

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005

**COUNTY OF PULASKI, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005**

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

BOARD OF SUPERVISORS

Frank R. Conner William E. "Eddie" Hale	Joseph L. Sheffey, Chair Gena Hanks, Clerk	Ranny L. Akers Dean K. Pratt
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COUNTY SCHOOL BOARD

John Wenrich Jeff Bain	Paul Phillips, Chair Jean Cox, Clerk	Beth Nelson Pamela Chitwood
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SOCIAL SERVICES BOARD

Jack White Joseph L. Sheffey	Sybil Atkinson, Chair Faith Chumbley, Clerk	Hugh Huff Rev. Mike Travis
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LIBRARY BOARD

Judy Barr Angie Hall Mason Vaughan, Jr. Sandy Smith	Jill Sandidge, Chair Dorothy Ogbum, Librarian	Phillip Barker Marva Hickman Don Fariss Donald Stowers
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COUNTY OF PULASKI, VIRGINIA

OTHER OFFICIALS

Judge of the Circuit Court.....R. W. Grubbs
Judge of the Circuit Court.....C. R. Gibb
Judge of the Circuit Court..... J. C. Campbell, Sr.
Judge of the Circuit Court..... Brett L. Geisler
Judge of the Circuit Court.....Robert M. D. Turk
Clerk of the Circuit Court Royce G. Lookabill
Judge of the General District CourtEdward M. Turner, III
Judge of the General District CourtRandal J. Duncan
Judge of the General District CourtJohn C. Quigley, Jr.
Judge of the General District Court Gino W. Williams
Judge of the Juvenile and Domestic Relations Court Howard L. Chitwood
Judge of the Juvenile and Domestic Relations CourtRobert C. Viar, Jr.
Judge of the Juvenile and Domestic Relations CourtM. Keith Blankenship
Judge of the Juvenile and Domestic Relations Court Marcus H. Long, Jr.
Commonwealth's Attorney..... K. Mike Fleenor
Commissioner of the RevenueJohn J. Gill
Treasurer.....Rose Marie Tickle
Sheriff..... James A. Davis
Superintendent of Schools..... Donald Stowers
Director of Social Services.....James C. Wallis
County Administrator Peter M. Huber
County Attorney..... Thomas J. McCarthy, Jr.

FINANCIAL SECTION

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Pulaski, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Christiansburg, Virginia
September 30, 2005

Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the 2004-05 fiscal year ending June 30, 2005 (FY05) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. By GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors, School Board, Pulaski County Public Service Authority (PSA) and the Industrial Development Authority of Pulaski County (IDA).

Executive Summary

There are two primary ways of measuring the financial condition of a locality: how did the net assets of the County change and how did recurring operational revenues keep up with reoccurring operational expenditures.

Change in net assets: In the 2004-05 fiscal year, depreciation of existing facilities decreased their value by \$5.1 million from \$25.1 million to \$20.0 million while new construction added \$4.4 million to the value of existing capital assets. The net effect was a \$0.7 decrease in the value of capital assets from \$53.9 to \$53.2 million. At the same time short and long-term debt was reduced by \$3.5 million. The overall impact of these two changes was that the net assets of the County increased by \$2.8 million from \$27.7 on June 30, 2004 to \$30.5 million on June 30, 2005.

Recurring revenues and expenditures: As noted in Exhibit 5, generally recurring revenues in FY 2005 totaled \$36.3 million while recurring expenditures totaled \$32.5 million leaving \$3.8 million available for investment in capital projects, reserves and other one-time uses. This margin is down slightly from the \$4 million difference between recurring revenues and expenditures described in Exhibit 5 of the FY 2004 audit report.

Financial Highlights For Fiscal Year 2004-05

- Total net value of primary governmental activities was \$30.5 million at the end of FY 2005 based on total assets of \$53.2 million and total liabilities of \$22.7 million. As noted in Exhibit 1, these liabilities include total payout of long-term debt associated with school construction and remodeling, water and sewer lines and lease purchase agreements while the total assets reflect the depreciated value of existing county owned facilities.
- During the 2004-05 fiscal year taxes and other revenues for governmental programs were \$36.1 million, or \$3.1 million more than the \$33.0 million of expenses (Exhibit 2). Business-type activities include the Industrial Development Authority with total net assets at June 30, 2005 totaling \$1.6 after increasing by \$116,407 last year and Public Service Authority with net assets of \$12.0 million after declining by \$456,146 in the 2004-05 fiscal year.

Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2005 (in millions):

Summary of Activities:

	Governmental Activities		Total Primary Government		Component Unit School Board	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for services	\$ 0.6	0.6	\$ 0.6	0.6	\$ 1.0	1.4
Operating grants and contributions	9.5	8.8	9.5	8.8	28.1	23.8
Capital grants and contributions	0.2	-	0.2	-	0.2	0.2
General Revenues:						
Property taxes	18.0	17.1	18.0	17.1	0.0	0.0
Other taxes	5.4	5.2	5.4	5.2	0.0	0.0
Other	2.4	2.7	2.4	2.7	0.2	0.2
Payments from County	-	-	-	-	11.9	10.4
Total Revenues	\$ 36.1	34.4	\$ 36.1	34.4	\$ 41.4	36.0
Expenses:						
General government	\$ 1.6	1.9	\$ 1.6	1.9	\$ -	-
Judicial administration	1.1	1.0	1.1	1.0	-	-
Public safety	5.9	5.4	5.9	5.4	-	-
Public works	1.0	1.0	1.0	1.0	-	-
Health and welfare	7.6	7.2	7.6	7.2	-	-
Education	11.9	10.8	11.9	10.8	40.7	35.8
Parks, recreation and cultural	1.4	1.3	1.4	1.3	-	-
Cultural development	1.8	2.1	1.8	2.1	-	-
Interest on long term debt	0.7	0.8	0.7	0.8	-	-
Total Expenses	\$ 33.0	31.5	\$ 33.0	31.5	\$ 40.7	35.8
Changes in Net Assets:	\$ 3.1	2.9	3.1	2.9	0.7	0.2

Revenues

For the fiscal year ended June 30, 2005, revenues from governmental funds totaled \$36.1 million. Property tax revenues, the County's largest revenue source, were \$18.0 million, an increase of \$0.9 million over the prior fiscal year due to the impact of new construction.

Other local taxes (including sales taxes, recordation taxes, and meals taxes) were \$5.4 million, an increase of approximately \$200,000 over FY2004. This increase in tax revenues from sources other than property taxes is the result of an improving local economy.

Component unit (School Board) revenues totaled \$41.4 million, including an \$11.9 million transfer from the general fund not counting continued investment by the Board of Supervisors in school construction.

Long-Term Debt

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2005, in millions of dollars:

	Governmental Activities		Total Primary Government		Component Unit School Board	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ 10.9	12.0	\$ 10.9	12.0	\$ -	-
Literary Loans	6.0	6.4	6.0	6.4	-	-
Capital Leases	0.8	0.9	0.8	0.9	-	-
Landfill Closure/Post Closure Liability	0.5	0.6	0.5	0.6	-	-
Compensated Absences	0.6	0.5	0.6	0.5	1.7	2.0
Total	18.8	20.4	18.8	20.4	1.7	2.0

Long-term debt obligations declined by \$1.6 million in FY 2004. Additional detailed information on long-term debt activity can be found in Note 8 in the "Notes to Financial Statements" section of the report.

Economic Factors and Future Budgets

The primary factors affecting the financial viability of Pulaski are limited options for revenue increases, fluctuations in state revenue, and changes in the national economy.

Limited Revenue Options - Community needs and inflationary pressures require that revenues or governmental efficiency increase in order to maintain and improve the quality of public services currently enjoyed by county residents. Currently, locally generated revenues have historically increased at a rate of approximately 3% excluding the impact of reassessments. However, this rate is projected to decline to an average of less than 1%. Thus, local revenues growth is expected to drop below historic cost increases resulting from recent inflationary trends. This drop can be primarily attributed to legal limits placed by the General Assembly on how counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

State Revenues - Currently, state funding is projected to account for 48.8% of the County's 2005-06 budget, or \$32,105,133, while local real estate taxes account for 16.5% percent of total County revenue. Thus, a one percent change in state revenue results in a \$320,991 change in the local budget, or the equivalent of a 1.8 cent change in real estate tax rates. State revenues for the 2005-06 fiscal year were projected to increase by \$1,482,902, primarily as a result of increased funding for school instructional needs. However, state educational funding is based directly on the number of children served by the school system. Thus, a reduction in the assumed level of state support may be necessary in order to avoid overestimating revenues. Since the County is responsible for funding the majority of fringe

benefits for employees of constitutional officers, salary adjustment for constitutional officers also have an impact on the county budget.

