

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

**County of Pulaski, Virginia
Annual Financial Report
Fiscal Year Ended June 30, 2009**

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Joseph L. Sheffey, Chair

Charles R. Bopp

Gena Hanks, Clerk

Dean K. Pratt

County School Board

John Wenrich
Jeff Bain

Paul Phillips, Chair

Rodell Cruise
Pamela Chitwood

Jean Cox, Clerk

Social Services Board

Jack White
Joseph L. Sheffey

Ronald Chaffin, Chair

Jeanne Whitman
Rev. Vicki Houk

Faith Chumbley, Clerk

Library Board

Judy Barr
Angie Hall
Mason Vaughan, Jr.
Sandy Smith

Jill Sandidge, Chair

Phillip Baker
Marva Hickman
Don Fariss
Donald Stowers

Dorothy Ogburn, Librarian

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 Court Maetta H. Crewe
Judge of the General District Court R. G. Lookabill
Judge of the General District Court Edward M. Turner, III

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 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, 2009, which collectively comprise the County's basic financial statements 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2009, 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 March 12, 2010, on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 important for assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information and the Schedules 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 inquiries 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 opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section 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

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, the budgetary comparison schedules, and the schedule of expenditures of

COUNTY OF PULASKI, VIRGINIA
Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2009 (FY09) is offered as a way to broaden understanding of the County finances and the impact of those services provided to Pulaski County residents. This report should be read in conjunction with

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 statements themselves.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the County is improving or deteriorating when considering both financial condition and physical assets.

The *statement of activities* shows how the government's *net 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, education, parks, recreation and cultural, 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 of this section of the audit report is on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

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

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

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported utilizing the full accrual accounting method as are all activities reported in the Statement of Net 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, performance bond, the employee flexible benefits and local sales tax 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 09 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Assets (in millions) comparing FY 09 to FY 08.

Summary of Net Assets:

	Total Primary Government		Component Unit School Board	
	2009	2008	2009	2008
Current and other assets	\$ 32.1	\$ 39.5	\$ 5.2	\$ 4.3
Capital assets, net	48.1	41.2	6.4	6.4
Total assets	\$ 80.2	\$ 80.7	\$ 11.6	\$ 10.7
Other liabilities	\$ 6.0	\$ 5.7	\$ 4.2	\$ 4.4
Long term liabilities	36.7	38.5	1.9	1.4
Total liabilities	\$ 42.7	\$ 44.2	\$ 6.1	\$ 5.8
Net Assets:				
Invested in capital assets, net of related debt	\$ 34.9	\$ 14.4	\$ 6.5	\$ 6.3
Restricted	(19.5)	0.2	0.0	0.0
Unrestricted	22.1	21.9	(1.0)	(1.4)
Total net assets	\$ 37.5	\$ 36.5	\$ 5.5	\$ 4.9

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

The County's combined net assets increased from \$36.5 million to \$37.4 million as explained in the Statement of Activities section below. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County, totaled \$22.1 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County and total \$34.9 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. Seized asset funds are restricted so that they can be used for specific law enforcement purposes. Component unit net assets increased by \$0.6 million, from 4.9 million in FY08 to 5.5 million in FY 09.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2009, as well as the change in capital assets for FY 09 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	2009	2008	2009	2008
Non-Depreciable Assets:				
Land	\$ 2.2	\$ 2.2	\$ 0.6	\$ 0.6
Construction in Progress	19.8	12.9	0.0	0.0
Other Capital Assets:				
Buildings and systems	30.9	30.3	18.6	18.1
Machinery and Equipment	10.4	9.5	5.6	5.4
Accumulated Depreciation	(15.3)	(13.7)	(18.4)	(17.7)
Totals	\$ 48.0	\$ 41.2	\$ 6.4	\$ 6.4

