

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

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, 2025, the Pulaski County Public Service Authority recognized pension expense of \$264,678. 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, 2025, the Pulaski County Public Service Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 392,315	\$ -
Net difference between projected and actual earnings on pension plan investments	-	245,146
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	25,645
Employer contributions subsequent to the measurement date	285,123	-
Total	<u>\$ 677,438</u>	<u>\$ 270,791</u>

\$285,123 reported as deferred outflows of resources related to pensions resulting from the Pulaski County Public Service Authority'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, 2026. 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:

<u>Year Ended June 30</u>	
2026	\$ 21,373
2027	206,250
2028	(54,906)
2029	(51,193)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9 - 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. The Authority participates in the Plan through Pulaski County, 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 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 \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 entity were \$12,205 and \$13,002 for the years ended June 30, 2025 and June 30, 2024, respectively.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 9 - 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

At June 30, 2025, the entity reported a liability of \$104,635 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.00938% as compared to 0.01008% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$5,831. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,503	\$ 2,556
Net difference between projected and actual earnings on GLI OPEB plan investments	-	8,820
Change in assumptions	596	5,185
Changes in proportionate share	8,164	77
Employer contributions subsequent to the measurement date	<u>12,205</u>	<u>-</u>
Total	<u>\$ 37,468</u>	<u>\$ 16,638</u>

\$12,205 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's 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, 2026. 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:

<u>Year Ended June 30</u>	
2026	\$ (1,528)
2027	4,579
2028	2,284
2029	1,493
2030	1,797

NOTE 9 - 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, 2023, 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, 2024. 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:	
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; 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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 9 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

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 measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
	<hr/>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	\$ <u><u>1,115,922</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 73.41%

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.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 9 - 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 9 - 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, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Pulaski County Public Service Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 162,722	\$ 104,635	\$ 57,709

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:

Plan Description

The Pulaski County Public Service Authority participates in a cost-sharing defined benefit healthcare plan, the 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 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 employees be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. The Plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

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. Contributions to the OPEB plan from the Pulaski County Public Service Authority were \$6,151 for the year ended June 30, 2025.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.09%
Healthcare Cost Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality rates were based on the PUB - 2010 Amount-Weighted General Mortality Table - Employees with MP-2021 Projection Scale Fully Generational.

The actuarial assumptions used in the July 1, 2024 valuation are based on a measurement date of July 1, 2024 and the corresponding measurement period of July 1, 2023 to July 1, 2024. The measurement of the total OPEB liability is based on a valuation date of July 1, 2024.

Discount Rate

The discount rate has been set equal to 4.09% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (continued)

Sensitivity of the Employer’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Pulaski County Public Service Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

Rate		
1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
\$ 115,802	\$ 106,100	\$ 97,224

Sensitivity of the Employer’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Pulaski County Public Service Authority, 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 (6.00%) or one percentage point higher (8.00%) than the current healthcare cost trend rates:

Rate		
1% Decrease	Healthcare Cost Current Rate	1% Increase
\$ 94,592	\$ 106,100	\$ 119,515

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the Pulaski County Public Service Authority reported a liability of \$106,100 for its proportionate share of the Total OPEB Liability. The Total OPEB Liability was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2024. At June 30, 2025 and 2024, the Pulaski County Public Service Authority’s proportion was 2.7609% and 2.3858%, respectively.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (continued)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the year ended June 30, 2025, the Pulaski County Public Service Authority recognized OPEB expense of \$(22,900). At June 30, 2025, the Authority, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 400	\$ 67,700
Change in assumptions	13,800	6,000
Employer contributions subsequent to the measurement date	6,151	-
Total	<u>\$ 20,351</u>	<u>\$ 73,700</u>

Amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2026	\$ (23,600)
2027	(16,600)
2028	(6,800)
2029	(6,900)
2030	(5,600)

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

NOTE 11 - AGGREGATE OPEB INFORMATION:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Group Life Insurance Plan	\$ 37,468	\$ 16,638	\$ 104,635	\$ 5,831
Stand-Alone Plan	20,351	73,700	106,100	(22,900)
Totals	<u>\$ 57,819</u>	<u>\$ 90,338</u>	<u>\$ 210,735</u>	<u>\$ (17,069)</u>

NOTE 12 - LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

**PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AT JUNE 30, 2025**

NOTE 13 - COMMITMENTS:

The Authority entered into an agreement with Virginia’s First Regional Industrial Facility Authority (VRIFA) whereby VRIFA would pay for the engineering and installation of a sewer line which totaled \$369,134. The Authority collects revenues from the use of the sewer line and based on same, remits annual payments to VRIFA to pay on the balance of costs incurred. The agreement terms coincide with the life of the sewer line which is 40 years beginning on June 30, 2007. During the year, the Authority paid VRIFA \$0 related to the agreement. At June 30, 2025, the remaining balance owed to VRIFA totaled \$313,143.