Other factors that are expected to impact future budgets include:

1. Projected increases in retirement contribution rates assessed by the Virginia Retirement System.
2. Funding for the Capital Improvement Plan including the need to address office space needs, and reduce recurring expenditures through joint services and replacing leased network connections between buildings, with a new elementary school tentatively planned for construction within the next five years.
3. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing needed community services through joint services and other innovations. With the sale of the Pulaski County shell building, there is a need to invest in new economic development initiatives including the purchase of the next industrial park and conceptualization of future "shell" buildings making possible rapid response to business and industrial needs for new facilities. At the same time, reducing operational costs through joint services initiatives in the provision of public safety services, tax and utility bill collections and property maintenance are goals for the coming fiscal year.

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

County of Pulaski, Virginia
Statement of Net Assets
June 30, 2005

	Component Units			
	Primary Government Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 9,252,314	\$ 567,096	\$ -	\$ 725,181
Cash in custody of others	-	-	2,322,200	-
Investments	5,897,443	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,020,972	-	-	-
Accounts receivable	71,976	-	886,163	-
Other local taxes and fees	218,147	-	-	-
Rent receivable	-	-	-	20,352
Due from primary government	-	2,868,747	-	-
Due from other governmental units	1,324,521	986,810	-	-
Advances to component units	836,275	-	-	-
Prepaid expenses	380,492	-	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents (in custody of others)	-	-	337,970	-
Organization expense (net of accumulated amortization)	-	-	7,113	-
Capital assets (net of accumulated depreciation):				
Land	2,176,476	564,527	127,700	764,604
Buildings and system	17,390,501	2,749,973	-	4,706,276
Machinery and equipment	3,219,892	1,843,461	365,578	-
Infrastructure	-	-	15,711,438	-
Construction in progress	10,395,794	427,031	-	-
Total assets	<u>\$ 53,184,803</u>	<u>\$ 10,007,645</u>	<u>\$ 19,758,162</u>	<u>\$ 6,216,413</u>
LIABILITIES				
Accounts payable	\$ 151,010	\$ 598,420	\$ 193,622	\$ -
Contracts payable	-	3,220,339	-	-
Customers' deposits	-	-	75,943	-
Accrued interest payable	327,632	-	49,784	902
Due to component unit	2,868,747	-	-	-
Advances due to primary government	-	-	336,275	500,000
Unearned revenue	102,908	-	-	-
Long-term liabilities:				
Due within one year	1,573,874	-	283,541	489,929
Due in more than one year	17,616,682	1,671,609	7,265,579	3,662,289
Total liabilities	<u>\$ 22,640,853</u>	<u>\$ 5,490,368</u>	<u>\$ 8,204,744</u>	<u>\$ 4,653,120</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 15,771,820	\$ 5,584,992	\$ 8,767,053	\$ 1,318,662
Restricted for:				
Construction	411,000	-	-	-
Seized assets	21,639	-	-	-
Debt service and bond covenants	-	-	337,970	-
Unrestricted (deficit)	14,339,491	(1,067,715)	2,448,395	244,631
Total net assets	<u>\$ 30,543,950</u>	<u>\$ 4,517,277</u>	<u>\$ 11,553,418</u>	<u>\$ 1,563,293</u>

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

County of Pulaski, Virginia
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Component Units Public Service Authority Industrial Development Authority
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,631,622	\$ 1,963	\$ 304,536	\$ -	\$ (1,325,123)	\$ -	\$ -
Judicial administration	1,054,657	66,850	762,896	-	(224,911)	-	-
Public safety	5,942,439	185,950	2,408,382	244,127	(3,103,980)	-	-
Public works	983,789	23,050	9,889	-	(950,850)	-	-
Health and welfare	7,647,508	-	5,839,723	-	(1,807,785)	-	-
Education	11,941,747	-	-	-	(11,941,747)	-	-
Parks, recreation, and cultural	1,351,666	365,047	127,395	-	(859,224)	-	-
Community development	1,758,886	9,414	1,060	-	(1,748,412)	-	-
Interest on long-term debt	748,392	-	-	-	(748,392)	-	-
Total primary government	\$ 33,060,706	\$ 652,274	\$ 9,453,881	\$ 244,127	\$ (22,710,424)	\$ -	\$ -

COMPONENT UNITS:							
School Board	\$ 40,692,366	\$ 969,470	\$ 28,109,238	\$ 171,030	\$ -	\$ (11,442,628)	\$ -
Public Service Authority	5,954,963	5,317,305	-	-	-	-	(637,658)
Industrial Development Authority	908,218	179,569	-	-	-	-	(728,649)
Total component units	\$ 47,555,547	\$ 6,466,344	\$ 28,109,238	\$ 171,030	\$ -	\$ (11,442,628)	\$ (637,658)

General revenues:	\$ 17,993,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General property taxes							
Other local taxes:							
Local sales and use taxes	2,186,449						
Consumers' utility taxes	1,253,242						
E-911 telephone taxes	141,541						
Franchise license taxes	63,034						
Utility license taxes	23,861						
Consumption taxes	106,061						
Motor vehicle licenses	366,884						
Bank stock taxes	6,432						
Taxes on recordation and wills	174,763						
Hotel and motel room taxes	258,290						
Restaurant food taxes	812,610						
Unrestricted revenues from use of money and property	294,452					12,764	47,124
Miscellaneous	178,333					235,048	134,388
Payments from Primary Government	1,886,557					11,927,771	842,267
Grants and contributions not restricted to specific programs	25,746,206					12,175,583	181,512
Total general revenues	\$ 3,035,782	\$ 732,955	\$ (456,146)	\$ -	\$ -	\$ -	\$ -
Change in net assets	27,508,168	3,784,322	12,009,564	1,446,807			
Net assets - beginning - as adjusted	30,543,950	4,517,277	11,553,418	1,563,293			
Net assets - ending							

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2005

	<u>General</u>	<u>School Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 9,241,393	\$ 8,720	\$ -	\$ 9,250,113
Investments	4,795,796	1,101,647	-	5,897,443
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,020,972	-	-	2,020,972
Accounts receivable	50,192	-	-	50,192
Other local taxes and fees	218,147	-	-	218,147
Due from other governmental units	1,324,521	-	-	1,324,521
Advances to component units	836,275	-	-	836,275
Total assets	<u>\$ 18,487,296</u>	<u>\$ 1,110,367</u>	<u>\$ -</u>	<u>\$ 19,597,663</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 101,612	\$ 8,127	\$ 14,589	\$ 124,328
Due to component unit	2,868,747	-	-	2,868,747
Deferred revenue	1,990,373	-	-	1,990,373
Total liabilities	<u>\$ 4,960,732</u>	<u>\$ 8,127</u>	<u>\$ 14,589</u>	<u>\$ 4,983,448</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ 1,102,240	\$ -	\$ 1,102,240
Seized assets	21,639	-	-	21,639
Unreserved:				
Designated in the General fund	2,641,280	-	-	2,641,280
Undesignated (deficit)	10,863,645	-	(14,589)	10,849,056
Total fund balances	<u>\$ 13,526,564</u>	<u>\$ 1,102,240</u>	<u>\$ (14,589)</u>	<u>\$ 14,614,215</u>
Total liabilities and fund balances	<u>\$ 18,487,296</u>	<u>\$ 1,110,367</u>	<u>\$ -</u>	<u>\$ 19,597,663</u>

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

County of Pulaski, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,614,215
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,182,663
Certain amounts are recognized as expenditures when paid in the fund statements, but are capitalized and recorded in future periods for governmental activities.	380,492
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,887,465
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(2,697)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(19,518,188)
Net assets of governmental activities	<u>\$ 30,543,950</u>

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

County of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	<u>General</u>	<u>School Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 18,104,757	\$ -	\$ -	\$ 18,104,757
Other local taxes	5,393,167	-	-	5,393,167
Permits, privilege fees, and regulatory licenses	128,038	-	-	128,038
Fines and forfeitures	42,290	-	-	42,290
Revenue from the use of money and property	119,903	174,549	-	294,452
Charges for services	481,946	-	-	481,946
Miscellaneous	89,917	-	88,416	178,333
Recovered costs	330,750	-	-	330,750
Intergovernmental revenues:				
Commonwealth	8,572,758	-	-	8,572,758
Federal	3,011,807	-	-	3,011,807
Total revenues	<u>\$ 36,275,333</u>	<u>\$ 174,549</u>	<u>\$ 88,416</u>	<u>\$ 36,538,298</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,674,073	\$ -	\$ -	\$ 1,674,073
Judicial administration	1,080,946	-	-	1,080,946
Public safety	5,560,193	-	1,071,830	6,632,023
Public works	952,694	-	-	952,694
Health and welfare	7,707,076	-	-	7,707,076
Education	11,292,781	-	258,635	11,551,416
Parks, recreation, and cultural	1,281,964	-	5,860	1,287,824
Community development	474,394	-	1,186,827	1,661,221
Capital projects	-	4,503,379	418,990	4,922,369
Debt service:				
Principal retirement	1,661,203	-	-	1,661,203
Interest and other fiscal charges	791,030	-	-	791,030
Total expenditures	<u>\$ 32,476,354</u>	<u>\$ 4,503,379</u>	<u>\$ 2,942,142</u>	<u>\$ 39,921,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,798,979</u>	<u>\$ (4,328,830)</u>	<u>\$ (2,853,726)</u>	<u>\$ (3,383,577)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,987,335	\$ 2,987,335
Transfers out	(2,987,335)	-	-	(2,987,335)
Total other financing sources (uses)	<u>\$ (2,987,335)</u>	<u>\$ -</u>	<u>\$ 2,987,335</u>	<u>\$ -</u>
Net change in fund balances	\$ 811,644	\$ (4,328,830)	\$ 133,609	\$ (3,383,577)
Fund balances - beginning - as adjusted	12,714,920	5,431,070	(148,198)	17,997,792
Fund balances - ending	<u>\$ 13,526,564</u>	<u>\$ 1,102,240</u>	<u>\$ (14,589)</u>	<u>\$ 14,614,215</u>