**Primary Government:
Changes in Capital Assets:**

	Balance, June 30, 2008	Additions	Deletions	Balance, June 30, 2009
	Non-Depreciable Assets:			
Land	\$ 2.2	\$ 0.0	\$ 0.0	\$ 2.2
Construction in Progress	12.9	7.0	(0.1)	19.8
Other Capital Assets:				
Buildings and systems	30.3	1.2	(0.6)	30.9
Machinery and Equipment	9.5	1.0	(0.1)	10.4
Accumulated Depreciation	(13.7)	(1.7)	0.1	(15.3)
Totals	\$ 41.2	\$ 7.5	(0.7)	\$ 48.0

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

	June 30, 2008	Additions	Deletions	June 30, 2009
Non-Depreciable Assets:				
Land	\$ 0.6	\$ 0.0	\$ 0.0	\$ 0.6
Construction in Progress	0.0	0.0	0.0	0.0
Other Capital Assets:				
Buildings and systems	18.1	0.5	0.0	18.6
Machinery and Equipment	5.4	0.4	(0.2)	5.6
Accumulated Depreciation	(17.7)	(0.9)	0.2	(18.4)
Totals	\$ 6.4	\$ 0.0	\$ 0.0	\$ 6.4

Major projects that continued into FY 09 included the continued construction on the new Riverlawn Elementary School. These amounts are part of the Primary Government's capital assets because long-term debt financed these additions.

Additional detailed capital asset information can be found in Note 12 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, 2009, in millions of dollars:

	Government		School Board	
	2009	2008	2009	2008
General Obligation Bonds	\$ 9.9	\$ 10.5	\$ 0.0	\$ 0.0
Lease Revenue Note	20.0	20.6	0.0	0.0
Capital Leases	0.3	0.5	0.0	0.0
Unamortized Bond Premium	0.9	1.0	0.0	0.0
Landfill Post Closure Liability	0.3	0.4	0.0	0.0
Net OPEB Obligation	0.1	0.0	0.2	0.0
Compensated Absences	0.7	0.7	1.8	1.4
Total	\$ 36.7	\$ 38.6	\$ 2.0	\$ 1.4

Long-term debt obligations decreased by \$1.9 million in FY 09. Additional detailed information on long-term debt obligations can be found in Note 7 and Note 9 in the "Notes to Financial Statements" section of the

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

Statement of Activities:

The following comparative table shows the revenues and expenses of the governmental activities for FY

Summary of Activities:

	Total Primary Government		Component Unit School Board	
	2009	2008	2009	2008
Revenues:				
Program Revenues:				
Charges for services	\$ 1.2	\$ 0.5	\$ 1.0	\$ 1.1
Operating grants and contributions	12.1	11.4	35.1	32.7
Capital grants and contributions	0.0	0.0	0.2	0.2
General Revenues:				
General property taxes	20.1	19.5	0.0	0.0
Other local taxes	6.6	6.7	0.0	0.0
Other	3.2	3.4	0.1	0.1
Payments from County	0.0	0.0	11.4	10.7
Total Revenues	\$ 43.2	\$ 41.5	\$ 47.8	\$ 44.8
Expenses:				
General government	\$ 2.6	\$ 2.2	-	\$ -
Judicial administration	1.5	1.3	-	-
Public safety	6.4	7.4	-	-
Public works	1.4	0.2	-	-
Health and welfare	10.2	9.7	-	-
Education	13.6	12.0	47.2	44.6
Parks, recreation and cultural	1.4	1.4	-	-
Community development	3.8	1.6	-	-
Interest on long term debt	1.3	1.4	-	-

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

Expenses

For FY 09, expenses for governmental activities totaled \$42.2 million an increase of \$5.0 million over the prior year. Public Works, Health and Welfare, Education, and Community development saw significant increases during FY 09.

Education is a very high priority in the Pulaski County; consequently the Board of Supervisors contributed \$11.4 million to the operation of the Pulaski County schools excluding debt service costs for the construction of a new school. This accounts for more than 27% of the County's total expenses. It should also be noted that the Board of Supervisors has carried over any unused portion of the FY 09 contribution to 2010 to use towards school operations.

