

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006

**COUNTY OF PULASKI, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2006**

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

BOARD OF SUPERVISORS

Frank R. Conner, Vice-chair 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 Ogburn, Librarian	Phillip Baker 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..... Josiah T. Showalter, Jr
Judge of the Circuit Court..... Brett L. Geisler
Judge of the Circuit Court..... Robert M. D. Turk
Clerk of the Circuit CourtMaetta H. Crewe
Judge of the General District CourtR. G. Lookabill
Judge of the General District Court Edward M. Turner, III
Judge of the General District Court Randal J. Duncan
Judge of the General District CourtJ. D. Bolt
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 Court Robert C. Viar, Jr.
Judge of the Juvenile and Domestic Relations Court M. Keith Blankenship
Judge of the Juvenile and Domestic Relations Court Marcus H. Long, Jr.
Commonwealth's Attorney..... K. Mike Fleenor
Commissioner of the Revenue John 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

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying 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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2006, on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, Sauer, Cox Associates

Christiansburg, Virginia
September 29, 2006

Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2006 (FY06) 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.

Recurring revenues and expenditures: As noted in Exhibit 5, general fund recurring revenues in FY 2006 totaled \$37.7 million while recurring expenditures totaled \$37.4 million leaving \$0.3 million available for investment in capital projects, reserves and other one-time uses. This amount is down by more than \$3.5 million from the FY2005 audit report. The decrease can be attributed to a contribution of \$2.0 million for the James Hardie project and a reclassification of debt service expenditures on economic development projects from the county debt service fund to the general fund. The \$2.0 million contribution can be offset by the \$2.0 million proceeds of debt that results in an increase in the general fund of more than \$1.2 million dollars.

Change in net assets: In the 2005-06 fiscal year, net assets decreased by more than \$1.2 million. As noted above, fund balance is not affected by the issuance of debt because the expenditure is offset by proceeds and typically this is correct when one analyzes net assets because there is an offsetting asset capitalized. In this case, there is no asset to capitalize therefore the transaction had a negative impact on the County's net assets balance of \$2.0 million. This combined with a decrease in deferred property taxes of more than \$1.0 million are the two main contributors to the decrease in net assets.

Financial Highlights For Fiscal Year 2005-06

- Total net assets value of the primary governmental was \$29.3 million at the end of FY 2006 based on total assets of \$52.8 million and total liabilities of \$23.5 million (Exhibit 1). As noted in Exhibit 1, these liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs and compensated absences while the total assets reflect the depreciated value of existing county owned facilities.

- For the fiscal year ended June 30, 2006 primary government expenses of \$37.7 million exceeded combined program and general revenues of \$36.5 million by more than \$1.2 million (Exhibit 2). The decrease in net assets is explained in the Executive Summary above.
- As described in Exhibit 11, total general fund revenues were \$0.2 million or 0.61% less than the budgeted \$37.9 million revenue estimate while expenditures were \$0.5 million, or 1.5% more than the \$36.8 million budgeted expenditures. Most of this difference can be explained through the James Hardie project offset by health and welfare expenditures being over estimated for the fiscal year.
- The County's total outstanding debt for courthouse construction, school improvements, school construction and economic development increased by \$0.8 million from \$18.8 million on July 1, 2005 to \$19.6 million on June 30, 2006 (Note 7). In addition, more than \$1.2 million was invested in various capital improvements, excluding the transfer of construction in progress to buildings and improvements (Note 11).
- As described in Note 15, the undesignated fund balance as of June 30, 2006 for the general fund was \$12.0 million, or 15% of fiscal year 2006 total County general fund and Component Unit, School Board operating expenditures in the amount of \$79.5 million. The Board of Supervisors has maintained an undesignated general fund balance greater than 10% of general, special revenue and component unit fund expenditures in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.

Overview of the Financial Statements

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Assets and Statement of Activities. The County's Internal Service Fund, one type of proprietary fund, is the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's proprietary funds include the Pulaski County Public Service Authority, the Industrial Development Authority of Pulaski County and the Internal Service Fund.

Fiduciary funds – The County is the trustee, or fiduciary, for the County’s agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its operations. The County’s fiduciary funds include special welfare funds, performance bond funds and the employee flexible benefits funds.

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

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

Financial Analysis of the County as a Whole

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

Summary of Net Assets:

Details in the government-wide financial statements for FY 2006 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Assets (in millions).

	Primary Government		Component Unit School Board	
	2006	2005	2006	2005
Current and other assets	\$ 18.9	\$ 20.0	\$ 4.9	\$ 4.5
Capital assets, net	33.9	33.2	5.4	5.5
Total assets	\$ 52.8	\$ 53.2	\$ 10.3	\$ 10.0
Other liabilities	\$ 3.9	\$ 3.5	\$ 4.2	\$ 3.8
Long term liabilities	19.6	19.2	1.6	1.7
Total liabilities	\$ 23.5	\$ 22.7	\$ 5.8	\$ 5.5
Net Assets:				
Invested in capital assets, net of related debt	\$ 16.3	\$ 15.8	\$ 5.4	\$ 5.5
Restricted	(1.1)	0.4	-	-
Unrestricted	14.1	14.3	(0.9)	(1.0)
Total net assets	\$ 29.3	\$ 30.5	\$ 4.5	\$ 4.5

The County's combined net assets decreased from \$30.5 million to \$29.3. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County totaled \$12.1 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County total \$16.3 million. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. E911 and seized asset funds are restricted so that they can be used for E911 and specific law enforcement purposes. Component unit net assets essentially remained unchanged decreasing by less than \$0.1 million.

Statement of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2006 (in millions):

Summary of Activities:

	Primary Government		Component Unit School Board	
	2006	2005	2006	2005
Revenues:				
Program Revenues:				
Charges for services	\$ 0.6	\$ 0.6	\$ 1.0	\$ 1.0
Operating grants and contributions	9.9	9.4	29.0	28.1
Capital grants and contributions	0.2	0.2	0.2	0.2
General Revenues:				
Property taxes	17.0	18.0	0.0	0.0
Other taxes	6.0	5.4	0.0	0.0
Other	2.8	2.4	0.2	0.2
Payments from County	-	-	11.6	11.9
Total Revenues	\$ 36.5	\$ 36.0	\$ 42.0	\$ 41.4
Expenses:				
General government	\$ 1.8	\$ 1.6	\$ -	\$ -
Judicial administration	1.1	1.1	-	-
Public safety	6.9	5.9	-	-
Public works	1.2	1.0	-	-
Health and welfare	8.3	7.6	-	-
Education	11.9	11.9	42.0	40.7
Parks, recreation and cultural	1.3	1.4	-	-
Cultural development	4.5	1.8	-	-
Interest on long term debt	0.7	0.7	-	-
Total Expenses	\$ 37.7	\$ 33.0	\$ 42.0	\$ 40.7
Changes in Net Assets:	(1.2)	3.0	0.0	0.7
Transfers	0.0	0.0	0.0	0.0
Net Assets, Beginning of Year	30.5	27.5	4.5	3.8
Net Assets, End of Year	\$ 29.3	\$ 30.5	\$ 4.5	\$ 4.5

Capital Assets

The following table displays the County and Schools (Component Unit) capital assets at June 30, 2006, as well as the change in capital assets for the fiscal year ended June 30, 2006 in millions of dollars:

Capital Assets:	Total Primary Government		Component Unit School Board	
	2006	2005	2006	2005
Non-Depreciable Assets:				
Land	\$ 2.2	\$ 2.2	\$ 0.6	\$ 0.6
Construction in Progress	0.0	10.4	0.0	0.4
Other Capital Assets:				
Buildings and systems	34.0	23.0	16.5	15.9
Machinery and Equipment	8.9	8.2	5.2	4.9
Accumulated Depreciation	(12.2)	(10.6)	(16.9)	(16.3)
Totals	\$ 32.9	\$ 33.2	\$ 5.4	\$ 5.5

Primary Government: Changes in Capital Assets:

	Balance, June 30, 2005	Additions	Deletions	Balance, June 30, 2006
Non-Depreciable Assets:				
Land	\$ 2.2	\$ 0.0	\$ 0.0	\$ 2.2
Construction in Progress	10.4	0.0	10.4	0.0
Other Capital Assets:				
Buildings and systems	23.1	10.9	0.0	34.0
Machinery and Equipment	8.2	0.7	0.0	8.9
Accumulated Depreciation	(10.7)	(1.5)	0.0	(12.2)
Totals	\$ 33.2	\$ 10.1	\$ 10.4	\$ 32.9

Component Unit-School Board: Changes in Capital Assets:

	Balance, June 30, 2005	Additions	Deletions	Balance, June 30, 2006
Non-Depreciable Assets:				
Land	\$ 0.6	\$ 0.0	\$ 0.0	\$ 0.6
Construction in Progress	0.4	0.0	0.4	0.0
Other Capital Assets:				
Buildings and systems	16.0	0.6	0.0	16.6
Machinery and Equipment	4.9	0.3	0.0	5.2
Accumulated Depreciation	(16.3)	(0.7)	0.0	(17.0)
Totals	\$ 5.6	\$ 0.2	\$ 0.4	\$ 5.4

Depreciation on capital assets exceeded additions for the fiscal year despite major capital construction projects in FY06 (conclusion of the construction of Pulaski Elementary School) and vehicle replacement and minor renovations. The result was a net decrease of \$0.3 million in the capital assets of the County following an adjustment for ongoing depreciation. This decrease points to the need for additional capital investment in order to maintain the value of the assets publicly owned by the citizens of Pulaski County.