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

County of Pulaski, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds	\$ (3,383,577)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	4,411,171
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(111,060)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,732,814
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(9,848)
Prepaid items requiring the use of current financial resources in governmental funds are not reported as expenses in the statement of activities.	380,492
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	15,790
Change in net assets of governmental activities	\$ 3,035,782

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

County of Pulaski, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,201
Accounts receivable	21,784
Total assets	<u>\$ 23,985</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 26,682
Total liabilities	<u>\$ 26,682</u>
NET ASSETS	
Unrestricted	\$ (2,697)
Total net assets	<u>\$ (2,697)</u>

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

**County of Pulaski, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from County departments	\$ 1,122,262
Payments to suppliers and employees	(1,120,061)
Net cash provided (used by) operating activities	<u>\$ 2,201</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 2,201</u>
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u>\$ 2,201</u>
 Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 15,790</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	\$ (10,940)
Increase (decrease) in accounts payable	(2,649)
Total adjustments	<u>\$ (13,589)</u>
Net cash provided (used) by operating activities	<u>\$ 2,201</u>

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

County of Pulaski, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 137,605
Total assets	<u>\$ 137,605</u>
LIABILITIES	
Amounts held for social services clients	\$ 27,594
Amounts held for contractors	87,596
Amounts held for County employees	22,415
Total liabilities	<u>\$ 137,605</u>

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

COUNTY OF PULASKI, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

The County of Pulaski, Virginia is a political subdivision governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

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

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

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

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

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

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

A. Reporting Entity (continued)

Jointly Governed Organizations:

The County along with the Counties of Floyd, Giles and Montgomery and the City of Radford participate in supporting the New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2005, the County contributed \$74,571 to the Community Services Board.

The County along with the County of Giles, the Towns of Dublin and Pulaski and the City of Radford participate in supporting the New River Resource Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

The County along with the County of Montgomery, the Towns of Dublin and Pulaski and the City of Radford participate in supporting the Peppers Ferry Regional Waste Water Treatment Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

The County along with the Counties of Bland, Carroll, Giles, Grayson, Floyd and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

Other Organizations:

The County provides funding and/or oversight in the form of board participation for many other organizations including the New River Valley Juvenile Detention Home, Fairview Home and the New River Valley Airport.

B. Government-wide and fund financial statements

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

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

B. Government-wide and fund financial statements (continued)

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

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

D. Assets, liabilities, and net assets or equity (continued)

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$651,486 at June 30, 2005 and is composed solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

5. Use of Estimates

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

6. Capital assets

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

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

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$4,411,171 and \$425,960 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit- School Board
	<u> </u>	<u> </u>
Capital outlays	\$ 5,569,534	\$ 1,028,748
Depreciation expenses	<u>(1,158,363)</u>	<u>(602,788)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 \$ <u>4,411,171</u>	 \$ <u>425,960</u>

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Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,732,814 difference in the primary government, is as follows:

	<u>Primary Government</u>
Principal Payments:	
General Obligation Bonds	\$ 1,158,611
Lease Purchase	127,592
Literary loans	375,000
Landfill closure/post-closure care costs	49,769
Amortization of premium	<u>21,842</u>
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 \$ <u><u>1,732,814</u></u>

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Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

- C. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(9,848) and \$344,268 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit- School Board
(Increase) decrease in compensated absences	\$ (30,644)	\$ 344,268
(Increase) decrease in accrued interest	20,796	-
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	\$ <u>(9,848)</u>	\$ <u>344,268</u>

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Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For fiscal year 2005, there were no departments/funds that had excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2005, there were no funds with deficit fund equity.

Note 4-Deposits and Investments: (Continued)

Interest Rate Risk

At June 30, 2005, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 387,803	\$ -
State sales tax	-	775,467
Debt sebt-off	7,373	-
Excess fees of Clerk	9,354	-
Non-categorical aid	94,671	-
Categorical aid-shared expenses	208,195	-
Categorical aid-other	-	108,820
Categorical aid-Virginia Public Assistance funds	117,455	-
Categorical aid-Comprehensive Services Act funds	253,869	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	245,801	-
Categorical aid-other	-	102,523
Totals	<u>\$ 1,324,521</u>	<u>\$ 986,810</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2005

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 2,868,747	\$ -
Component Unit - School Board:		
School Fund	-	2,868,747
Totals	\$ 2,868,747	\$ 2,868,747

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2006	\$ 1,064,006	\$ 494,255	\$ 375,000	\$ 180,000
2007	579,489	449,192	375,000	168,750
2008	579,997	424,988	375,000	157,500
2009	580,626	400,665	375,000	146,250
2010	581,382	376,213	375,000	135,000
2011-2015	2,917,445	1,500,799	1,875,000	506,250
2016-2020	2,935,079	775,659	1,875,000	225,000
2021-2023	1,679,539	119,401	375,000	11,250
Totals	\$ 10,917,563	\$ 4,541,172	\$ 6,000,000	\$ 1,530,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2005

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2005.

	Balance July 1, 2004	(1) Adjustments	Issuances	Retirements	Balance June 30, 2005
GO bonds	\$ 12,067,626	\$ 8,548	\$ -	\$ (1,158,611)	\$ 10,917,563
Literary loans	6,375,000	-	-	(375,000)	6,000,000
Capital lease	918,955	-	-	(127,592)	791,363
Landfill post-closure care liability	574,307	-	-	(49,769)	524,538
Compensated absences	533,291	-	30,644	-	563,935
Total	\$ 20,469,179	\$ 8,548	\$ 30,644	\$ (1,710,972)	\$ 18,797,399

1. General Obligation bond restatement.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2005

Note 9-Capital Leases: (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ending June 30,	Modular Classrooms	Telephone System
2006	\$ 13,366	\$ 168,344
2007	-	168,344
2008	-	168,344
2009	-	168,344
2010	-	168,344
2011	-	84,174
Sub-total	\$ 13,366	\$ 925,894
Less, amount representing interest	<u>(446)</u>	<u>(147,451)</u>
Present value of lease agreement	<u>\$ 12,920</u>	<u>\$ 778,443</u>

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Note 10-Employee Retirement System and Pension Plans:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) or at age 50 with at 30 years of service for participating employers (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from the System's web site at <http://www.varetire.org/Pdf/2003AnnuRept.pdf> obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County's contribution rate (not including the 5% member contribution) for the fiscal year ended 2005 was 4% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-Professional Employees):

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution rate (not including the 5% member contribution) for the fiscal year ended 2005 was 1.5% of the annual covered payroll.

Note 10-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost

Primary Government:

For fiscal year 2005, the County's annual pension cost of \$302,358 was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (b) projected salary increases ranging from 4.25% to 6.10% per year, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of the County's assets is equal to the modified value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

Discretely Presented Component Unit - School Board (Non-Professional Employees):

For fiscal year 2005, the School Board's annual pension cost of \$27,376 was equal to the School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (b) projected salary increases ranging from 4.25% to 6.10% per year, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of the School Board's assets is equal to the modified value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2003	\$ 71,593	100.00%	\$ -
	6/30/2004	73,637	100.00%	-
	6/30/2005	302,358	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2003	\$ 16,549	100.00%	\$ -
	6/30/2004	16,897	100.00%	-
	6/30/2005	27,376	100.00%	-

¹ Employer portion only

Note 10-Employee Retirement System and Pension Plans: (continued)

D. Discretely Presented Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

The Pulaski County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be downloaded from the System's web site at <http://www.varetire.org/Pdf/2003AnnuRept.pdf> or obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's required employer contributions to the statewide cost sharing pool for professional employees were \$1,172,842, \$709,134, and \$693,838 for the fiscal years ended 2005, 2004, and 2003, respectively. The School Board's required employee contributions to the statewide cost sharing pool for professional employees were \$972,505, \$940,495, and \$920,209 for the fiscal years ended 2005, 2004, and 2003, respectively. Employer contributions represented 6.03%, 3.77%, and 3.77% of covered payroll for the fiscal years ended 2005, 2004, and 2003, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2005

Note 11-Capital Assets:

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,176,476	\$ -	\$ -	\$ 2,176,476
Construction in progress (1)	6,705,082	4,922,369	(1,231,657)	10,395,794
Total capital assets not being depreciated	<u>\$ 8,881,558</u>	<u>\$ 4,922,369</u>	<u>\$ (1,231,657)</u>	<u>\$ 12,572,270</u>
Capital assets, being depreciated:				
Buildings and improvements (1)	\$ 21,833,829	\$ 1,231,657	\$ -	\$ 23,065,486
Machinery and equipment	7,556,831	647,165	-	8,203,996
Total capital assets being depreciated	<u>\$ 29,390,660</u>	<u>\$ 1,878,822</u>	<u>\$ -</u>	<u>\$ 31,269,482</u>
Less: accumulated depreciation for:				
Buildings	\$ (5,141,481)	\$ (533,504)	\$ -	\$ (5,674,985)
Machinery and equipment	(4,359,245)	(624,859)	-	(4,984,104)
Total accumulated depreciation	<u>\$ (9,500,726)</u>	<u>\$ (1,158,363)</u>	<u>\$ -</u>	<u>\$ (10,659,089)</u>
Total capital assets being depreciated, net	<u>\$ 19,889,934</u>	<u>\$ 720,459</u>	<u>\$ -</u>	<u>\$ 20,610,393</u>
Governmental activities capital assets, net	<u>\$ 28,771,492</u>	<u>\$ 5,642,828</u>	<u>\$ (1,231,657)</u>	<u>\$ 33,182,663</u>

(1) Beginning balance restated-reclassified \$185,849 from buildings and improvements to construction in progress.