During the year, the Authority had several projects underway, which are presented in the financial statements as construction in progress. Presented below is a list of major projects:

<u>Project</u>	<u>Contract Amount</u>	<u>Expenditures to Date</u>	<u>Balance of Contract</u>
Old Route 11 Water Lines Project	\$ 314,200	\$ 240,430	\$ 73,770

NOTE 14 - ADOPTION OF ACCOUNTING PRINCIPLE:

The Authority implemented provisions of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Beginning net position for the Authority was restated to include sick leave in compensated absences as part of implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

	<u>Net Position</u>
Beginning balance, as previously stated	\$ 23,424,177
Increase in compensated absences	(363,100)
Beginning balance, as restated	<u>\$ 23,061,077</u>

NOTE 15 - SUBSEQUENT EVENTS:

In November 2025, the Authority awarded contracts totaling \$2,217,235. In December 2025, the Authority accepted Virginia Department of Health (VDH) funding of \$5,881,000. In January 2026, the Authority approved a resolution for interim financing for a project from a First Bank and Trust for 12 months with an interest rate of 6.95%.

NOTE 16 - UPCOMING PRONOUNCEMENTS:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Schedule of Authority's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Dates of June 30, 2015 through June 30, 2024

Pulaski County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date (1)	Employer's Proportion of the Net Position 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's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2024	12.6284%	\$ 591,203	\$ 2,407,129	24.56%	93.98%
2023	13.7081%	422,373	2,373,611	17.79%	95.68%
2022	13.9183%	104,808	2,209,516	4.74%	98.86%
2021	13.9370%	(291,226)	1,939,122	-15.02%	-103.24%
2020	13.1500%	912,156	1,778,429	51.29%	88.50%
2019	13.3600%	730,945	1,680,489	43.50%	90.73%
2018	12.8998%	454,651	1,552,987	29.28%	93.59%
2017	12.9667%	575,762	1,498,406	38.42%	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%

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Schedule of Employer Contributions
Pension Plan
Years Ended June 30, 2016 through June 30, 2025

Pulaski County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Contractually Required Contribution (1)*	Contributions in Relation to		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
		Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
2025	\$ 285,123	\$ 285,123	-	\$ 2,596,423	10.98%
2024	202,170	202,170	-	2,407,129	8.40%
2023	199,160	199,160	-	2,373,611	8.39%
2022	177,811	177,811	-	2,209,516	8.05%
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%

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Notes to Required Supplementary Information
Pension Plan
Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Pulaski County Public Service Authority
(A component unit of Pulaski County, Virginia)
Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Pulaski County, Virginia's GLI Plan (a cost-sharing multiple employer plan administered by the VRS)

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.009380%	\$ 104,635	\$ 2,407,720	4.35%	73.41%
2023	0.010080%	120,836	2,373,269	5.09%	69.30%
2022	0.010160%	122,307	2,209,516	5.54%	67.21%
2021	0.009380%	109,237	1,937,037	5.64%	67.45%
2020	0.008640%	144,202	1,778,429	8.11%	52.64%
2019	0.008585%	139,703	1,683,303	8.30%	52.00%
2018	0.008224%	124,870	1,552,987	8.04%	51.22%
2017	0.008026%	120,808	1,498,406	8.06%	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.

Pulaski County Public Service Authority
(A component unit of Pulaski County, Virginia)
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2017 through June 30, 2025

Pulaski County, Virginia's GLI Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2025	\$ 12,205	\$ 12,205	\$ -	\$ 2,596,706	0.47%
2024	13,002	13,002	-	2,407,720	0.54%
2023	12,816	12,816	-	2,373,269	0.54%
2022	11,931	11,931	-	2,209,516	0.54%
2021	10,460	10,460	-	1,937,037	0.54%
2020	9,256	9,256	-	1,778,429	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%

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.