Additional detailed capital asset information can be found in Note 11 in the “Notes to Financial Statements” section of the report.

Long-Term Debt

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2006, in millions of dollars:

	Primary Government		Component Unit School Board	
	2006	2005	2006	2005
General Obligation Bonds	\$ 12.2	\$ 11.3	\$ -	\$ -
Literary Loans	5.6	6	-	-
Capital Leases	0.7	0.8	-	-
Landfill Post Closure Liability	0.5	0.5	-	-
Compensated Absences	0.6	0.6	1.6	1.7
Total	\$ 19.6	\$ 19.2	\$ 1.6	\$ 1.7

Long-term debt obligations increased by \$0.4 million in FY 2006. The increase is due to the addition of debt related to the James Hardie project in the amount of \$2.0 million and reduction of debt through recurring debt payments on the amount of \$1.4 million. Additional detailed information on long-term debt activity can be found in Note 7 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, a variety of 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. Local property taxes are increasing at a rate of 2.5% per year while total revenues are increasing at approximately 4% per year. While these increases allow expenditures to keep up with inflation, this gain is not sufficient to support major new construction projects such as building new schools or expanding utility services. Options for generating additional revenue are limited by state law to real estate and personal property tax rates.

BASIC FINANCIAL STATEMENTS

County of Pulaski, Virginia
 Statement of Activities
 For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Component Units		
						School Board	Public Service Authority	Industrial Development Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,796,526	\$ 4,222	\$ 309,766	\$ -	\$ (1,482,538)	\$ -	\$ -	\$ -
Judicial administration	1,122,413	63,417	1,349,893	-	290,897	-	-	-
Public safety	7,157,316	205,449	1,959,070	168,817	(4,823,980)	-	-	-
Public works	1,265,365	22,748	27,879	-	(1,214,738)	-	-	-
Health and welfare	8,297,944	-	6,096,792	-	(2,201,152)	-	-	-
Education	11,595,909	-	-	-	(11,595,909)	-	-	-
Parks, recreation, and cultural	1,352,900	342,893	160,137	-	(849,870)	-	-	-
Community development	4,467,301	10,525	587	-	(4,456,189)	-	-	-
Interest on long-term debt	677,076	-	-	-	(677,076)	-	-	-
Total primary government	\$ 37,732,750	\$ 649,254	\$ 9,904,124	\$ 168,817	\$ (27,010,555)	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 42,045,032	\$ 1,070,430	\$ 28,999,062	\$ 170,486	\$ -	\$ (11,805,054)	\$ -	\$ -
Public Service Authority	6,637,601	5,857,477	-	-	-	-	(780,124)	-
Industrial Development Authority	1,554,040	431,030	-	-	-	-	-	(1,123,010)
Total component units	\$ 50,236,673	\$ 7,358,937	\$ 28,999,062	\$ 170,486	\$ -	\$ (11,805,054)	\$ (780,124)	\$ (1,123,010)
General revenues:								
General property taxes					\$ 17,049,730	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					2,333,902	-	-	-
Consumers' utility taxes					1,272,742	-	-	-
E-911 telephone taxes					140,448	-	-	-
Franchise license taxes					63,508	-	-	-
Utility license taxes					17,755	-	-	-
Consumption taxes					205,275	-	-	-
Motor vehicle licenses					544,837	-	-	-
Bank stock taxes					8,906	-	-	-
Taxes on recordation and wills					261,460	-	-	-
Hotel and motel room taxes					297,469	-	-	-
Restaurant food taxes					825,962	-	-	-
Unrestricted revenues from use of money and property					678,035	25,721	55,906	31,132
Miscellaneous					85,237	163,222	-	23,661
Payments from Primary Government					-	11,581,103	134,388	1,509,447
Grants and contributions not restricted to specific programs					2,014,456	-	-	-
Gain on disposal of capital assets					-	-	-	345,000
Total general revenues					\$ 25,799,722	\$ 11,770,046	\$ 190,294	\$ 1,909,240
Change in net assets					\$ (1,210,833)	\$ (35,008)	\$ (589,830)	\$ 786,230
Net assets - beginning, as restated					30,543,950	4,517,277	11,553,418	1,913,294
Net assets - ending					\$ 29,333,117	\$ 4,482,269	\$ 10,963,588	\$ 2,699,524

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>School Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 10,057,902	\$ -	\$ -	\$ 10,057,902
Investments	4,997,932	1,093,615	-	6,091,547
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,270,610	-	-	1,270,610
Other local taxes and fees	295,476	-	-	295,476
Due from other funds	242,584	-	-	242,584
Due from other governmental units	1,201,521	-	-	1,201,521
Advances to component units	813,728	-	-	813,728
Total assets	\$ 18,879,753	\$ 1,093,615	\$ -	\$ 19,973,368
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 59,414	\$ -	\$ 1,241	\$ 60,655
Due to other funds	-	242,584	-	242,584
Due to component unit	3,161,734	-	-	3,161,734
Deferred revenue	884,514	-	-	884,514
Total liabilities	\$ 4,105,662	\$ 242,584	\$ 1,241	\$ 4,349,487
Fund balances:				
Reserved for:				
Construction	\$ -	\$ 851,031	\$ -	\$ 851,031
Seized assets	18,335	-	-	18,335
Unreserved:				
Designated in the General fund	2,747,568	-	-	2,747,568
Undesignated (deficit)	12,008,188	-	(1,241)	12,006,947
Total fund balances	\$ 14,774,091	\$ 851,031	\$ (1,241)	\$ 15,623,881
Total liabilities and fund balances	\$ 18,879,753	\$ 1,093,615	\$ -	\$ 19,973,368

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

County of Pulaski, Virginia
 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2006

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Charges to County departments	\$ 874,914
Other revenues	242,821
Miscellaneous	3,847
Total operating revenues	<u>\$ 1,121,582</u>
OPERATING EXPENSES	
Data processing	\$ 323,239
Central garage	863,323
Communications	103,723
Total operating expenses	<u>\$ 1,290,285</u>
Operating income (loss)	<u>\$ (168,703)</u>
Transfers in	<u>\$ 158,040</u>
Change in net assets	<u>\$ (10,663)</u>
Total net assets - beginning	<u>(2,697)</u>
Total net assets - ending	<u><u>\$ (13,360)</u></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, 2006

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from County departments	\$ 1,126,951
Payments to suppliers and employees	(1,291,039)
Other receipts (payments)	3,847
Net cash provided (used by) operating activities	<u>\$ (160,241)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 158,040</u>
Net cash provided (used) by noncapital financing activities	<u>\$ 158,040</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (2,201)</u>
Cash and cash equivalents - beginning	<u>2,201</u>
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (168,703)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	\$ 9,216
Increase (decrease) in accounts payable	(754)
Total adjustments	<u>\$ 8,462</u>
Net cash provided (used) by operating activities	<u><u>\$ (160,241)</u></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, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 169,957
Total assets	<u>\$ 169,957</u>
LIABILITIES	
Amounts held for social services clients	\$ 32,656
Amounts held for contractors	91,510
Amounts held for County employees	45,791
Total liabilities	<u>\$ 169,957</u>

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

COUNTY OF PULASKI, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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 School Board does not issue a separate report.

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

The Pulaski County 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, 2006, 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)

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

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

The County reports the following major governmental funds:

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

The School Construction fund is reported as the County's only major *capital projects fund*. The fund accounts for financial resources to be used for the acquisition and construction of major School capital projects.