Financial Analysis of the County's Funds

For FY 09, the general fund reflects a fund balance of \$24.2 million, a decrease of \$0.1 million from FY 08. The following table shows a comparison between the fiscal year ended June 30, 2008 amounts to the FY 2009 amounts for the General Fund as shown in Exhibit 5.

	<u>General Fund</u>		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Revenues:			
General Property Taxes	\$ 20.1	\$ 19.2	\$ 0.9
Other Local Taxes	6.6	6.8	(0.2)
Permits, Privilege Fees and Regulatory Licenses	0.7	0.7	0.0
Fines and Forfeitures	0.0	0.0	0.0
Revenue from Use of Money and Property	0.4	1.0	(0.6)
Charges for Services	0.5	0.5	0.0
Miscellaneous	0.1	0.0	0.1
Recovered Costs	0.7	0.4	0.3
Revenue from the Commonwealth	10.2	10.2	0.0

Revenue from the Federal Government	3.6	3.1	0.5
Total Revenues	<u>\$ 43.3</u>	<u>\$ 41.9</u>	<u>\$ 1.4</u>

Expenditures:			
General Government Administration	\$ 2.0	\$ 2.0	\$ 0.0

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

The increase in general property taxes of \$0.9 million can be attributed to an increase real estate valuation due to reassessment in FY 2009 along with an increase in the real estate tax rate. Other local taxes and local revenues saw slight decreases while revenues from the Commonwealth and the Federal governments saw slight increases. These five functional areas of revenue explain much of the \$1.4 million increase.

On the expenditure side, most the increase of approximately \$3.6 million can be explained in the following three areas. First, health and welfare costs increased by \$.7 million due to an increasing need for public assistance. In addition, the amount paid to the Schools increased by approximately \$.8 million. Finally, debt service principal and interest payments increased by approximately \$0.6 million due to the additional debt payments related to Riverlawn Elementary School.

The large increases in expenditures combined with decreasing revenues explain net decrease of \$0.1 million to fund balance. All capital and school board unused appropriations from the 2009 fiscal year were carried over by the Board of Supervisors for use in FY 2010.

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 09 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 18.5	\$ 18.7	20.1	1.4
Other Local Taxes	6.5	6.5	6.6	0.1
Permits, Fees and Licenses	0.7	0.7	0.7	0.0
Fines and Forfeitures	0.1	0.1	0.0	-0.1
Revenue from Use of Money and Property	0.8	0.8	0.4	-0.4
Charges for Services	0.3	0.4	0.5	0.1
Miscellaneous	0.1	0.1	0.1	0.0
Recovered Costs	0.2	0.4	0.7	0.3
Intergovernmental	13.3	14.6	14.2	-0.4
Total	\$ 40.5	\$ 42.3	\$ 43.3	1.0
Expenditures and transfers:				
General Government Administration	\$ 2.0	\$ 2.3	2.0	0.3
Judicial Administration	1.6	1.7	1.5	0.2
Public Safety	7.1	7.4	6.7	0.7
Public Works	1.2	1.5	1.3	0.2
Health and Welfare	10.7	11.1	10.4	0.7
Education	10.8	10.9	11.5	-0.6
Parks, Recreation and Cultural	1.2	1.4	1.3	0.1
Community Development	0.5	1.1	2.5	-1.4
Non-departmental	0.2	0.0	0.0	0.0
Debt Service	0.2	0.2	3.3	-3.1
Transfers	0.0	0.0	2.9	-2.9
Total	\$ 35.5	\$ 37.6	\$ 43.4	-5.8

It should be noted that this schedule is shown on the budgetary basis. In comparing the original budget to the amended budget both revenues and expenditures increased. Most of this change can be attributed to carry-over appropriations for County construction projects, as noted in the transfers. The trend will continue until building space needs are met by the purchase and construction of the Maple Shade shopping mall and the renovation of the County Administration building.