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Note 11-Capital Assets: (continued)

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

Governmental activities:		
General government	\$	31,440
Judicial administration		3,006
Public safety		402,418
Public works		130,595
Health and welfare		15,541
Education		390,331
Parks, recreation, and culture		87,573
Community development		<u>97,459</u>
Total depreciation expense-governmental activities	\$	<u><u>1,158,363</u></u>

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Note 11-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2005 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 564,527	\$ -	\$ -	\$ 564,527
Construction in progress	-	427,031	-	427,031
Total capital assets not being depreciated	<u>\$ 564,527</u>	<u>\$ 427,031</u>	<u>\$ -</u>	<u>\$ 991,558</u>
Capital assets, being depreciated:				
Buildings	\$ 15,986,570	\$ -	\$ -	\$ 15,986,570
Machinery and equipment	4,307,421	601,717	-	4,909,138
Total capital assets being depreciated	<u>\$ 20,293,991</u>	<u>\$ 601,717</u>	<u>\$ -</u>	<u>\$ 20,895,708</u>
Less: accumulated depreciation for:				
Buildings	\$ (12,942,732)	\$ (293,865)	\$ -	\$ (13,236,597)
Machinery and equipment	(2,756,754)	(308,923)	-	(3,065,677)
Total accumulated depreciation	<u>\$ (15,699,486)</u>	<u>\$ (602,788)</u>	<u>\$ -</u>	<u>\$ (16,302,274)</u>
Total capital assets being depreciated, net	<u>\$ 4,594,505</u>	<u>\$ (1,071)</u>	<u>\$ -</u>	<u>\$ 4,593,434</u>
Governmental activities capital assets, net	<u>\$ 5,159,032</u>	<u>\$ 425,960</u>	<u>\$ -</u>	<u>\$ 5,584,992</u>

Note 12-Risk Management:

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

Note 13-Contingent Liabilities:

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

Note 14-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Royce G. Lookabill, Clerk of the Circuit Court	\$	145,000
Rose Marie Tickle, Treasurer		500,000
John J. Gill, Commissioner of the Revenue		65,000
James A. Davis, Sheriff		30,000
The above constitutional officers' employees - blanket bond		50,000
All Social Services employees - blanket bond		100,000

VACO Insurance Programs:

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

Peter M. Huber, County Administrator	\$	2,000
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Component Unit – School Board:

VACO Insurance Programs:

All School Board employees - blanket bond	\$	250,000
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Note 15-Designated and Reserved Fund Balances/Restricted Net Assets:

Primary Government:

Total Fund Balance		\$	<u>14,614,215</u>
Less designations:			
Designated for various capital projects	\$	1,336,080	
Designated for School Fund-FY 2005 carry-overs		736,846	
Designated for General Fund-FY 2004 carry-overs		238,848	
Designated for County Debt		<u>329,506</u>	
Total Primary Government Designations		\$	<u>2,641,280</u>
Less reservations:			
Reserved for School construction	\$	1,102,240	
Reserved for Commonwealth Attorney seized assets		8,309	
Reserved for Sheriff seized assets		<u>13,330</u>	
Total Primary Government Reservations		\$	<u>1,123,879</u>
Total Primary Government Undesignated Fund Balance		\$	<u><u>10,849,056</u></u>

Primary Government:

Restricted for School Construction	\$	411,000	
Restricted for Commonwealth Attorney seized assets		8,309	
Restricted for Sheriff seized assets		<u>13,330</u>	
Total Primary Governments Restricted Net Assets	\$	<u><u>432,639</u></u>	

Component Unit - School Board:

Total Fund Balance		\$	<u>603,894</u>
Less designations:			
Designated for cafeteria	\$	582,796	
Designated for Governor's School		<u>20,898</u>	
Total Component Unit - School Board Designations		\$	<u>603,694</u>
Total Component Unit-School Board Undesignated Fund Balance		\$	<u><u>200</u></u>

Note 16-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2005, the total post-closure care liability (which represents the 10 years remaining) was \$524,538 representing what it would cost to perform all postclosure care in fiscal year 2005. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County uses the State Financial Assurance Mechanism to meet its Financial Assurance requirements for its landfill.

Note 17-Advances Due from Component Units:

Pulaski County Public Service Authority:

Advances to the Authority amounted to \$336,275 at June 30, 2005 as follows:

Initially, a \$179,599 advance provided on October 9, 1980, bearing interest at the rate of 5% per annum and is payable on demand;

A \$76,400 advance, bearing same date and terms;

A \$50,000 advance bearing same date and terms;

The remaining loan balance of \$30,276 is an interest free loan receivable in 360 monthly payments of \$1,667 through October 1985 beginning on July 1, 1984 then, increasing to \$1,879 in the following month and continuing for the remaining term until the loan is repaid in full.

Pulaski County Industrial Development Authority:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2005

Note 18-Restated Beginning Net Assets:

Primary Government:

Governmental Activities:

Beginning Net Assets, as previously reported	\$ 27,667,434
Other adjustments:	
Debt adjustment	(8,548)
Prepaid taxes	<u>(150,718)</u>
Total adjustments	<u>(159,266)</u>
Restated Beginning Net Assets	<u>\$ 27,508,168</u>

REQUIRED SUPPLEMENTARY INFORMATION

County of Pulaski, Virginia
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 17,524,810	\$ 17,524,810	\$ 18,104,757	\$ 579,947
Other local taxes	5,465,425	5,465,425	5,393,167	(72,258)
Permits, privilege fees, and regulatory licenses	108,500	108,500	128,038	19,538
Fines and forfeitures	49,300	49,300	42,290	(7,010)
Revenue from the use of money and property	85,000	85,000	119,903	34,903
Charges for services	363,070	401,163	481,946	80,783
Miscellaneous	50,597	99,504	89,917	(9,587)
Recovered costs	185,999	298,723	330,750	32,027
Intergovernmental revenues:				
Commonwealth	8,465,910	8,562,092	8,572,758	10,666
Federal	3,291,000	3,764,137	3,011,807	(752,330)
Total revenues	<u>\$ 35,589,611</u>	<u>\$ 36,358,654</u>	<u>\$ 36,275,333</u>	<u>\$ (83,321)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,568,259	\$ 1,671,297	\$ 1,674,073	\$ (2,776)
Judicial administration	1,034,099	1,091,788	1,080,946	10,842
Public safety	5,257,433	5,946,478	5,560,193	386,285
Public works	885,676	959,787	952,694	7,093
Health and welfare	8,736,128	9,128,721	7,707,076	1,421,645
Education	10,018,513	11,620,068	11,292,781	327,287
Parks, recreation, and cultural	1,177,655	1,307,095	1,281,964	25,131
Community development	490,596	537,297	474,394	62,903
Debt service:				
Principal retirement	1,661,204	1,661,204	1,661,203	1
Interest and other fiscal charges	790,030	791,030	791,030	-
Total expenditures	<u>\$ 31,739,041</u>	<u>\$ 34,745,566</u>	<u>\$ 32,476,354</u>	<u>\$ 2,269,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,850,570</u>	<u>\$ 1,613,088</u>	<u>\$ 3,798,979</u>	<u>\$ 2,185,891</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (3,850,570)</u>	<u>\$ (4,545,365)</u>	<u>\$ (2,987,335)</u>	<u>\$ 1,558,030</u>
Net change in fund balances	\$ -	\$ (2,932,277)	\$ 811,644	\$ 3,743,921
Fund balances - beginning	-	2,932,277	12,714,920	9,782,643
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,526,564</u>	<u>\$ 13,526,564</u>

County of Pulaski, Virginia
Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plan
For the Year Ended June 30, 2005