The County reports the following non-major governmental fund:

The County Capital Improvements fund is reported as the County's only non-major *capital projects fund*. The fund accounts for financial resources to be used for the acquisition and construction of major County capital projects as well as, acquisitions of other types of capital assets.

Additionally, the County reports the following fund types:

Internal service funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service fund consists of the Internal Services Fund.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(19,905,813) and \$(1,633,161) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit- School Board
General Obligation Bonds	\$ (11,853,557)	\$ -
General Obligation Bond Premium	(371,315)	-
Literary Loans	(5,625,000)	-
Lease Purchase	(656,495)	-
Accrued interest payable	(304,454)	-
Landfill accrued post-closure monitoring costs	(474,924)	-
Compensated absences	(620,068)	(1,633,161)
	<u> </u>	<u> </u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ (19,905,813)	\$ (1,633,161)

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 \$(354,670) difference in the primary government, is as follows:

	<u>Primary Government</u>
Debt Issued or Incurred:	
General Obligation Bonds	\$ (2,000,000)
Principal Payments:	
General Obligation Bonds	1,064,006
Lease Purchase	134,868
Literary loans	375,000
Landfill closure/post-closure care costs	49,614
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>(354,670)</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 \$(32,954) and \$38,448 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit- School Board
	<u> </u>	<u> </u>
(Increase) decrease in compensated absences	\$ (56,132)	\$ 38,448
(Increase) decrease in accrued interest	<u>23,178</u>	<u>-</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>(32,954)</u></u>	 \$ <u><u>38,448</u></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

There were no excess of expenditures over appropriations for fiscal year 2006.

C. Deficit fund equity

At June 30, 2006, the Capital Improvement Fund and the Internal Services Fund had deficit fund equity due to the accrual of accounts payable.

Note 4-Deposits and Investments:

Deposits:

All cash of the County of Pulaski, Virginia and its discretely presented components unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments:

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

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component units has an investment policy for custodial credit risk. The County's investments consist of the State's Non-Arbitrage Pool (SNAP) and the Local Government Investment Pool (LGIP) and neither investment types are exposed to custodial credit risk.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2006 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	Aaam
LGIP	\$ 4,997,932
SNAP	1,093,615

Concentration of Credit Risk

At June 30, 2006, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Note 4-Deposits and Investments: (Continued)

Interest Rate Risk

At June 30, 2006, 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	\$ 395,917	\$ -
State sales tax	-	778,116
Non-categorical aid	132,168	-
Categorical aid-shared expenses	219,300	-
Categorical aid-other	20,764	-
Categorical aid-Virginia Public Assistance funds	109,060	-
Categorical aid-Comprehensive Services Act funds	138,623	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance funds	177,019	-
Categorical aid-other	8,670	239,562
Totals	<u>\$ 1,201,521</u>	<u>\$ 1,017,678</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2006

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit	Due to Other Funds	Due from Other Funds
Primary Government:				
General Fund	\$ 3,161,734	\$ -	\$ -	\$ 242,584
School Construction Fund	-	-	242,584	-
Component Unit - School Board:				
School Fund	-	3,161,734	-	-
Totals	\$ 3,161,734	\$ 3,161,734	\$ 242,584	\$ 242,584

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
2007	\$ 624,624	\$ 597,452	\$ 375,000	\$ 168,750
2008	699,498	498,882	375,000	157,500
2009	704,644	470,042	375,000	146,250
2010	710,088	440,902	375,000	135,000
2011	715,755	411,540	375,000	123,750
2012-2016	3,668,250	1,583,507	1,875,000	450,000
2017-2021	3,640,698	694,494	1,875,000	168,750
2022-2026	1,090,000	52,864	-	-
Totals	\$ 11,853,557	\$ 4,749,683	\$ 5,625,000	\$ 1,350,000

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, 2006.

	Balance July 1, 2005	Issuances	Retirements	Balance June 30, 2006
GO bonds	\$ 10,917,563	\$ 2,000,000	\$ (1,064,006)	\$ 11,853,557
Literary loans	6,000,000	-	(375,000)	5,625,000
Capital lease	791,363	-	(134,868)	656,495
Unamortized bond premium	393,157	-	(21,842)	371,315
Landfill post-closure care liability	524,538	-	(49,614)	474,924
Compensated absences	563,936	56,132	-	620,068
	<u>19,190,557</u>	<u>2,056,132</u>	<u>(1,645,330)</u>	<u>19,601,359</u>
Total	<u>\$ 19,190,557</u>	<u>\$ 2,056,132</u>	<u>\$ (1,645,330)</u>	<u>\$ 19,601,359</u>

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Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 588,557	\$ 34,489
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	9,265,000	545,000
GO Bond	3.78%	4/29/2005	2020	2,000,000	2,000,000	45,135
Add: Unamortized premium on \$10,915,000 GO bond	n/a	n/a	n/a	n/a	371,315	-
Total GO Bonds					\$ 12,224,872	\$ 624,624
Literary Loans:						
State Literary Fund Loan	3%	12/15/2000	2021	\$ 2,500,000	\$ 1,875,000	\$ 125,000
State Literary Fund Loan	3%	12/15/2000	2021	5,000,000	3,750,000	250,000
Total Literary Loans					\$ 5,625,000	\$ 375,000
Lease Purchase Agreements:						
Capital Lease	6.415%	12/20/2000	2011	\$ 1,240,492	\$ 656,495	\$ 130,006
Other Obligations:						
Landfill Post-closure Monitoring Costs	n/a	n/a	n/a	n/a	\$ 474,924	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	620,068	-
Total Other Obligations					\$ 1,094,992	\$ -
Total Long-term debt					\$ 19,601,359	\$ 1,129,630

Note 8-Long-term Debt-Component Unit School Board:

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2006.

	Balance July 1, 2005	Issuances	Retirements	Balance June 30, 2006
Compensated absences	\$ 1,671,609	\$ -	\$ (38,448)	\$ 1,633,161

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2006

Note 9-Capital Leases: (continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Year Ending June 30,	Telephone System
2007	\$ 168,344
2008	168,345
2009	168,344
2010	168,344
2011	<u>84,174</u>
Sub-total	\$ 757,551
Less, amount representing interest	<u>(101,056)</u>
Present value of lease agreement	<u><u>\$ 656,495</u></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/2005AnnuRept.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 2006 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 2006 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 2006, the County's annual pension cost of \$305,558 was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (b) projected salary increases ranging from 3.50% to 5.73% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. 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 2006, the School Board's annual pension cost of \$30,593 was equal to the School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (b) projected salary increases ranging from 3.50% to 5.73% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. 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	6/30/2004	73,637	100.00%	-
	6/30/2005	302,358	100.00%	-
	6/30/2006	305,558	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2004	16,897	100.00%	-
	6/30/2005	27,376	100.00%	-
	6/30/2006	30,593	100.00%	-

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/2005AnnuRept.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 \$1,364,630, \$1,172,842, and \$709,134 for the fiscal years ended 2006, 2005, and 2004, respectively. The School Board's required employee contributions to the statewide cost sharing pool for professional employees were \$1,030,687, \$972,505, and \$940,495 for the fiscal years ended 2006, 2005, and 2004, respectively. Employer contributions represented 6.62%, 6.03%, and 3.77% of covered payroll for the fiscal years ended 2006, 2005, and 2004, respectively.

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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	\$ 29,487
Judicial administration	3,645
Public safety	488,976
Public works	135,212
Health and welfare	21,926
Education	658,786
Parks, recreation, and culture	88,144
Community development	<u>97,459</u>
Total depreciation expense-governmental activities	<u>\$ 1,523,635</u>

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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:

Maetta H. Crewe, Clerk of the Circuit Court	\$	190,000
Rose Marie Tickle, Treasurer		500,000
John J. Gill, Commissioner of the Revenue		3,000
James A. Davis, Sheriff		30,000
The above constitutional officers' employees - blanket bond		50,000
All Social Services employees - blanket bond		100,000