Economic Factors and Future Budgets

The primary factors affecting the financial viability of Pulaski are limited options for revenue increases, continued fluctuations in state revenues, 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. Locally generated revenues have historically increased at a rate of approximately 3% excluding the impact of reassessments. However, this rate is projected to decline to an average of less than 1%. This drop can be primarily attributed to legal limits placed by the General Assembly on how counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

State Revenues - Currently, state funding is projected to account for 49% of the County's 2010 budget, or \$38.7 million, while local real estate taxes account for 16% percent of total County revenue. A one percent change in state revenue results in a \$0.39 million change in the local budget, or the equivalent of a 1.5 cent change on the real estate tax rate. Thus, changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Other factors that are expected to impact future budgets include:

1. Anticipated GASB Statement #45 increases for other post employment benefits.
2. Funding for the Capital Improvement Plan will need to address office space needs, funding of joint services and replacement of leased network connections between buildings.
3. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing needed community services through joint services and other innovations.
4. The County will need to invest in new economic development initiatives including the purchase of the next industrial park and conceptualization of future "shell" buildings making possible rapid response to business and industrial needs for new facilities.
5. There remains a long-term need for reducing operational costs through joint services, initiatives in the provision of public safety services, tax and utility bill collections and improved property maintenance.
6. The condition of the local, regional, state and national economies and a resulting increase in demand for services should economic conditions not improve soon.

Contacting the County's Financial Management

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

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Assets
June 30, 2009

	<u>Primary Government</u>	<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>School Board</u>	<u>Public Service Authority</u>	<u>Industrial Development Authority</u>
ASSETS				
Cash and Cash Equivalents	\$ 20,625,866	\$ 604,268	\$ 2,271,988	\$ 432,057
Investments	5,589,109	-	-	-
Receivables (Net of Allowance for Uncollectibles):				
Taxes	1,627,853	-	-	-
Accounts Receivable	89,834	-	908,456	7,792
Other Local Taxes and Fees	333,501	-	-	-
Note Receivable	-	-	-	19,478,598
Rent Receivable	-	-	-	16,917
Interest Receivable	-	-	-	292,054
Due from Other Funds	91,656	-	-	-
Due from Primary Government	-	3,329,912	-	1,711,631
Due from Other Governmental Units	2,108,227	1,228,784	-	-
Advances to Component Units	747,967	-	-	-
Restricted Assets:				
Temporarily Restricted:				
Cash and Cash Equivalents (in Custody of Others)	2,372,210	-	381,370	-
Organization Expense (Net of Accumulated Amortization)	-	-	4,965	-
Capital Assets:				
Land	2,219,420	564,527	127,700	1,034,385
Building and System	23,039,061	4,042,163	-	-
Machinery and Equipment	2,995,317	1,845,700	1,054,927	4,513,924
Infrastructure	-	-	14,132,449	-
Construction in Progress	19,813,897	-	950,102	-
Total Assets	<u>\$ 81,653,918</u>	<u>\$ 11,615,354</u>	<u>\$ 19,831,957</u>	<u>\$ 27,487,358</u>
LIABILITIES				
Accounts Payable	\$ 1,000,899	\$ 375,850	\$ 752,742	\$ 14,494
Reconciled Overdraft	608,888	-	-	-
Contracts Payable	-	3,752,285	-	-
Customer Deposits	-	-	92,889	-
Interest Payable	458,312	-	35,392	288,304
Due to Other Funds	36,041	-	-	-
Due to Component Units	5,097,158	-	-	-
Advances Due to Primary Government	-	-	22,546	500,000
Unearned Revenue	118,449	109,500	-	-
Long-term Liabilities:				
Due Within One Year	9,554,003	-	335,404	8,544,266
Due in More Than One Year	27,166,923	1,906,217	6,266,583	11,710,745
Total Liabilities	<u>\$ 44,040,673</u>	<u>\$ 6,143,852</u>	<u>\$ 7,505,556</u>	<u>\$ 21,057,809</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 14,819,608	\$ 6,452,390	\$ 10,031,843	\$ 2,894,328
Restricted for:				
Rural Development Debt Reserves	-	-	381,370	-
Construction	2,372,210	-	-	-
Unrestricted (deficit)	20,421,427	(980,888)	1,913,188	3,535,221
Total Net Assets	<u>\$ 37,613,245</u>	<u>\$ 5,471,502</u>	<u>\$ 12,326,401</u>	<u>\$ 6,429,549</u>