Primary Government: County Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2004	\$ 27,239,663	\$ 26,948,744	\$ (290,919)	101.08%	\$ 7,356,681	-3.95%
June 30, 2003	27,016,253	25,057,875	(1,958,378)	107.82%	7,161,134	-27.35%
June 30, 2002	27,085,360	24,150,775	(2,934,585)	112.15%	7,242,424	-40.52%
June 30, 2001	26,257,532	22,339,491	(3,918,041)	117.54%	7,344,528	-53.35%
June 30, 2000	23,794,948	19,858,219	(3,936,729)	119.82%	7,014,923	-56.12%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2004	\$ 5,813,389	\$ 5,483,667	\$ (329,722)	106.01%	\$ 1,698,073	-19.42%
June 30, 2003	5,796,527	5,180,224	(616,303)	111.90%	1,624,292	-37.94%
June 30, 2002	5,838,796	4,964,533	(874,263)	117.61%	1,656,946	-52.76%
June 30, 2001	5,723,968	4,769,009	(954,959)	120.02%	1,648,631	-57.92%
June 30, 2000	5,257,394	4,320,249	(937,145)	121.69%	1,450,731	-64.60%

OTHER SUPPLEMENTARY INFORMATION

County of Pulaski, Virginia
 Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2005

	<u>School Construction</u>			Variance with Final Budget - Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 104,228	\$ 174,549	\$ 70,321
EXPENDITURES				
Capital projects	\$ -	\$ 4,791,842	\$ 4,503,379	\$ 288,463
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (4,687,614)	\$ (4,328,830)	\$ 358,784
OTHER FINANCING SOURCES (USES)				
Proceeds of general obligation bonds	\$ -	\$ 4,336,935	\$ -	\$ (4,336,935)
Net change in fund balances	\$ -	\$ (350,679)	\$ (4,328,830)	\$ (3,978,151)
Fund balances - beginning		350,679	5,431,070	5,080,391
Fund balances - ending	\$ -	\$ -	\$ 1,102,240	\$ 1,102,240

FIDUCIARY FUNDS

Special Welfare – The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Performance Bond – The Performance Bond fund accounts for those funds belonging to contractors to ensure compliance with construction contracts.

Employee Flexible Benefits – The Employee Flexible Benefit fund accounts for fringe benefits held on behalf of County employees for the County's cafeteria plan.

County of Pulaski, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2005

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	
ASSETS				
Cash and cash equivalents	\$ 27,594	\$ 87,596	\$ 22,415	\$ 137,605
Total assets	<u>\$ 27,594</u>	<u>\$ 87,596</u>	<u>\$ 22,415</u>	<u>\$ 137,605</u>
LIABILITIES				
Amounts held for social services clients	\$ 27,594	\$ -	\$ -	\$ 27,594
Amounts held for contractors	-	87,596	-	87,596
Amounts held for County employees	-	-	22,415	22,415
Total liabilities	<u>\$ 27,594</u>	<u>\$ 87,596</u>	<u>\$ 22,415</u>	<u>\$ 137,605</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Pulaski, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2005

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 567,096
Due from primary government	2,868,747
Due from other governmental units	986,810
Total assets	\$ 4,422,653
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 598,420
Contracts payable	3,220,339
Total liabilities	\$ 3,818,759
Fund balances:	
Unreserved:	
Designated	\$ 603,694
Undesignated	200
Total fund balances	\$ 603,894
Total liabilities and fund balances	\$ 4,422,653
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 603,894
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,584,992
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,671,609)
Net assets of governmental activities	\$ 4,517,277

County of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2005

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 12,764
Charges for services	969,470
Miscellaneous	235,048
Recovered costs	658,197
Intergovernmental revenues:	
Local government	11,537,440
Commonwealth	24,055,988
Federal	4,224,280
Total revenues	\$ 41,693,187
EXPENDITURES	
Current:	
Education	\$ 41,730,460
Excess (deficiency) of revenues over (under) expenditures	\$ (37,273)
Net change in fund balances	\$ (37,273)
Fund balances - beginning	641,167
Fund balances - ending	\$ 603,894
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (37,273)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	425,960
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	344,268
Change in net assets of governmental activities	\$ 732,955

County of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2005

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 6,000	\$ 8,925	\$ 12,764	\$ 3,839
Charges for services	1,265,000	1,265,500	969,470	(296,030)
Miscellaneous	43,101	250,354	235,048	(15,306)
Recovered costs	23,900	279,548	658,197	378,649
Intergovernmental revenues:				
Local government	10,004,537	11,606,092	11,537,440	(68,652)
Commonwealth	24,008,371	24,830,016	24,055,988	(774,028)
Federal	3,301,036	3,549,259	4,224,280	675,021
Total revenues	<u>\$ 38,651,945</u>	<u>\$ 41,789,694</u>	<u>\$ 41,693,187</u>	<u>\$ (96,507)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 38,651,945</u>	<u>\$ 41,789,694</u>	<u>\$ 41,730,460</u>	<u>\$ 59,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,273)</u>	<u>\$ (37,273)</u>
Net change in fund balances	\$ -	\$ -	\$ (37,273)	\$ (37,273)
Fund balances - beginning	-	-	641,167	641,167
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,894</u>	<u>\$ 603,894</u>

SUPPORTING SCHEDULES

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,656,763	\$ 10,656,763	\$ 10,910,257	\$ 253,494
Real and personal public service corporation taxes	688,000	688,000	769,468	81,468
Personal property taxes	3,092,247	3,092,247	3,085,309	(6,938)
Mobile home taxes	52,800	52,800	48,123	(4,677)
Machinery and tools taxes	2,500,000	2,500,000	2,596,939	96,939
Merchant's capital	310,000	310,000	312,403	2,403
Penalties	124,500	124,500	172,319	47,819
Interest	100,500	100,500	165,597	65,097
Collection fees	-	-	44,342	44,342
Total general property taxes	<u>\$ 17,524,810</u>	<u>\$ 17,524,810</u>	<u>\$ 18,104,757</u>	<u>\$ 579,947</u>
Other local taxes:				
Local sales and use taxes	\$ 2,200,000	\$ 2,200,000	\$ 2,186,449	\$ (13,551)
Consumers' utility taxes	1,250,000	1,250,000	1,253,242	3,242
E-911 telephone taxes	156,000	156,000	141,541	(14,459)
Franchise license taxes	62,000	62,000	63,034	1,034
Utility license taxes	28,000	28,000	23,861	(4,139)
Consumption taxes	114,000	114,000	106,061	(7,939)
Motor vehicle licenses	525,000	525,000	366,884	(158,116)
Bank stock taxes	40,000	40,000	6,432	(33,568)
Taxes on recordation and wills	80,425	80,425	174,763	94,338
Hotel and motel room taxes	260,000	260,000	258,290	(1,710)
Restaurant food taxes	750,000	750,000	812,610	62,610
Total other local taxes	<u>\$ 5,465,425</u>	<u>\$ 5,465,425</u>	<u>\$ 5,393,167</u>	<u>\$ (72,258)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,500	\$ 8,500	\$ 20,020	\$ 11,520
Land use application fees	2,000	2,000	876	(1,124)
Transfer fees	1,300	1,300	1,431	131
Zoning and subdivision permits	3,000	3,000	2,888	(112)
Erosion and sediment control permits	4,000	4,000	5,650	1,650
Building permits	89,700	89,700	97,173	7,473
Total permits, privilege fees, and regulatory licenses	<u>\$ 108,500</u>	<u>\$ 108,500</u>	<u>\$ 128,038</u>	<u>\$ 19,538</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 47,800	\$ 47,800	\$ 39,819	\$ (7,981)
Interest on local fines	1,500	1,500	2,471	971
Total fines and forfeitures	<u>\$ 49,300</u>	<u>\$ 49,300</u>	<u>\$ 42,290</u>	<u>\$ (7,010)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 62,250	\$ 62,250	\$ 98,151	\$ 35,901
Revenue from use of property	22,750	22,750	21,752	(998)
Total revenue from use of money and property	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 119,903</u>	<u>\$ 34,903</u>
Charges for services:				
Charges for clerk copies	\$ 7,700	\$ 7,700	\$ 6,719	\$ (981)
Excess fees of Clerk	-	24,694	9,354	(15,340)
Charges for law enforcement and traffic control	2,500	2,500	2,557	57
Charges for courthouse maintenance	24,000	24,000	23,050	(950)
Charges for courthouse security	30,000	30,000	47,332	17,332
Share of seized property	-	2,666	3,800	1,134