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>15,623,881</u>
Less designations:	
Designated for various capital projects	\$ 2,654,859
Designated for School Fund-FY 2006 carry-overs	39,729
Designated for General Fund-FY 2006 carry-overs	<u>52,980</u>
 Total Primary Government Designations	 \$ <u>2,747,568</u>
 Less reservations:	
Reserved for School construction	\$ 851,031
Reserved for Commonwealth Attorney seized assets	7,140
Reserved for Sheriff seized assets	<u>11,195</u>
 Total Primary Government Reservations	 \$ <u>869,366</u>
 Total Primary Government Undesignated Fund Balance	 \$ <u><u>12,006,947</u></u>
 Primary Government:	
Restricted for School Construction	\$ 851,031
Restricted for Commonwealth Attorney seized assets	7,140
Restricted for Sheriff seized assets	<u>11,195</u>
 Total Primary Governments Restricted Net Assets	 \$ <u><u>869,366</u></u>
 Component Unit - School Board:	
Total Fund Balance	\$ <u>701,462</u>
Less designations:	
Designated for Governor's School	\$ <u>236,140</u>
 Total Component Unit - School Board Designations	 \$ <u>236,140</u>
 Total Component Unit-School Board Undesignated Fund Balance	 \$ <u><u>465,322</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, 2006, the total post-closure care liability (which represents the 10 years remaining) was \$474,924 representing what it would cost to perform all postclosure care in fiscal year 2006. 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 \$313,728 at June 30, 2006 as follows:

Initially, a \$179,598 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 \$7,730 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, due to the additional advance, 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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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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 18,235,000	\$ 18,235,000	\$ 18,162,045	\$ (72,955)
Other local taxes	5,485,000	5,485,000	5,972,264	487,264
Permits, privilege fees, and regulatory licenses	108,500	108,500	131,295	22,795
Fines and forfeitures	49,300	49,300	41,858	(7,442)
Revenue from the use of money and property	85,000	85,300	417,687	332,387
Charges for services	370,937	410,747	476,101	65,354
Miscellaneous	88,297	101,764	60,781	(40,983)
Recovered costs	183,590	285,799	315,941	30,142
Intergovernmental revenues:				
Commonwealth	8,694,650	8,928,093	8,749,927	(178,166)
Federal	3,839,748	4,207,948	3,337,470	(870,478)
Total revenues	<u>\$ 37,140,022</u>	<u>\$ 37,897,451</u>	<u>\$ 37,665,369</u>	<u>\$ (232,082)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,639,850	\$ 1,737,132	\$ 1,663,630	\$ 73,502
Judicial administration	1,161,197	1,217,165	1,123,294	93,871
Public safety	5,646,527	6,362,836	6,160,052	202,784
Public works	967,226	1,033,028	949,457	83,571
Health and welfare	9,612,502	10,032,466	8,386,534	1,645,932
Education	10,167,117	10,962,444	11,068,143	(105,699)
Parks, recreation, and cultural	1,288,115	1,447,278	1,388,328	58,950
Community development	2,009,456	2,387,696	4,339,794	(1,952,098)
Nondepartmental	119,871	8,130	7,818	312
Debt service:				
Principal retirement	1,470,042	1,470,042	1,573,874	(103,832)
Interest and other fiscal charges	678,370	678,370	722,096	(43,726)
Total expenditures	<u>\$ 34,760,273</u>	<u>\$ 37,336,587</u>	<u>\$ 37,383,020</u>	<u>\$ (46,433)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,379,749</u>	<u>\$ 560,864</u>	<u>\$ 282,349</u>	<u>\$ (278,515)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,058,984	\$ 2,058,984	\$ 4,271,923	\$ 2,212,939
Transfers out	(4,438,733)	(6,035,574)	(5,306,745)	728,829
Proceeds of indebtedness	-	-	2,000,000	2,000,000
Total other financing sources and uses	<u>\$ (2,379,749)</u>	<u>\$ (3,976,590)</u>	<u>\$ 965,178</u>	<u>\$ 4,941,768</u>
Net change in fund balances	\$ -	\$ (3,415,726)	\$ 1,247,527	\$ 4,663,253
Fund balances - beginning	-	3,415,726	13,526,564	10,110,838
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,774,091</u>	<u>\$ 14,774,091</u>

**County of Pulaski, Virginia
Required Supplementary Information**

**Schedule of Funding Progress Defined Benefit Plan
For the Year Ended June 30, 2006**

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, 2005	\$ 27,663,695	\$ 29,984,402	\$ 2,320,707	92.26%	\$ 7,447,645	31.16%
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%

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, 2005	\$ 5,889,319	\$ 6,636,324	\$ 747,005	88.74%	\$ 1,904,761	39.22%
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%

SUPPLEMENTARY FINANCIAL STATEMENTS

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, 2006

	School Construction			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 257,158	\$ 260,348	\$ 3,190
EXPENDITURES				
Capital projects	\$ -	\$ 257,158	\$ 268,973	\$ (11,815)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (8,625)	\$ (8,625)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (242,584)	\$ (242,584)
Net change in fund balances	\$ -	\$ -	\$ (251,209)	\$ (251,209)
Fund balances - beginning			1,102,240	1,102,240
Fund balances - ending	\$ -	\$ -	\$ 851,031	\$ 851,031

County of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Fund
For the Year Ended June 30, 2006

	County Capital Improvements			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 24,456	\$ 24,456
EXPENDITURES				
Current:				
General government administration	\$ 177,000	\$ 487,000	\$ 96,979	\$ 390,021
Public safety	772,809	958,456	544,774	413,682
Public works	1,090,000	1,844,263	149,944	1,694,319
Health and welfare	-	10,000	-	10,000
Education	270,530	270,530	270,530	-
Parks, recreation, and cultural	13,000	67,860	37,028	30,832
Community development	33,000	132,117	31,219	100,898
Capital projects	-	-	-	-
Total expenditures	\$ 2,356,339	\$ 3,770,226	\$ 1,130,474	\$ 2,639,752
Excess (deficiency) of revenues over (under) expenditures	\$ (2,356,339)	\$ (3,770,226)	\$ (1,106,018)	\$ 2,664,208
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,356,339	\$ 2,434,146	\$ 1,119,366	\$ (1,314,780)
Net change in fund balances	\$ -	\$ (1,336,080)	\$ 13,348	\$ 1,349,428
Fund balances - beginning	-	1,336,080	(14,589)	(1,350,669)
Fund balances - ending	\$ -	\$ -	\$ (1,241)	\$ (1,241)

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, 2006

Agency Funds

	<u>Special Welfare</u>	<u>Performance Bond</u>	<u>Employee Flexible Benefits</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 32,656	\$ 91,510	\$ 45,791	\$ 169,957
Total assets	<u>\$ 32,656</u>	<u>\$ 91,510</u>	<u>\$ 45,791</u>	<u>\$ 169,957</u>
LIABILITIES				
Amounts held for social services clients	\$ 32,656	\$ -	\$ -	\$ 32,656
Amounts held for contractors	-	91,510	-	91,510
Amounts held for County employees	-	-	45,791	45,791
Total liabilities	<u>\$ 32,656</u>	<u>\$ 91,510</u>	<u>\$ 45,791</u>	<u>\$ 169,957</u>

County of Pulaski, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2006

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 705,969
Due from primary government	3,161,734
Due from other governmental units	1,017,678
Total assets	\$ 4,885,381
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 476,724
Contracts payable	3,707,195
Total liabilities	\$ 4,183,919
Fund balances:	
Unreserved:	
Designated	\$ 236,140
Undesignated	465,322
Total fund balances	\$ 701,462
Total liabilities and fund balances	\$ 4,885,381
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 701,462
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,413,968
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,633,161)
Net assets of governmental activities	\$ 4,482,269

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, 2006

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 25,721
Charges for services	1,070,430
Miscellaneous	163,222
Recovered costs	771,571
Intergovernmental revenues:	
Local government	11,323,867
Commonwealth	24,942,449
Federal	4,227,099
Total revenues	\$ 42,524,359
EXPENDITURES	
Current:	
Education	\$ 42,426,791
Excess (deficiency) of revenues over (under) expenditures	\$ 97,568
Net change in fund balances	\$ 97,568
Fund balances - beginning	603,894
Fund balances - ending	\$ 701,462
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	\$ 97,568
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.	(171,024)
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.	38,448
Change in net assets of governmental activities	\$ (35,008)