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

County of Pulaski, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	
				School Board	Public Service Authority	Industrial Development Authority
\$	11,629	\$ 333,188	\$ -	(2,300,876)	\$ -	\$ -
	121,204	1,645,718	-	283,038	-	-
	179,732	1,933,344	-	(4,298,479)	-	-
	-	-	-	(1,426,527)	-	-
	-	7,442,760	-	(2,758,636)	-	-
	-	-	-	(13,587,327)	-	-
	357,186	142,282	-	(912,488)	-	-
	567,150	580,070	-	(2,660,944)	-	-
\$	1,236,901	12,077,362	\$ -	(1,289,490)	\$ -	\$ -
				(28,951,929)		
\$	1,048,245	35,051,826	171,102	-	(10,938,024)	\$ -
	6,530,186	-	-	-	(472,198)	-
	325,001	903,930	-	-	-	(2,275,992)
\$	7,903,432	35,955,756	171,102	-	(10,938,024)	(472,193)
						(2,275,992)
Use Taxes			\$	20,175,233	\$	\$
Use Taxes				2,857,573		
Sales Taxes				858,871		
Property Taxes				675,022		
State Taxes				-		
Local Taxes				-		
Fees				96,738		
Grants				547,695		
Interest				21,784		
Education and Mills				172,697		
Room Taxes				286,397		
Other Taxes				1,049,142		
Use of Money and Property				540,453	22,122	54,443
Use of Money and Property				526,812	9,567	68,398
Use of Money and Property				-	11,445,177	713,186
Use of Money and Property				2,143,390	-	807,701
Use of Money and Property				-	-	106,741
Use of Money and Property				29,951,807	11,476,866	836,017
Use of Money and Property				999,878	538,842	363,824
Use of Money and Property				36,447,752	4,932,660	11,962,577
Use of Money and Property				37,447,630	5,471,502	12,926,401
Use of Money and Property						9,004,959

**County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2009**

	<u>General</u>	<u>School Construction</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 20,625,741	\$ 125	\$ -	\$ 20,625,866
Investments	5,589,109	2,372,210	-	7,961,319
Receivables (Net of Allowance for Uncollectibles):				
Taxes	1,627,853	-	-	1,627,853
Other Local Taxes and Fees	333,501	-	-	333,501
Due from Other Funds	91,656	-	-	91,656
Due from Other Governmental Units	2,022,048	-	78,179	2,100,227
Advances to Component Units	747,967	-	-	747,967
Total Assets	\$ 31,045,875	\$ 2,372,335	\$ 78,179	\$ 33,496,389
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 296,038	\$ 628,504	\$ 42,138	\$ 966,680
Reconciled Overdraft	-	608,888	-	608,888
Due to Other Funds	-	-	36,041	36,041
Due to Component Units	5,041,543	-	-	5,041,543
Deferred Revenue	1,557,646	-	-	1,557,646
Total Liabilities	\$ 6,895,227	\$ 1,237,392	\$ 78,179	\$ 8,210,798
Fund Balances:				
Reserved	\$ 17,032	\$ 2,372,210	\$ -	\$ 2,389,242
Unreserved:				
Undesignated (deficit)	18,081,607	(1,237,267)	-	16,844,340
Total Fund Balances	\$ 24,150,648	\$ 1,134,943	\$ -	\$ 25,285,591
Total Liabilities and Fund Balances	\$ 31,045,875	\$ 2,372,335	\$ 78,179	\$ 33,496,389