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for Commonwealth's Attorney	\$ 2,000	\$ 2,000	\$ 2,503	\$ 503
Miscellaneous jail and inmate fees	1,700	1,700	8,291	6,591
Sale of maps and publications	100	100	1,493	1,393
Town tax book preparation	470	470	470	-
Charges for parks and recreation	277,800	279,315	344,218	64,903
Charges for animal pound	2,700	2,700	6,777	4,077
Charges for law library	6,000	6,000	4,553	(1,447)
Charges for library	8,100	17,318	20,829	3,511
Total charges for services	<u>\$ 363,070</u>	<u>\$ 401,163</u>	<u>\$ 481,946</u>	<u>\$ 80,783</u>
Miscellaneous revenue:				
Miscellaneous	\$ 50,597	\$ 99,504	\$ 89,917	\$ (9,587)
Recovered costs:				
Administrative fees	\$ 67,000	\$ 67,000	\$ 71,141	\$ 4,141
Juror costs	15,000	15,000	8,160	(6,840)
Circuit court secretary	13,250	13,250	12,250	(1,000)
Town reimbursement-fire works	5,000	5,000	5,100	100
CSA recoveries	10,000	10,000	10,099	99
Prisoner recoveries	-	-	585	585
City reimbursement-landfill	38,349	38,349	48,361	10,012
Public safety recoveries	28,000	138,000	153,697	15,697
Health department recoveries	9,400	9,400	7,336	(2,064)
Welfare recoveries	-	-	10,332	10,332
Hazardous material response	-	2,724	2,724	-
Other recovered costs	-	-	965	965
Total recovered costs	<u>\$ 185,999</u>	<u>\$ 298,723</u>	<u>\$ 330,750</u>	<u>\$ 32,027</u>
Total revenue from local sources	<u>\$ 23,832,701</u>	<u>\$ 24,032,425</u>	<u>\$ 24,690,768</u>	<u>\$ 658,343</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 13,698	\$ 13,698	\$ 13,698	\$ -
Wine taxes	14,358	14,358	20,064	5,706
Motor vehicle carriers' tax	35,000	35,000	35,103	103
Mobile home titling tax	88,000	88,000	51,048	(36,952)
Motor vehicle rental tax	31,000	31,000	33,255	2,255
Grantor's tax	96,000	96,000	108,061	12,061
State recordation tax	-	-	53,205	53,205
Personal property tax relief funds	1,554,953	1,554,953	1,552,037	(2,916)
Total noncategorical aid	<u>\$ 1,833,009</u>	<u>\$ 1,833,009</u>	<u>\$ 1,866,471</u>	<u>\$ 33,462</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 349,180	\$ 349,180	\$ 349,057	\$ (123)
Sheriff	1,648,052	1,648,052	1,642,223	(5,829)
Commissioner of revenue	131,244	131,244	131,563	319
Treasurer	114,218	114,218	114,597	379
Medical examiner	1,800	1,800	690	(1,110)
Registrar/electoral board	46,906	53,116	57,755	4,639

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Shared expenses: (Continued)				
Clerk of the Circuit Court	\$ 267,045	\$ 275,933	\$ 276,228	\$ 295
Total shared expenses	<u>\$ 2,558,445</u>	<u>\$ 2,573,543</u>	<u>\$ 2,572,113</u>	<u>\$ (1,430)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 786,120	\$ 821,120	\$ 1,326,452	\$ 505,332
Comprehensive services act	2,356,200	2,356,200	1,839,696	(516,504)
Victim's assistance grant	35,260	37,170	43,451	6,281
Litter control grant	10,000	10,000	9,889	(111)
E-911 wireless grant	30,000	30,000	40,650	10,650
DMV animal friendly plates	-	-	621	621
Library grant	121,530	121,530	121,395	(135)
Pretrial services grant	622,594	648,244	648,244	-
DEQ grant	-	-	1,060	1,060
Emergency services grant	16,904	16,904	16,904	-
VDOT revenue sharing	30,052	30,052	-	(30,052)
Commission on the arts	5,000	5,000	5,000	-
Fire programs	31,000	49,524	51,016	1,492
Virginia juvenile commission crime control	29,796	29,796	29,796	-
Total other categorical aid	<u>\$ 4,074,456</u>	<u>\$ 4,155,540</u>	<u>\$ 4,134,174</u>	<u>\$ (21,366)</u>
Total categorical aid	<u>\$ 6,632,901</u>	<u>\$ 6,729,083</u>	<u>\$ 6,706,287</u>	<u>\$ (22,796)</u>
Total revenue from the Commonwealth	<u>\$ 8,465,910</u>	<u>\$ 8,562,092</u>	<u>\$ 8,572,758</u>	<u>\$ 10,666</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 15,000	\$ 15,000	\$ 20,086	\$ 5,086
Categorical aid:				
Public assistance and welfare administration	\$ 2,997,126	\$ 3,349,126	\$ 2,643,779	\$ (705,347)
Emergency management preparedness grant	-	2,000	2,000	-
State homeland security grant	202,481	316,481	244,127	(72,354)
Crime victim assistance	76,393	80,530	94,160	13,630
State and community highway safety - open container grant	-	-	6,655	6,655
State library program	-	1,000	1,000	-
Total categorical aid	<u>\$ 3,276,000</u>	<u>\$ 3,749,137</u>	<u>\$ 2,991,721</u>	<u>\$ (757,416)</u>
Total revenue from the federal government	<u>\$ 3,291,000</u>	<u>\$ 3,764,137</u>	<u>\$ 3,011,807</u>	<u>\$ (752,330)</u>
Total General Fund	<u>\$ 35,589,611</u>	<u>\$ 36,358,654</u>	<u>\$ 36,275,333</u>	<u>\$ (83,321)</u>
Capital Projects Funds:				
School Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 104,228	\$ 174,549	\$ 70,321

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Primary class size	\$ 366,183	\$ 366,183	\$ 326,255	\$ (39,928)
Regular foster care	-	-	3,477	3,477
Remedial education	341,901	347,610	347,610	-
Remedial summer education	73,693	116,592	116,592	-
School construction	170,555	171,030	171,030	-
School food	31,000	31,000	29,588	(1,412)
Share of state sales tax	4,258,832	4,283,414	4,334,622	51,208
Special education	1,556,810	1,582,805	1,582,805	-
Special education - foster children	-	-	1,866	1,866
Special education - jails	-	2,825	7,413	4,588
Standards of Learning algebra readiness	40,687	42,587	42,587	-
State lottery payments	725,970	799,671	799,671	-
State share of fringe benefits	1,225,219	1,244,556	1,269,217	24,661
Textbook payment	209,535	213,021	213,021	-
Vocational education - equipment	-	-	5,107	5,107
Vocational occupational preparedness	40,897	40,932	36,319	(4,613)
Vocational standards of quality payments	491,275	499,478	499,478	-
VPSA technology grant	336,000	732,943	352,367	(380,576)
Total categorical aid	<u>\$ 23,644,538</u>	<u>\$ 24,466,183</u>	<u>\$ 24,055,988</u>	<u>\$ (410,195)</u>
Total revenue from the Commonwealth	<u>\$ 23,644,538</u>	<u>\$ 24,466,183</u>	<u>\$ 24,055,988</u>	<u>\$ (410,195)</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ -	\$ -	\$ 10,468	\$ 10,468
Adult basic education	53,692	73,119	17,958	(55,161)
Title I	935,259	1,003,057	1,197,071	194,014
Title VI-B, special education flow-through	904,716	1,048,168	1,367,553	319,385
Vocational education	102,260	100,315	21,991	(78,324)
Special education pre-school	70,366	70,366	64,996	(5,370)
Drug free schools	31,888	31,888	31,888	-
Title III, LEP	-	7,862	-	(7,862)
Title VI, rural and low income schools	-	-	5,413	5,413
Title II, Part A-Teacher quality grant	307,818	295,417	287,003	(8,414)
Literacy challenge grant	-	-	18,295	18,295
School food	670,000	670,000	887,412	217,412
Calculator grant	-	17,311	17,311	-
Title IV, Part 21	146,852	146,852	176,730	29,878
Title V, Part A-Innovative programs	28,185	33,404	32,354	(1,050)
Comprehensive school reform	50,000	50,000	87,837	37,837
Other federal funds	-	1,500	-	(1,500)
Total categorical aid	<u>\$ 3,301,036</u>	<u>\$ 3,549,259</u>	<u>\$ 4,224,280</u>	<u>\$ 675,021</u>
Total revenue from the federal government	<u>\$ 3,301,036</u>	<u>\$ 3,549,259</u>	<u>\$ 4,224,280</u>	<u>\$ 675,021</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 38,651,945</u>	<u>\$ 41,789,694</u>	<u>\$ 41,693,187</u>	<u>\$ (96,507)</u>