SUPPORTING SCHEDULES

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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	\$ 10,860,000	\$ 10,860,000	\$ 11,181,175	\$ 321,175
Real and personal public service corporation taxes	800,000	800,000	631,768	(168,232)
Personal property taxes	3,477,200	3,477,200	3,473,811	(3,389)
Mobile home taxes	52,800	52,800	46,590	(6,210)
Machinery and tools taxes	2,500,000	2,500,000	2,280,856	(219,144)
Merchant's capital	310,000	310,000	247,094	(62,906)
Penalties	130,000	130,000	187,711	57,711
Interest	105,000	105,000	111,589	6,589
Collection fees	-	-	1,451	1,451
Total general property taxes	<u>\$ 18,235,000</u>	<u>\$ 18,235,000</u>	<u>\$ 18,162,045</u>	<u>\$ (72,955)</u>
Other local taxes:				
Local sales and use taxes	\$ 2,200,000	\$ 2,200,000	\$ 2,333,902	\$ 133,902
Consumers' utility taxes	1,151,000	1,151,000	1,272,742	121,742
E-911 telephone taxes	150,000	150,000	140,448	(9,552)
Franchise license taxes	62,000	62,000	63,508	1,508
Utility license taxes	28,400	28,400	17,755	(10,645)
Consumption taxes	180,000	180,000	205,275	25,275
Motor vehicle licenses	535,000	535,000	544,837	9,837
Bank stock taxes	40,000	40,000	8,906	(31,094)
Taxes on recordation and wills	118,600	118,600	261,460	142,860
Hotel and motel room taxes	270,000	270,000	297,469	27,469
Restaurant food taxes	750,000	750,000	825,962	75,962
Total other local taxes	<u>\$ 5,485,000</u>	<u>\$ 5,485,000</u>	<u>\$ 5,972,264</u>	<u>\$ 487,264</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,500	\$ 8,500	\$ 19,888	\$ 11,388
Land use application fees	2,000	2,000	638	(1,362)
Transfer fees	1,300	1,300	1,488	188
Zoning and subdivision permits	3,000	3,000	3,574	574
Erosion and sediment control permits	4,000	4,000	4,825	825
Building permits	89,700	89,700	100,882	11,182
Total permits, privilege fees, and regulatory licenses	<u>\$ 108,500</u>	<u>\$ 108,500</u>	<u>\$ 131,295</u>	<u>\$ 22,795</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 47,800	\$ 47,800	\$ 39,300	\$ (8,500)
Interest on local fines	1,500	1,500	2,558	1,058
Total fines and forfeitures	<u>\$ 49,300</u>	<u>\$ 49,300</u>	<u>\$ 41,858</u>	<u>\$ (7,442)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 62,250	\$ 62,250	\$ 395,316	\$ 333,066
Revenue from use of property	22,750	23,050	22,371	(679)
Total revenue from use of money and property	<u>\$ 85,000</u>	<u>\$ 85,300</u>	<u>\$ 417,687</u>	<u>\$ 332,387</u>
Charges for services:				
Charges for clerk copies	\$ 9,200	\$ 9,280	\$ 8,057	\$ (1,223)
Excess fees of Clerk	-	9,354	8,852	(502)
Charges for law enforcement and traffic control	2,500	2,500	2,449	(51)
Charges for courthouse maintenance	24,000	24,000	22,748	(1,252)
Charges for courthouse security	30,000	30,000	48,807	18,807
Share of seized property	-	16,779	19,579	2,800

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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	\$ 2,604	\$ 604
Miscellaneous jail and inmate fees	1,700	1,700	5,680	3,980
Sale of maps and publications	200	200	1,194	994
Town tax book preparation	470	470	470	-
Charges for parks and recreation	282,867	289,993	322,955	32,962
Charges for animal pound	5,000	5,000	8,164	3,164
Charges for law library	5,000	5,000	4,604	(396)
Charges for library	8,000	14,471	19,938	5,467
Total charges for services	<u>\$ 370,937</u>	<u>\$ 410,747</u>	<u>\$ 476,101</u>	<u>\$ 65,354</u>
Miscellaneous revenue:				
Miscellaneous	\$ 88,297	\$ 101,764	\$ 60,781	\$ (40,983)
Recovered costs:				
Administrative fees	\$ 66,000	\$ 66,000	\$ 66,011	\$ 11
Juror costs	11,340	11,340	3,750	(7,590)
Circuit court secretary	12,250	12,250	12,250	-
Town reimbursement-fire works	5,000	5,000	1,000	(4,000)
CSA recoveries	10,000	10,000	11,524	1,524
Prisoner recoveries	-	-	120	120
Parks and recreation	-	-	41,000	41,000
City reimbursement-landfill	60,000	60,000	34,407	(25,593)
Public safety recoveries	-	100,000	114,873	14,873
Health department recoveries	8,000	8,000	14,673	6,673
Welfare recoveries	6,000	6,000	9,895	3,895
Hazardous material response	-	2,209	2,109	(100)
Other recovered costs	5,000	5,000	4,329	(671)
Total recovered costs	<u>\$ 183,590</u>	<u>\$ 285,799</u>	<u>\$ 315,941</u>	<u>\$ 30,142</u>
Total revenue from local sources	<u>\$ 24,605,624</u>	<u>\$ 24,761,410</u>	<u>\$ 25,577,972</u>	<u>\$ 816,562</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 35,000	\$ 35,000	\$ 13,698	\$ (21,302)
Wine taxes	20,000	20,000	14,358	(5,642)
Motor vehicle carriers' tax	35,000	35,000	33,748	(1,252)
Mobile home titling tax	88,000	88,000	76,692	(11,308)
Motor vehicle rental tax	35,000	35,000	32,527	(2,473)
Grantor's tax	112,000	112,000	41,578	(70,422)
State recordation tax	-	-	51,046	51,046
Personal property tax relief funds	1,370,000	1,370,000	1,730,988	360,988
Total noncategorical aid	<u>\$ 1,695,000</u>	<u>\$ 1,695,000</u>	<u>\$ 1,994,635</u>	<u>\$ 299,635</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 370,691	\$ 370,691	\$ 363,181	\$ (7,510)
Sheriff	1,714,278	1,714,278	1,684,007	(30,271)
Commissioner of revenue	136,573	136,573	137,624	1,051

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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)				
Treasurer	\$ 118,868	\$ 118,868	\$ 118,901	\$ 33
Medical examiner	1,800	1,800	930	(870)
Registrar/electoral board	46,906	47,970	52,640	4,670
Clerk of the Circuit Court	276,625	299,856	305,062	5,206
Total shared expenses	<u>\$ 2,665,741</u>	<u>\$ 2,690,036</u>	<u>\$ 2,662,345</u>	<u>\$ (27,691)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 824,925	\$ 883,925	\$ 1,474,009	\$ 590,084
Comprehensive services act	2,370,982	2,370,982	1,595,881	(775,101)
Victim's assistance grant	17,700	69,733	24,081	(45,652)
Litter control grant	9,889	9,889	13,522	3,633
Parks and recreation grant	-	28,400	30,131	1,731
DMV animal friendly plates	-	-	601	601
Library grant	122,502	124,956	124,706	(250)
Pretrial services grant	622,594	622,594	681,650	59,056
E-911 wireless grant	35,511	35,511	42,715	7,204
DEQ grant	-	-	587	587
Emergency services grant	16,904	16,904	-	(16,904)
VDOT revenue sharing	-	-	14,357	14,357
Commission on the arts	5,000	5,050	5,050	-
Fire programs	47,706	55,861	55,861	-
Virginia juvenile commission crime control	29,796	29,796	29,796	-
Local capability assessment report	-	59,056	-	(59,056)
Domestic violence DCJS grant	50,000	50,000	-	(50,000)
Homeland security grant	180,400	180,400	-	(180,400)
Total other categorical aid	<u>\$ 4,333,909</u>	<u>\$ 4,543,057</u>	<u>\$ 4,092,947</u>	<u>\$ (450,110)</u>
Total categorical aid	<u>\$ 6,999,650</u>	<u>\$ 7,233,093</u>	<u>\$ 6,755,292</u>	<u>\$ (477,801)</u>
Total revenue from the Commonwealth	<u>\$ 8,694,650</u>	<u>\$ 8,928,093</u>	<u>\$ 8,749,927</u>	<u>\$ (178,166)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 19,821</u>	<u>\$ (5,179)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 3,714,748	\$ 4,060,748	\$ 3,026,902	\$ (1,033,846)
Emergency management preparedness grant	-	-	25,356	25,356
State homeland security grant	-	22,200	168,817	146,617
Crime victim assistance	100,000	100,000	96,324	(3,676)
Federal library program	-	-	250	250
Total categorical aid	<u>\$ 3,814,748</u>	<u>\$ 4,182,948</u>	<u>\$ 3,317,649</u>	<u>\$ (865,299)</u>
Total revenue from the federal government	<u>\$ 3,839,748</u>	<u>\$ 4,207,948</u>	<u>\$ 3,337,470</u>	<u>\$ (870,478)</u>
Total General Fund	<u>\$ 37,140,022</u>	<u>\$ 37,897,451</u>	<u>\$ 37,665,369</u>	<u>\$ (232,082)</u>