Pulaski County Public Service Authority
(A component unit of Pulaski County, Virginia)
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Pulaski County Public Service Authority
(A component unit of Pulaski County, Virginia)
Schedule of Authority's Proportionate Share of the Total OPEB Liability
Health Insurance
Years Ended June 30, 2018 through June 30, 2025

Pulaski County, Virginia's Health Insurance (a cost-sharing multiple employer plan administered by the VRS)

Date (1)	Proportion of the Net OPEB Liability (NPLA) (2)	Proportionate Share of the NOLA (3)	Covered-Employee Payroll (4)	Proportionate Share of the NOLA as a Percentage of Covered-Employee Payroll (3)/(4) (5)
2025	2.7609%	\$ 106,100	\$ 1,355,898	7.83%
2024	2.3858%	116,900	1,024,454	11.41%
2023	2.6176%	126,600	1,124,027	11.26%
2022	3.0789%	150,200	1,097,192	13.69%
2021	3.0831%	138,300	1,098,697	12.59%
2020	4.1991%	197,600	1,389,768	14.22%
2019	4.1400%	184,400	1,370,208	13.46%
2018	4.2400%	192,300	1,352,433	14.22%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Pulaski County Public Service Authority
(A component unit of Pulaski County, Virginia)
Notes to Required Supplementary Information
Health Insurance
Year Ended June 30, 2025

Valuation Date: 7/1/2024
 Measurement Date: 7/1/2024

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	4.09%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	PUB - 2010 Amount-Weighted General Mortality Table - Employees with MP2021 Projection Scale Fully Generational

Other Supplementary Information

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Comparative Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025 (With Comparative Amounts for Year Ended June 30, 2024)

	2025	2024
Operating Revenues:		
Garbage service	\$ 4,617,227	\$ 3,857,413
Water service	3,760,679	3,672,548
Sewer service	1,845,627	2,049,109
Street lights	8,901	2,963
Reconnection fees	26,510	4,156
Penalties and interest on delinquent accounts	210,421	80,291
Miscellaneous	317,348	267,828
Total operating revenues	\$ 10,786,713	\$ 9,934,308
Operating Expenses:		
<i>Water Distribution:</i>		
Salaries	\$ 325,941	\$ 245,880
Fringes	105,939	81,829
Professional services	116,559	66,588
County central services	45,836	36,533
Supplies	1,219	460
Repair and maintenance	226,978	80,091
Machinery and equipment	28,238	2,648
Other	298,175	111,244
Depreciation	611,307	597,011
Total Water Distribution	\$ 1,760,192	\$ 1,222,284
<i>Water Treatment Plant:</i>		
Salaries	\$ 600,334	\$ 535,452
Fringes	186,659	176,637
Professional services	349,102	397,405
County central services	5,381	23,487
Supplies	195,936	160,834
Repair and maintenance	6,628	28,966
Other	314,082	349,372
Depreciation	279,764	251,488
Total Water Treatment Plant	\$ 1,937,886	\$ 1,923,641

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Comparative Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025 (With Comparative Amounts for Year Ended June 30, 2024)

	2025	2024
Operating Expenses: (Continued)		
<i>Sewer Collection and Treatment:</i>		
Salaries	\$ 103,585	\$ 86,572
Fringes	56,592	48,339
Professional services	932,617	862,693
County central services	16,363	16,523
Supplies	12,032	12,345
Repair and maintenance	34,127	33,235
Other	110,762	106,199
Depreciation	520,212	505,890
Total Sewer Collection and Treatment	\$ 1,786,290	\$ 1,671,796
 <i>Refuse Collection and Disposal:</i>		
Salaries	\$ 1,658,909	\$ 1,481,372
Fringes	667,572	571,429
Professional services	534,801	491,840
County central services	440,975	469,113
Supplies	18,074	17,310
Other	432,211	467,876
Dumpsters/containers	109,623	38,933
Depreciation	541,171	499,857
Total Refuse Collection and Disposal	\$ 4,403,336	\$ 4,037,730
 <i>Administration:</i>		
Salaries	\$ 390,547	\$ 376,129
Fringes	158,809	136,870
Professional services	86,508	71,558
County central services	41,194	44,040
Supplies	3,371	3,815
Computer equipment	3,623	1,618
Other	397,148	229,479
Depreciation	13,751	11,999
Total Administration	\$ 1,094,951	\$ 875,508
 <i>Street Lighting:</i>		
Electricity	\$ 8,833	\$ 8,693
Total operating expenses	\$ 10,991,488	\$ 9,739,652
Operating income (loss)	\$ (204,775)	\$ 194,656