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 116,509	\$ 145,167	\$ 170,609	\$ (25,442)
General and financial administration:				
County administrator	\$ 183,138	\$ 203,984	\$ 203,603	\$ 381
Assistant County administrator	129,476	137,676	137,020	656
County attorney	75,000	81,000	80,610	390
Operations	86,394	92,331	92,324	7
Independent auditor	24,000	24,000	24,000	-
Commissioner of the revenue	368,210	374,534	364,224	10,310
Treasurer	373,816	392,166	394,775	(2,609)
Management services	89,311	89,311	85,140	4,171
Other general and financial administration	10,000	10,000	-	10,000
Total general and financial administration	<u>\$ 1,339,345</u>	<u>\$ 1,405,002</u>	<u>\$ 1,381,696</u>	<u>\$ 23,306</u>
Board of elections:				
Electoral board and officials	\$ 34,031	\$ 41,491	\$ 42,130	\$ (639)
Registrar	78,374	79,637	79,638	(1)
Total board of elections	<u>\$ 112,405</u>	<u>\$ 121,128</u>	<u>\$ 121,768</u>	<u>\$ (640)</u>
Total general government administration	<u>\$ 1,568,259</u>	<u>\$ 1,671,297</u>	<u>\$ 1,674,073</u>	<u>\$ (2,776)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 55,885	\$ 55,885	\$ 52,722	\$ 3,163
General district court	4,400	7,895	4,119	3,776
Magistrate	1,000	1,000	1,000	-
Juvenile and domestic relations court	2,850	4,589	4,501	88
Clerk of the circuit court	415,389	449,440	445,508	3,932
Law library	6,000	7,822	8,515	(693)
Victim's witness assistance	111,653	118,232	118,154	78
Total courts	<u>\$ 597,177</u>	<u>\$ 644,863</u>	<u>\$ 634,519</u>	<u>\$ 10,344</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 436,922	\$ 446,925	\$ 446,427	\$ 498
Total judicial administration	<u>\$ 1,034,099</u>	<u>\$ 1,091,788</u>	<u>\$ 1,080,946</u>	<u>\$ 10,842</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,709,897	\$ 2,890,543	\$ 2,730,498	\$ 160,045
Fire and rescue services:				
E-911 system	\$ 156,000	\$ 126,185	\$ 118,365	\$ 7,820
Wireless E-911	30,000	99,438	24,575	74,863
Forest fire protection	4,789	4,789	3,981	808
Town of Pulaski fire protection	31,212	31,212	31,200	12
Volunteer fire departments	213,284	280,278	242,596	37,682
Ambulance and rescue services	1,150	1,150	215	935
Western Virginia EMS	6,659	6,659	6,659	-
Total fire and rescue services	<u>\$ 443,094</u>	<u>\$ 549,711</u>	<u>\$ 427,591</u>	<u>\$ 122,120</u>

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail payments	\$ 883,030	\$ 1,105,804	\$ 1,105,803	\$ 1
Court services	6,800	8,020	7,468	552
NRV juvenile detention home	124,992	124,992	143,629	(18,637)
Pretrial service grant	622,594	648,244	648,244	-
Total correction and detention	<u>\$ 1,637,416</u>	<u>\$ 1,887,060</u>	<u>\$ 1,905,144</u>	<u>\$ (18,084)</u>
Inspections:				
Building inspections	\$ 130,095	\$ 130,095	\$ 111,142	\$ 18,953
Other protection:				
Animal control	\$ 165,434	\$ 171,916	\$ 172,350	\$ (434)
Medical examiner	1,800	1,800	1,200	600
Emergency management	62,716	73,377	70,754	2,623
Grants	-	134,995	34,533	100,462
Contribution to Regional Emergency Medical Services, Inc.	106,981	106,981	106,981	-
Total other protection	<u>\$ 336,931</u>	<u>\$ 489,069</u>	<u>\$ 385,818</u>	<u>\$ 103,251</u>
Total public safety	<u>\$ 5,257,433</u>	<u>\$ 5,946,478</u>	<u>\$ 5,560,193</u>	<u>\$ 386,285</u>
Public works:				
Sanitation and waste removal:				
General engineering	\$ 113,249	\$ 113,249	\$ 109,021	\$ 4,228
Landfill	70,550	101,880	102,301	(421)
Clean community council	65,253	65,253	65,038	215
Total sanitation and waste removal	<u>\$ 249,052</u>	<u>\$ 280,382</u>	<u>\$ 276,360</u>	<u>\$ 4,022</u>
Maintenance of general buildings and grounds:				
General properties	\$ 610,960	\$ 653,741	\$ 650,670	\$ 3,071
NRV airport maintenance-contribution	25,664	25,664	25,664	-
Total maintenance of general buildings and grounds	<u>\$ 636,624</u>	<u>\$ 679,405</u>	<u>\$ 676,334</u>	<u>\$ 3,071</u>
Total public works	<u>\$ 885,676</u>	<u>\$ 959,787</u>	<u>\$ 952,694</u>	<u>\$ 7,093</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 272,723	\$ 272,723	\$ 272,723	\$ -
Mental health and mental retardation:				
Community services board	\$ 74,571	\$ 74,571	\$ 74,571	\$ -
Welfare:				
Public assistance	\$ 1,650,219	\$ 2,031,219	\$ 1,870,576	\$ 160,643
Welfare administration	2,953,073	2,959,073	2,709,719	249,354
Comprehensive services act	3,559,135	3,559,135	2,561,313	997,822
State and local hospitalization	12,000	14,626	14,626	-
Area agency on aging	13,700	15,589	13,856	1,733
Office on youth	40,531	41,246	40,938	308
Property clean-up	4,000	4,000	-	4,000
New River Community Action	42,004	42,004	42,004	-
New River Valley Disability Services	11,422	11,422	11,422	-

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
New River Highland	\$ 700	\$ 700	\$ 700	\$ -
SE rural community assistance program	1,000	1,000	-	1,000
Total planning and community development	<u>\$ 403,892</u>	<u>\$ 450,593</u>	<u>\$ 393,381</u>	<u>\$ 57,212</u>
Environmental management:				
Contribution to soil and water district	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Cooperative extension program:				
Extension office	\$ 81,704	\$ 81,704	\$ 76,013	\$ 5,691
Total community development	<u>\$ 490,596</u>	<u>\$ 537,297</u>	<u>\$ 474,394</u>	<u>\$ 62,903</u>
Nondepartmental:				
Revenue refunds	\$ 7,000	\$ 30,801	\$ -	\$ 30,801
Contingencies	112,448	-	-	-
Total nondepartmental	<u>\$ 119,448</u>	<u>\$ 30,801</u>	<u>\$ -</u>	<u>\$ 30,801</u>
Debt service:				
Principal retirement	\$ 1,661,204	\$ 1,661,204	\$ 1,661,203	\$ 1
Interest and other fiscal charges	790,030	791,030	791,030	-
Total debt service	<u>\$ 2,451,234</u>	<u>\$ 2,452,234</u>	<u>\$ 2,452,233</u>	<u>\$ 1</u>
Total General Fund	<u>\$ 31,739,041</u>	<u>\$ 34,745,566</u>	<u>\$ 32,476,354</u>	<u>\$ 2,269,212</u>
Capital Projects Funds:				
School Construction Fund:				
Capital projects expenditures:				
Pulaski Elementary School Construction	\$ -	\$ 4,791,842	\$ 4,503,379	\$ 288,463
County Capital Improvements Fund:				
General government administration:				
General and financial administration:				
Other general and financial administration	\$ 310,000	\$ 310,000	\$ -	\$ 310,000
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 428,184	\$ 709,977	\$ 600,278	\$ 109,699
Fire and rescue services:				
Volunteer fire departments	\$ 400,000	\$ 403,300	\$ 381,552	\$ 21,748
Other protection:				
Contribution to Regional Emergency Medical Services, Inc.	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
Total public safety	<u>\$ 918,184</u>	<u>\$ 1,203,277</u>	<u>\$ 1,071,830</u>	<u>\$ 131,447</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 700,000	\$ 700,000	\$ -	\$ 700,000

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Capital Improvements Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 262,650	\$ 262,650	\$ 258,635	\$ 4,015
Parks, recreation, and cultural:				
Cultural enrichment:				
Train Station	\$ -	\$ 5,860	\$ 5,860	\$ -
Library:				
Library administration	\$ 30,000	\$ 54,000	\$ -	\$ 54,000
Total parks, recreation, and cultural	\$ 30,000	\$ 59,860	\$ 5,860	\$ 54,000
Community development:				
Planning and community development:				
County entrance signs	\$ -	\$ 9,117	\$ -	\$ 9,117
Rt. 100 improvements	-	90,000	-	90,000
NRV Fairgrounds Contribution	25,000	25,000	25,000	-
Contribution to Commerce Center	185,172	185,172	185,172	-
Contribution to Public Service Authority	134,388	134,388	134,388	-
Contribution to Industrial Development Authority	1,171,773	1,171,773	842,267	329,506
Total planning and community development	\$ 1,516,333	\$ 1,615,450	\$ 1,186,827	\$ 428,623
Total community development	\$ 1,516,333	\$ 1,615,450	\$ 1,186,827	\$ 428,623
Capital projects expenditures:				
Animal control shelter construction	\$ -	\$ 500,478	\$ 356,330	\$ 144,148
County administration building improvements	60,000	90,031	62,660	27,371
Total capital projects	\$ 60,000	\$ 590,509	\$ 418,990	\$ 171,519
Total County Capital Improvements Fund	\$ 3,807,167	\$ 4,751,746	\$ 2,942,142	\$ 1,809,604
Total Primary Government	\$ 35,546,208	\$ 44,289,154	\$ 39,921,875	\$ 4,367,279