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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)				
Enrollment loss	\$ 23,940	\$ 23,940	\$ 57,614	\$ 33,674
GED prep	15,717	15,717	15,717	-
General adult education	-	-	2,592	2,592
Gifted and talented	131,275	131,275	130,790	(485)
GLI non-instructional	26,614	26,614	-	(26,614)
Governor's school	638,022	638,022	319,252	(318,770)
Homebound education	80,331	80,331	64,871	(15,460)
IST	10,000	10,000	-	(10,000)
Jail budget	7,788	7,788	-	(7,788)
Mentor teacher program	-	4,584	4,584	-
Preschool social services	-	2,094	-	(2,094)
Primary class size	326,309	326,309	339,907	13,598
Project graduation	9,641	9,641	-	(9,641)
Regular foster care	-	-	464	464
Remedial education	336,604	336,604	335,360	(1,244)
Remedial summer education	118,961	118,961	97,906	(21,055)
School construction	170,486	170,486	170,486	-
School food	32,000	32,000	29,763	(2,237)
Share of state sales tax	4,688,888	4,688,888	4,498,316	(190,572)
Social security	770,410	770,410	-	(770,410)
Special education	1,602,233	1,602,233	1,596,312	(5,921)
Standards of Learning algebra readiness	42,587	42,587	42,487	(100)
State lottery payments	825,487	825,487	807,949	(17,538)
State share of fringe benefits	265,917	265,917	1,643,263	1,377,346
Textbook payment	212,464	212,464	211,679	(785)
Vocational education - equipment	-	-	10,077	10,077
Vocational occupational preparedness	-	-	31,408	31,408
Vocational standards of quality payments	508,271	508,271	506,393	(1,878)
VPSA technology grant	378,601	378,601	502,022	123,421
VRS retirement	718,776	718,776	-	(718,776)
Total categorical aid	<u>\$ 25,593,141</u>	<u>\$ 25,599,819</u>	<u>\$ 24,942,449</u>	<u>\$ (657,370)</u>
Total revenue from the Commonwealth	<u>\$ 25,593,141</u>	<u>\$ 25,599,819</u>	<u>\$ 24,942,449</u>	<u>\$ (657,370)</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ -	\$ -	\$ 10,709	\$ 10,709
Adult literacy	79,119	79,119	-	(79,119)
Assistive technology grant	-	22,261	-	(22,261)
Blue ridge west	-	3,000	-	(3,000)
Title I	1,328,557	1,934,316	1,172,587	(761,729)
Title VI-B, special education flow-through	1,327,984	1,299,134	1,318,163	19,029
Vocational education	109,507	110,094	126,455	16,361
Special education pre-school	121,111	35,200	47,478	12,278
Drug free schools	29,808	29,808	29,808	-
Title III, LEP	7,784	6,135	-	(6,135)
Title II, Part A-Teacher quality grant	304,973	304,973	270,052	(34,921)
Literacy challenge grant	41,063	41,063	46,955	5,892

County of Pulaski, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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 Federal Government: (Continued)				
Categorical aid: (Continued)				
School food	\$ 800,000	\$ 800,000	\$ 934,334	\$ 134,334
School food, summer program	-	-	44,398	44,398
School improvement	-	100,000	-	(100,000)
Sliver grant	28,619	24,986	-	(24,986)
Calculator grant	-	-	4,355	4,355
Title I Part D	46,001	46,001	-	(46,001)
Title IV, Part 21	195,627	195,627	163,798	(31,829)
Title V, Part A-Innovative programs	51,323	46,254	45,844	(410)
Comprehensive school reform	12,163	12,163	12,163	-
VPSA technology grant	-	5,221	-	(5,221)
Total categorical aid	<u>\$ 4,483,639</u>	<u>\$ 5,095,355</u>	<u>\$ 4,227,099</u>	<u>\$ (868,256)</u>
Total revenue from the federal government	<u>\$ 4,483,639</u>	<u>\$ 5,095,355</u>	<u>\$ 4,227,099</u>	<u>\$ (868,256)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 43,384,249</u>	<u>\$ 45,344,304</u>	<u>\$ 42,524,359</u>	<u>\$ (2,819,945)</u>

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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	\$ 114,890	\$ 147,207	\$ 138,717	\$ 8,490
General and financial administration:				
County administrator	\$ 199,522	\$ 210,790	\$ 210,498	\$ 292
Assistant County administrator	138,714	148,167	147,479	688
County attorney	65,000	65,000	51,941	13,059
Operations	94,370	95,970	95,580	390
Independent auditor	24,720	24,720	24,719	1
Commissioner of the revenue	385,382	385,482	366,790	18,692
Treasurer	384,261	411,261	407,722	3,539
Management services	91,953	91,953	85,329	6,624
Other general and financial administration	25,000	20,393	3,637	16,756
Total general and financial administration	<u>\$ 1,408,922</u>	<u>\$ 1,453,736</u>	<u>\$ 1,393,695</u>	<u>\$ 60,041</u>
Board of elections:				
Electoral board and officials	\$ 34,756	\$ 54,827	\$ 54,291	\$ 536
Registrar	81,282	81,362	76,927	4,435
Total board of elections	<u>\$ 116,038</u>	<u>\$ 136,189</u>	<u>\$ 131,218</u>	<u>\$ 4,971</u>
Total general government administration	<u>\$ 1,639,850</u>	<u>\$ 1,737,132</u>	<u>\$ 1,663,630</u>	<u>\$ 73,502</u>
Judicial administration:				
Courts:				
Circuit court	\$ 56,791	\$ 56,791	\$ 48,085	\$ 8,706
General district court	4,546	4,546	3,418	1,128
Juvenile and domestic relations court	3,450	8,345	7,749	596
Clerk of the circuit court	447,144	483,081	467,310	15,771
Law library	5,000	8,808	8,838	(30)
Victim's witness assistance	117,700	120,405	120,400	5
Domestic relations legal services	50,000	50,000	33,333	16,667
Total courts	<u>\$ 684,631</u>	<u>\$ 731,976</u>	<u>\$ 689,133</u>	<u>\$ 42,843</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 476,566	\$ 485,189	\$ 434,161	\$ 51,028
Total judicial administration	<u>\$ 1,161,197</u>	<u>\$ 1,217,165</u>	<u>\$ 1,123,294</u>	<u>\$ 93,871</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,821,085	\$ 2,946,806	\$ 2,858,248	\$ 88,558
Fire and rescue services:				
E-911 system	\$ 150,000	\$ 150,000	\$ 129,856	\$ 20,144
Wireless E-911	35,511	35,511	13,318	22,193
Forest fire protection	4,788	4,788	3,981	807
Town of Pulaski fire protection	31,836	31,836	31,800	36
Volunteer fire departments	225,560	267,997	245,541	22,456
Ambulance and rescue services	1,150	1,150	525	625
Western Virginia EMS	6,684	6,684	6,684	-
Total fire and rescue services	<u>\$ 455,529</u>	<u>\$ 497,966</u>	<u>\$ 431,705</u>	<u>\$ 66,261</u>

County of Pulaski, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2006

<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	\$ 1,161,080	\$ 1,363,334	\$ 1,363,244	\$ 90
Court services	6,700	10,093	5,598	4,495
NRV juvenile detention home	113,880	132,518	113,881	18,637
Pretrial service grant	622,594	681,650	681,650	-
Total correction and detention	<u>\$ 1,904,254</u>	<u>\$ 2,187,595</u>	<u>\$ 2,164,373</u>	<u>\$ 23,222</u>
Inspections:				
Building inspections	\$ 118,918	\$ 126,218	\$ 125,220	\$ 998
Other protection:				
Animal control	\$ 171,760	\$ 215,916	\$ 215,109	\$ 807
Medical examiner	1,800	1,800	1,700	100
Emergency management	66,200	81,296	80,277	1,019
Grants	-	198,258	176,439	21,819
Contribution to Regional Emergency Medical Services, Inc.	106,981	106,981	106,981	-
Total other protection	<u>\$ 346,741</u>	<u>\$ 604,251</u>	<u>\$ 580,506</u>	<u>\$ 23,745</u>
Total public safety	<u>\$ 5,646,527</u>	<u>\$ 6,362,836</u>	<u>\$ 6,160,052</u>	<u>\$ 202,784</u>
Public works:				
Sanitation and waste removal:				
General engineering	\$ 117,297	\$ 117,297	\$ 115,549	\$ 1,748
Landfill	140,100	140,100	55,743	84,357
Clean community council	67,000	70,000	69,819	181
Total sanitation and waste removal	<u>\$ 324,397</u>	<u>\$ 327,397</u>	<u>\$ 241,111</u>	<u>\$ 86,286</u>
Maintenance of general buildings and grounds:				
General properties	\$ 615,601	\$ 678,403	\$ 681,118	\$ (2,715)
NRV airport maintenance-contribution	27,228	27,228	27,228	-
Total maintenance of general buildings and grounds	<u>\$ 642,829</u>	<u>\$ 705,631</u>	<u>\$ 708,346</u>	<u>\$ (2,715)</u>
Total public works	<u>\$ 967,226</u>	<u>\$ 1,033,028</u>	<u>\$ 949,457</u>	<u>\$ 83,571</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 278,998	\$ 278,998	\$ 278,998	\$ -
Mental health and mental retardation:				
Community services board	\$ 74,571	\$ 74,571	\$ 74,571	\$ -
Welfare:				
Public assistance	\$ 1,332,232	\$ 1,737,232	\$ 1,519,916	\$ 217,316
Welfare administration	4,073,490	4,073,490	3,420,285	653,205
Comprehensive services act	3,573,917	3,573,917	2,811,761	762,156
State and local hospitalization	15,167	15,167	14,414	753
Area agency on aging	14,385	14,385	14,385	-
Office on youth	40,500	47,626	44,126	3,500
Area transit	8,000	8,000	8,000	-
Property clean-up	4,000	4,000	-	4,000
New River Community Action	43,264	43,264	43,264	-
New River Valley Disability Services	11,993	11,993	11,993	-