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Comparative Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025 (With Comparative Amounts for Year Ended June 30, 2024)

	2025	2024
Nonoperating Revenues (Expenses):		
Interest income on investments	\$ 163,662	\$ 133,236
Interest on notes receivable	33,370	37,736
Connection fees	70,400	55,920
Interest expense	(329,487)	(308,861)
Total nonoperating revenues (expenses)	\$ (62,055)	\$ (81,969)
Income (loss) before capital contributions	\$ (266,830)	\$ 112,687
Capital Contributions:		
Grants	\$ 1,429,053	\$ 488,372
Increase (Decrease) in Net Position	\$ 1,162,223	\$ 601,059
Net Position, Beginning of Year, as previously reported	\$ 23,424,177	\$ 22,823,118
Restatement	(363,100)	-
Net Position, Beginning of Year, as restated	\$ 23,061,077	\$ 22,823,118
Net Position, End of Year	\$ 24,223,300	\$ 23,424,177

STATISTICAL INFORMATION

Table 1

PULASKI COUNTY PUBLIC SERVICE AUTHORITY
(A COMPONENT UNIT OF PULASKI COUNTY, VIRGINIA)
Pledged Revenue Coverage
Last Ten Fiscal Years*
(unaudited)

Water and Sewer Revenue Bonds							
Fiscal Year	Operating Revenues (1)	Less:		Net revenues available for debt service	Debt Service		Coverage
		Operating expenses (2)			Principal	Interest	
2025	\$ 11,054,145	\$ 9,025,283		\$ 2,028,862	\$ 403,070	\$ 321,168	280%
2024	10,161,200	7,873,407		2,250,057	355,017	312,970	337%
2023	10,203,967	8,577,487		1,585,240	381,238	314,804	228%
2022	10,397,162	8,276,086		2,077,484	369,573	315,695	303%
2021	10,024,110	8,297,842		1,672,640	594,198	324,134	182%
2020	9,868,646	7,567,573		2,301,073	407,986	320,830	316%
2019	9,377,979	7,591,183		1,786,796	384,465	312,490	256%
2018	9,844,265	7,391,335		2,452,930	531,670	316,423	289%
2017	9,885,706	7,838,149		2,047,557	549,396	304,857	240%

(1) Operating revenues, interest and connection fees as described in Note 1.

(2) Net of depreciation and amortization.

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

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
Pulaski County Public Service Authority
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 Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Pulaski County Public Service Authority (the Authority), component unit of County of Pulaski, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Pulaski County Public Service Authority's basic financial statements and have issued our report thereon dated March 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pulaski County Public Service Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pulaski County Public Service Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Pulaski County Public Service Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
March 17, 2026



**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
Pulaski County Public Service Authority
Pulaski, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pulaski County Public Service Authority'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 Pulaski County Public Service Authority's major federal programs for the year ended June 30, 2025. Pulaski County Public Service Authority'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, Pulaski County Public Service Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Pulaski County Public Service Authority 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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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 Pulaski County Public Service Authority'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.

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, Jarrett, Cox, Associates

Blacksburg, Virginia
March 17, 2026

Pulaski County Public Service Authority
(A Component Unit of Pulaski County, Virginia)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY:			
Pass Through Payments:			
Virginia Department of Health:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	\$ <u>1,138,441</u>
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4831 DRVAP00000001	<u>65,612</u>
Total Expenditures of Federal Awards			\$ <u><u>1,204,053</u></u>

Notes to the Schedule of Expenditures of Federal Awards

NOTE A--BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Pulaski County Public Service Authority under programs of the federal government for the year ended June 30, 2025. 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 Pulaski County Public Service Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Pulaski County Public Service Authority.

NOTE B--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) The Authority did not elect the 15% de minimis indirect cost rate because they only request direct costs for reimbursement.
- (3) Pass-through entity identifying numbers are presented where available.

NOTE C--SUBRECIPIENTS

The Authority did not have any subrecipients for the year ended June 30, 2025.

NOTE D--RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

Intergovernmental state and federal revenues per the basic financial statements:

Grant revenues per financials	\$ 1,429,053
State revenues	<u>(225,000)</u>
Total federal expenditures per basic financial statements	\$ <u>1,204,053</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>1,204,053</u></u>

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Pulaski County Public Service Authority
(A Component Unit of Pulaski County, Virginia)
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

No findings in prior year.