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

County of Pulaski, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>General Fund</u>	<u>School Con- struction Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
REVENUES				
General Property Taxes	\$ 20,116,501	\$ -	\$ -	\$ 20,116,501
Other Local Taxes	6,565,919	-	-	6,565,919
Permits, Privilege Fees and Regulatory Licenses	708,997	-	-	708,997
Fines and Forfeitures	24,895	-	-	24,895
Revenue from Use of Money and Property	422,978	117,475	-	540,453
Charges for Services	503,009	-	-	503,009
Miscellaneous	77,663	10,753	438,396	526,812
Recovered Costs	653,747	-	-	653,747
Intergovernmental Revenues:				
Commonwealth	10,576,255	-	-	10,576,255
Federal Government	3,644,497	-	-	3,644,497
Total Revenues	<u>\$ 43,294,461</u>	<u>\$ 128,228</u>	<u>\$ 438,396</u>	<u>\$ 43,861,085</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,005,443	\$ -	\$ 577,772	\$ 2,583,215
Judicial Administration	1,479,967	-	-	1,479,967
Public Safety	6,744,669	-	497,252	7,241,921
Public Works	1,320,255	-	148,633	1,468,888
Health and Welfare	10,394,049	-	-	10,394,049
Education	11,460,869	-	374,460	11,835,329
Parks, Recreation and Cultural	1,338,529	-	48,911	1,387,440
Community Development	2,476,633	-	1,536,139	4,012,772
Capital Projects	-	7,836,561	-	7,836,561
Debt Service:				
Principal Retirement	1,757,773	-	-	1,757,773
Interest and Other Fiscal Charges	1,536,204	-	-	1,536,204
Total Expenditures	<u>\$ 40,514,391</u>	<u>\$ 7,836,561</u>	<u>\$ 3,183,167</u>	<u>\$ 51,534,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,780,070</u>	<u>\$ (7,708,333)</u>	<u>\$ (2,744,771)</u>	<u>\$ (7,673,034)</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 2,744,771	\$ 2,744,771
Transfers Out	(2,942,276)	-	-	(2,942,276)
Total Other Financing Sources (Uses)	<u>\$ (2,942,276)</u>	<u>\$ -</u>	<u>\$ 2,744,771</u>	<u>\$ (197,505)</u>
Net Change in Fund Balance	\$ (162,206)	\$ (7,708,333)	\$ -	\$ (7,870,539)
Fund Balance - Beginning	24,312,854	8,843,276	-	33,156,130
Fund Balance - Ending	<u>\$ 24,150,648</u>	<u>\$ 1,134,943</u>	<u>\$ -</u>	<u>\$ 25,285,591</u>

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

County of Pulaski, Virginia
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

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

Net changes in fund balance - total governmental funds	\$	(7,870,539)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		6,840,994
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		58,732
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		1,936,696
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.		<u>33,995</u>
Change in net assets of governmental activities	\$	<u><u>999,878</u></u>

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

**County of Pulaski, Virginia
Statement of Net Assets
Proprietary Fund
June 30, 2009**

		Internal Service Fund
ASSETS		
Current Assets:		
Receivables (Net of Allowance for Uncollectibles):		
Accounts Receivable	\$	89,834
Total Assets	<u>\$</u>	<u>89,834</u>
LIABILITIES		
<hr/>		
Accounts Payable	\$	34,219
Due to Other Funds		55,615
Total Liabilities	<u>\$</u>	<u>89,834</u>
NET ASSETS		
Unrestricted	<u>\$</u>	<u>-</u>
Total Net Assets	<u><u>\$</u></u>	<u><u>-</u></u>

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

County of Pulaski, Virginia
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	Internal Service Fund
OPERATING REVENUES	
Charges for Services:	
Information Technology Charges	\$ 203,720
Garage Charges	758,453
Communication Charges	120,739
Miscellaneous	2,324
Total Operating Revenues	\$ 1,085,236
OPERATING EXPENSES	
Information Technology	\$ 306,996
Central Garage	849,080
Communications	126,665
Total Operating Expenses	\$ 1,282,741
Operating Income (Loss)	\$ (197,505)
Transfer In	\$ 197,505
Change in Net Assets	-
Net Assets - Beginning	-
Net Assets - Ending	\$ -