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 3,014,047	\$ 4,186,177	\$ 4,281,380	\$ (95,203)
Instruction costs:				
Instruction	\$ 27,194,900	\$ 28,461,735	\$ 27,871,678	\$ 590,057
Governor's school	628,382	628,382	634,899	(6,517)
Total instruction costs	<u>\$ 27,823,282</u>	<u>\$ 29,090,117</u>	<u>\$ 28,506,577</u>	<u>\$ 583,540</u>
Operating costs:				
Pupil transportation	\$ 1,510,000	\$ 1,800,703	\$ 1,786,816	\$ 13,887
Operation and maintenance of school plant	4,000,000	4,304,356	4,564,122	(259,766)
Food services and other non-instructional costs	1,954,000	1,954,000	1,939,956	14,044
Facilities	350,616	454,341	651,609	(197,268)
Total operating costs	<u>\$ 7,814,616</u>	<u>\$ 8,513,400</u>	<u>\$ 8,942,503</u>	<u>\$ (429,103)</u>
Total education	<u>\$ 38,651,945</u>	<u>\$ 41,789,694</u>	<u>\$ 41,730,460</u>	<u>\$ 59,234</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 38,651,945</u>	<u>\$ 41,789,694</u>	<u>\$ 41,730,460</u>	<u>\$ 59,234</u>

STATISTICAL SECTION

Table 1

County of Pulaski, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2002-03	\$ 1,706,790	\$ 998,516	\$ 5,014,474	\$ 962,203	\$ 5,641,033	\$ 11,618,614	\$ 1,101,550	\$ 2,286,541	\$ 653,460	\$ 29,983,181
2003-04	1,915,680	956,609	5,461,400	973,451	7,206,259	10,826,692	1,282,212	2,124,508	821,066	31,567,877
2004-05	1,631,622	1,054,657	5,942,439	983,789	7,647,508	11,941,747	1,351,666	1,758,886	748,392	33,060,706

(1) Information has only been available for 3 years.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
1995-96	\$ 11,128,680	\$ 3,608,249	\$ 104,067	\$ 10,085	\$ 426,346	\$ 972,202	\$ 205,408	\$ 608,574	\$ 22,931,872	\$ 39,995,483
1996-97	11,831,246	3,733,762	114,058	15,823	533,078	914,100	224,051	748,933	24,904,799	43,019,850
1997-98	12,743,838	3,875,764	123,981	26,146	568,071	1,058,113	206,707	701,142	25,300,597	44,604,359
1998-99	13,456,639	4,080,244	141,220	25,315	914,904	1,182,938	502,028	1,411,420	28,568,410	50,283,118
1999-00	13,260,604	4,542,349	123,444	31,285	671,504	1,124,342	417,522	1,360,291	29,627,199	51,158,540
2000-01	14,239,273	4,678,290	135,298	38,019	837,703	1,142,027	381,615	674,446	30,909,876	53,036,547
2001-02	14,656,188	4,736,025	107,427	48,290	182,732	2,325,279	310,985	604,413	32,720,051	55,691,390
2002-03	15,197,779	5,091,930	110,761	41,060	123,122	1,454,088	510,807	1,046,559	33,061,944	56,638,050
2003-04	16,938,019	5,281,449	125,968	42,329	82,074	1,882,954	392,137	1,113,046	34,960,933	60,818,909
2004-05	18,104,757	5,393,167	128,038	42,290	132,667	1,451,416	324,965	988,947	39,864,833	66,431,080

(1) Includes General fund of the Primary Government and its Discretely Presented Component Unit-School Board. (exclusive of Capital Projects funds)

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

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service (2)	Total
1995-96	\$ 899,852,568	\$ 186,710,006	\$ 61,551,360	\$ 4,531,800	\$ 81,674,363	\$ 1,234,320,097
1996-97	929,051,838	199,251,433	114,743,770	5,179,738	77,140,617	1,325,367,396
1997-98	1,486,718,087	211,664,609	134,342,070	5,290,190	38,737,073	1,876,752,029
1998-99	1,226,465,162	218,636,615	145,169,133	5,208,979	55,697,903	1,651,177,792
1999-00	1,203,723,178	224,149,419	152,479,740	7,085,390	86,520,951	1,673,958,678
2000-01	1,216,537,254	243,929,790	156,636,700	7,649,710	86,547,367	1,711,300,821
2001-02	1,263,351,827	256,306,443	180,434,300	6,940,767	79,355,700	1,786,389,037
2002-03	1,286,185,921	253,395,027	193,718,350	6,053,385	83,318,494	1,822,671,177
2003-04	1,529,881,242	250,882,360	190,311,291	7,619,766	80,403,745	2,059,098,404
2004-05	1,780,786,569	248,618,931	170,603,751	6,246,179	123,962,648	2,330,218,078

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchants' Capital	Mobile Homes
1995-96	\$ 0.70	\$ 1.50	\$ 1.50	\$ 4.80	\$ 0.70
1996-97	0.70	1.50	1.50	4.80	0.70
1997-98	0.70	1.50	1.50	4.80	0.70
1998-99	0.62	1.50	1.50	4.80	0.62
1999-00	0.62	1.50	1.50	4.80	0.62
2000-01	0.62	2.00	1.50	4.80	0.62
2001-02(2)	0.62/0.66	2.00	1.50	4.80	0.62/0.66
2002-03	0.66	2.00	1.50	4.80	0.66
2003-04(3)	0.66/0.62	2.00	1.50	4.80	0.66/0.62
2004-05	0.62	2.00	1.50	4.80	0.62

(1) Per \$100 of assessed value.

(2) Real estate rate increased from \$0.62 to \$0.66 beginning with the first half 2002.

(3) Real estate rate decreased from \$0.66 to \$0.62 beginning with the first half 2004.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995-96	34,496	\$ 1,234,320	\$ 4,730,000	\$ 4,730,000	0.38%	\$ 137
1996-97	34,496	1,325,367	3,990,000	3,990,000	0.30%	116
1997-98	34,496	1,876,752	3,205,000	3,205,000	0.17%	93
1998-99	34,496	1,651,178	9,890,000	9,890,000	0.60%	287
1999-00	34,496	1,673,959	9,890,000	9,890,000	0.59%	287
2000-01	34,496	1,711,301	11,021,522	11,021,522	0.64%	320
2001-02	35,127	1,786,389	9,954,240	9,954,240	0.56%	283
2002-03	35,127	1,822,671	19,941,066	19,941,066	1.09%	568
2003-04	35,127	2,059,098	18,451,174	18,451,174	0.90%	525
2004-05	35,127	2,330,218	16,917,563	16,917,563	0.73%	482

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF PULASKI, VIRGINIA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County of Pulaski, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

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

However, we noted certain matters that we reported to management of the County of Pulaski, Virginia, in a separate letter dated September 30, 2005.

This report is intended solely for the information and use of the Board of Supervisors, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Co. Associates

Christiansburg, Virginia
September 30, 2005

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Christiansburg, Virginia
September 30, 2005

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 15,178
Temporary Assistance to Needy Families (TANF)	93.558	445,903
Refugee and Entrant Assistance - Discretionary Grants	93.566	507
Low Income Home Energy Assistance	93.568	20,088
Payments to States for Child Care Assistance	93.575	181,529
Child Care and Development Fund	93.596	165,822
Foster Care - Title IV-E	93.658	993,566
Adoption Assistance	93.659	27,695
Social Services Block Grant	93.667	361,991
State Children's Insurance Program	93.767	344
Medical Assistance Program (Title XIX)	93.778	63,163
		<hr/>
Total Department Health and Human Services		\$ 2,275,786
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution (Note 2)	10.555	\$ 120,052
Summer feeding program (Note 2)	10.559	1,418
Department of Education:		
National school breakfast program	10.553	190,953
National school lunch program	10.555	666,099
Summer feeding program	10.550	30,360
Forest reserve payments	10.665	10,468
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	367,993
		<hr/>
Total Department of Agriculture		\$ 1,387,343
Institute of Museum and Library Services, National Foundation on the Arts and the Humanities:		
Pass Through Payments:		
Virginia State Library:		
State library program	45.310	\$ 1,000
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Crime victims assistance	16.575	\$ 94,160

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2005

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pulaski County, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profits Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 3 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 3,011,807
Less: Payment in lieu of taxes	<u>(20,086)</u>

Total primary government	<u>\$ 2,991,721</u>
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Component Unit Schools:

School Operating Fund	\$ 4,224,280
Add: Non-cash expenditures - value of donated commodities	<u>121,470</u>

Total Component Unit Schools	<u>\$ 4,345,750</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 7,337,471</u></u>
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COUNTY OF PULASKI, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

Section I – Summary of Auditor’s Results (continued)

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs:

unqualified

Any findings disclosed that are required to be reported in accordance with section 310(a) of Circular A-133

_____ yes X no

Identification of major programs:

CFDA Numbers

84.027/84.073

93.558

10.561

Name of Federal Program or Cluster

Special Education Cluster

Temporary Assistance to Needy Families

State Admin. Matching Grants for Food Stamp Program

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X yes _____ no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None