County of Pulaski, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2006

<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)				
Health and welfare: (Continued)				
Welfare: (Continued)				
Institutional care for poor	\$ 40,513	\$ 48,190	\$ 43,067	\$ 5,123
Virginia juvenile commission on crime	43,382	43,543	43,664	(121)
RSVP program	11,130	11,130	11,130	-
Brain injury services of SwVa	7,000	7,000	7,000	-
Free Clinic of Pulaski County	30,000	30,000	30,000	-
Crossroads shelter	1,000	1,000	1,000	-
Children's advocacy program	1,000	1,000	1,000	-
New River Valley Cares	4,560	4,560	4,560	-
Literacy Volunteers of America	3,400	3,400	3,400	-
Total welfare	<u>\$ 9,258,933</u>	<u>\$ 9,678,897</u>	<u>\$ 8,032,965</u>	<u>\$ 1,645,932</u>
Total health and welfare	<u>\$ 9,612,502</u>	<u>\$ 10,032,466</u>	<u>\$ 8,386,534</u>	<u>\$ 1,645,932</u>
Education:				
Other instructional costs:				
Contributions to New River Community College	\$ 14,806	\$ 14,806	\$ 14,806	\$ -
Contribution to County School Board	10,152,311	10,947,638	11,053,337	(105,699)
Total education	<u>\$ 10,167,117</u>	<u>\$ 10,962,444</u>	<u>\$ 11,068,143</u>	<u>\$ (105,699)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 28,500	\$ 32,500	\$ 15,758	\$ 16,742
Recreation	321,325	326,325	313,621	12,704
Friends of Claytor Lake	13,000	13,000	10,155	2,845
Randolph Park	273,906	292,406	285,639	6,767
Claytor Lake aquatic restoration	-	99,174	99,174	-
Claytor Lake celebration	3,500	6,700	6,700	-
Total parks and recreation	<u>\$ 640,231</u>	<u>\$ 770,105</u>	<u>\$ 731,047</u>	<u>\$ 39,058</u>
Cultural enrichment:				
Woodrow Wilson Birthplace				-
Fine Arts Center	\$ 14,650	\$ 14,650	\$ 14,650	\$ -
Historical landmarks	5,570	5,570	5,570	-
County celebration	6,000	6,000	1,544	4,456
County history publication	-	77	76	1
Jamestown 2007 celebration	6,000	12,000	10,519	1,481
Total cultural enrichment	<u>\$ 32,220</u>	<u>\$ 38,297</u>	<u>\$ 32,359</u>	<u>\$ 5,938</u>
Library:				
Library administration	\$ 615,664	\$ 638,876	\$ 624,922	\$ 13,954
Total parks, recreation, and cultural	<u>\$ 1,288,115</u>	<u>\$ 1,447,278</u>	<u>\$ 1,388,328</u>	<u>\$ 58,950</u>
Community development:				
Planning and community development:				
Community development	\$ 79,007	\$ 79,007	\$ 77,854	\$ 1,153
Economic development	91,665	133,699	2,131,849	(1,998,150)
Chamber of Commerce	10,000	10,000	10,000	-
Industrial park maintenance	1,515,364	1,844,870	1,831,203	13,667
Greater Pulaski Alliance	200	200	200	-
Visitors' Center	79,922	79,922	71,627	8,295

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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)				
Planning and zoning	\$ 92,640	\$ 99,340	\$ 94,797	\$ 4,543
NRV Planning District	25,654	25,654	25,654	-
Rt. 100 improvements	14,000	14,000	-	14,000
New River Highland	700	700	700	-
Total planning and community development	<u>\$ 1,909,152</u>	<u>\$ 2,287,392</u>	<u>\$ 4,243,884</u>	<u>\$ (1,956,492)</u>
Environmental management:				
Contribution to soil and water district	\$ 11,455	\$ 11,455	\$ 11,455	\$ -
Cooperative extension program:				
Extension office	\$ 88,849	\$ 88,849	\$ 84,455	\$ 4,394
Total community development	<u>\$ 2,009,456</u>	<u>\$ 2,387,696</u>	<u>\$ 4,339,794</u>	<u>\$ (1,952,098)</u>
Nondepartmental:				
Revenue refunds	\$ 119,871	\$ 8,130	\$ 7,818	\$ 312
Debt service:				
Principal retirement	\$ 1,470,042	\$ 1,470,042	\$ 1,573,874	\$ (103,832)
Interest and other fiscal charges	678,370	678,370	722,096	(43,726)
Total debt service	<u>\$ 2,148,412</u>	<u>\$ 2,148,412</u>	<u>\$ 2,295,970</u>	<u>\$ (147,558)</u>
Total General Fund	<u>\$ 34,760,273</u>	<u>\$ 37,336,587</u>	<u>\$ 37,383,020</u>	<u>\$ (46,433)</u>
Capital Projects Funds:				
School Construction Fund:				
Capital projects expenditures:				
Pulaski Elementary School Construction	\$ -	\$ 257,158	\$ 268,973	\$ (11,815)
County Capital Improvements Fund:				
General government administration:				
General and financial administration:				
Other general and financial administration	\$ 177,000	\$ 487,000	\$ 96,979	\$ 390,021
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 308,109	\$ 417,963	\$ 118,291	\$ 299,672
Fire and rescue services:				
Volunteer fire departments	\$ 341,000	\$ 395,771	\$ 308,339	\$ 87,432
Inspections:				
Building inspections	\$ 15,000	\$ 17,444	\$ 17,444	\$ -
Other protection:				
Animal control	\$ 16,000	\$ 34,578	\$ 8,000	\$ 26,578
Contribution to Regional Emergency Medical Services, Inc.	92,700	92,700	92,700	-
Total other protection	<u>\$ 108,700</u>	<u>\$ 127,278</u>	<u>\$ 100,700</u>	<u>\$ 26,578</u>

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County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
County Capital Improvements Fund: (Continued)				
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,090,000	\$ 1,844,263	\$ 149,944	\$ 1,694,319
Health and welfare:				
Health:				
Supplement of local health department	\$ -	\$ 10,000	\$ -	\$ 10,000
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 270,530	\$ 270,530	\$ 270,530	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Randolph Park	\$ 1,000	\$ 26,000	\$ 25,000	\$ 1,000
Cultural enrichment:				
Train Station	\$ -	\$ 5,860	\$ -	\$ 5,860
Friends of Pulaski County theatre	5,000	5,000	5,000	-
Total cultural enrichment	\$ 5,000	\$ 10,860	\$ 5,000	\$ 5,860
Library:				
Library administration	\$ 7,000	\$ 31,000	\$ 7,028	\$ 23,972
Total parks, recreation, and cultural	\$ 13,000	\$ 67,860	\$ 37,028	\$ 30,832
Community development:				
Planning and community development:				
County entrance signs	\$ -	\$ 9,117	\$ -	\$ 9,117
Rt. 100 improvements	-	90,000	728	89,272
Planning and zoning	5,000	5,000	2,491	2,509
NRV Fairgrounds Contribution	28,000	28,000	28,000	-
Total planning and community development	\$ 33,000	\$ 132,117	\$ 31,219	\$ 100,898
Total community development	\$ 33,000	\$ 132,117	\$ 31,219	\$ 100,898
Total County Capital Improvements Fund	\$ 2,356,339	\$ 3,770,226	\$ 1,130,474	\$ 2,639,752
Total Primary Government	\$ 35,105,664	\$ 39,023,517	\$ 38,782,467	\$ 241,050
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 4,081,728	\$ 4,212,042	\$ 4,369,051	\$ (157,009)
Instruction costs:				
Instruction	\$ 29,252,134	\$ 29,829,318	\$ 28,813,328	\$ 1,015,990

County of Pulaski, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<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 (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Education: (Continued)				
Operating costs:				
Pupil transportation	\$ 1,964,162	\$ 2,010,048	\$ 2,008,371	\$ 1,677
Operation and maintenance of school plant	3,856,839	4,357,440	4,319,356	38,084
Food services and other non-instructional costs	1,984,000	1,984,000	1,969,440	14,560
Facilities	632,907	1,285,077	947,245	337,832
Total operating costs	<u>\$ 8,437,908</u>	<u>\$ 9,636,565</u>	<u>\$ 9,244,412</u>	<u>\$ 392,153</u>
 Total education	 <u>\$ 41,771,770</u>	 <u>\$ 43,677,925</u>	 <u>\$ 42,426,791</u>	 <u>\$ 1,251,134</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 41,771,770</u>	 <u>\$ 43,677,925</u>	 <u>\$ 42,426,791</u>	 <u>\$ 1,251,134</u>

OTHER STATISTICAL INFORMATION

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
2005-06	\$ 1,796,526	\$ 1,122,413	\$ 7,157,316	\$ 1,265,365	\$ 8,297,944	\$ 11,595,909	\$ 1,352,900	\$ 4,467,301	\$ 677,076	\$ 37,732,750
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
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
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

(1) Information has only been available for 4 years.

Table 5

**County of Pulaski, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2005-06	\$ 20,067,829	\$ 19,084,868	95.10%	\$ 507,414	\$ 19,592,282	97.63%	\$ 2,529,481	12.60%
2004-05	19,428,887	18,455,844	94.99%	818,692	19,274,536	99.21%	2,672,458	13.76%
2003-04	18,257,636	17,536,375	96.05%	806,919	18,343,294	100.47%	2,874,468	15.74%
2002-03	17,081,301	15,817,128	92.60%	559,140	16,376,268	95.87%	2,834,355	16.59%
2001-02	16,567,173	15,408,834	93.01%	527,959	15,936,793	96.20%	2,450,424	14.79%
2000-01	15,495,202	14,574,007	94.05%	395,508	14,969,515	96.61%	2,158,990	13.93%
1999-00	13,877,601	13,192,813	95.07%	423,490	13,616,303	98.12%	1,664,768	12.00%
1998-99	13,517,106	12,628,853	93.43%	597,383	13,226,236	97.85%	1,661,236	12.29%
1997-98	12,716,787	11,841,315	93.12%	900,621	12,741,936	100.20%	1,533,752	12.06%
1996-97	11,827,990	10,945,904	92.54%	584,265	11,530,169	97.48%	1,682,750	14.23%

(1) Exclusive of penalties and interest.

(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

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
2005-06	\$ 0.62	\$ 2.00	\$ 1.50	\$ 4.80	0.62
2004-05	0.62	2.00	1.50	4.80	0.62
2003-04(3)	0.66/0.62	2.00	1.50	4.80	0.66/0.62
2002-03	0.66	2.00	1.50	4.80	0.66
2001-02(2)	0.62/0.66	2.00	1.50	4.80	0.62/0.66
2000-01	0.62	2.00	1.50	4.80	0.62
1999-00	0.62	1.50	1.50	4.80	0.62
1998-99	0.62	1.50	1.50	4.80	0.62
1997-98	0.70	1.50	1.50	4.80	0.70
1996-97	0.70	1.50	1.50	4.80	0.70

(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
2005-06	35,127	\$ 2,365,443	\$ 15,478,557	\$ 15,478,557	0.65%	\$ 441
2004-05	35,127	2,330,218	16,917,563	16,917,563	0.73%	482
2003-04	35,127	2,059,098	18,451,174	18,451,174	0.90%	525
2002-03	35,127	1,822,671	19,941,066	19,941,066	1.09%	568
2001-02	35,127	1,786,389	9,954,240	9,954,240	0.56%	283
2000-01	34,496	1,711,301	11,021,522	11,021,522	0.64%	320
1999-00	34,496	1,673,959	9,890,000	9,890,000	0.59%	287
1998-99	34,496	1,651,178	9,890,000	9,890,000	0.60%	287
1997-98	34,496	1,876,752	3,205,000	3,205,000	0.17%	93
1996-97	34,496	1,325,367	3,990,000	3,990,000	0.30%	116

(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.

Table 9

County of Pulaski, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2005-06	\$ 1,573,874	\$ 722,096	\$ 2,295,970	\$ 69,616,418	3.30%
2004-05	1,661,203	791,030	2,452,233	62,669,374	3.91%
2003-04	1,618,072	945,117	2,563,189	56,805,451	4.51%
2002-03	939,693	346,881	1,286,574	55,600,116	2.31%
2001-02	2,282,282	664,980	2,947,262	51,264,695	5.75%
2000-01	7,115,000	263,486	7,378,486	55,051,724	13.40%
1999-00	1,029,343	362,447	1,391,790	46,224,812	3.01%
1998-99	1,443,815	264,504	1,708,319	43,686,437	3.91%
1997-98	860,515	521,566	1,382,081	41,653,271	3.32%
1996-97	740,000	248,702	988,702	38,713,740	2.55%

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

COMPLIANCE SECTION

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 29, 2006

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

COMPLIANCE

We have audited the compliance of the County of Pulaski, Virginia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County of Pulaski, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express an opinion on the County of Pulaski, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Pulaski, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Pulaski, Virginia's compliance with those requirements.

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County of Pulaski, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Pulaski, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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, Faucher, Co. Associates

Christiansburg, Virginia
September 29, 2006

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

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	\$ 22,838
Temporary Assistance to Needy Families (TANF)	93.558	724,602
Refugee and Entrant Assistance - Discretionary Grants	93.566	555
Low Income Home Energy Assistance	93.568	40,594
Payments to States for Child Care Assistance	93.575	150,376
Child Care and Development Fund	93.596	136,157
Foster Care - Title IV-E	93.658	880,577
Adoption Assistance	93.659	34,862
Social Services Block Grant	93.667	367,989
Medical Assistance Program (Title XIX)	93.778	<u>303,181</u>
Total Department Health and Human Services		<u>\$ 2,661,731</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Department of Education:		
National school breakfast program	10.553	\$ 205,253
National school lunch program	10.555	729,082
Summer feeding program	10.550	44,398
Forest reserve payments	10.665	10,709
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>365,170</u>
Total Department of Agriculture		<u>\$ 1,354,612</u>
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	<u>\$ 250</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Crime victims assistance	16.575	<u>\$ 96,324</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 1,172,587
Title VI-B: Handicapped state grants	84.027	1,318,163
Vocational Education: Basic grants to states	84.048	126,455
Title VI-B: Handicapped preschool incentive grant	84.173	47,478

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Education: (Continued)		
Pass Through Payments: (Continued)		
Department of Education:		
Drug free schools and communities	84.186	\$ 29,808
Title IV, Part 21	84.287	163,798
Title V, Part A: Innovative programs	84.298	45,844
Technology literacy challenge funds	84.318	46,955
Comprehensive school reform	84.332	12,163
Calculator grant	84.369	4,355
Title II, Part A: Improving teacher quality	84.367	<u>270,052</u>
Total Department of Education		<u>\$ 3,237,658</u>
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency management preparedness grant	97.042	\$ 25,356
State homeland security grant	97.004	<u>168,817</u>
Total Department of Homeland Security		<u>\$ 194,173</u>
Total Federal Assistance		<u><u>\$ 7,544,748</u></u>

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.

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County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

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	\$ 3,337,470
Less: Payment in lieu of taxes	<u>(19,821)</u>

Total primary government	<u>\$ 3,317,649</u>
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Component Unit Schools:

School Operating Fund	\$ 4,227,099
Add: Non-cash expenditures - value of donated commodities	<u>-</u>

Total Component Unit Schools	<u>\$ 4,227,099</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 7,544,748</u></u>
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COUNTY OF PULASKI, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified that are
not considered to be material weakness(es)?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

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