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

County of Pulaski, Virginia
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	Internal Service Fund
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Charges to County Department and other organizations	\$ 1,175,498
Other Receipts (Payments)	2,324
Payments to suppliers for goods and services	(922,456)
Payments to employees for services	(452,871)
Total cash provided (used) by operating activities	<u>\$ (197,505)</u>
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	<u>\$ 197,505</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ -</u>
Cash and Cash Equivalents - Beginning	<u>\$ -</u>
Cash and Cash Equivalents - Ending	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	<u>\$ (197,505)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:	
(Increase) Decrease in Accounts Receivable	\$ (30,095)
Increase (Decrease) in Accounts Payable	30,095
Total Adjustments	<u>\$ -</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (197,505)</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, 2009

		Agency Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	148,445
Due from Other Governmental Units		-
Total Assets	<u>\$</u>	<u>148,445</u>
Amounts Held for Others:		
Social Services Clients	\$	27,211
Contractors		37,529
County Employees		83,705
Total amounts held for others	<u>\$</u>	<u>148,445</u>
Total Liabilities	<u>\$</u>	<u>148,445</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

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

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

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

The County reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for 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 Information Technology, Garage, and Communications Services.

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 agency funds.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

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

2. Receivables and payables

Advances between funds that are representative of lending/borrowing arrangements

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

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

Advances between funds, as reported in the fund financial statements, are offset by a fund

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

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

6. Capital Assets (continued)

are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Structures, lines and accessories	20-40
Machinery and equipment	4-30
Land improvements	10

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

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

8. Long-term Obligations

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

other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 are 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.

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2009

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 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 \$(37,179,238) and \$(1,906,217) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
General obligation bonds	\$ (9,824,791)	\$ -
General obligation bond premium	(305,789)	-
Lease revenue note	(20,084,852)	-
Lease revenue note premium	(600,269)	-
Literary loans	(4,500,000)	-
Lease purchases	(304,616)	-
Interest payable	(458,312)	-
Landfill post-closure monitoring costs	(304,768)	-
Net OPEB obligation	(85,500)	(183,400)
Compensated absences	(710,341)	(1,722,817)

Net adjustment to reduce fund balance total

governmental funds to arrive at net assets-		
governmental activities	\$ <u>(37,179,238)</u>	\$ <u>(1,906,217)</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of

activities. A portion of that reconciliation includes "Governmental funds report capital outlays

as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$6,840,994 and \$72,633 differences for the primary government and discretely presented component unit, respectively, are as follows:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2009

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

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

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,936,696 difference in the primary government, are as follows:

	<u>Primary Government</u>
Principal payments:	
General obligation bonds	\$ 704,644
Lease purchases	207,981
Literary loans	375,000
Lease revenue notes	470,148
Landfill post-closure monitoring costs	60,347
Amortization of premium	<u>118,576</u>

governmental funds to arrive at changes in net assets of governmental activities	\$	<u>1,936,696</u>
--	----	------------------

Another element of that reconciliation states, "Some expenses reported in the statement of

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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 functional level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and

the General Capital Projects Fund. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 4- Deposits and Investments:

Deposits:

All cash of the County of Pulaski, Virginia and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia covered by federal depository insurance.

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 of 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)

The County's rated debt investments as of June 30, 2009 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.

<u>County's Rated Debt Investments' Value</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>Aaam</u>
LGIP	\$ 5,589,109
SNAP	2,372,210
Wells Fargo	66
Suntrust	59

Concentration of Credit Risk:

At June 30, 2009, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

At June 30, 2009, 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.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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>
Commonwealth of Virginia:		
Local sales tax	\$ 539,284	\$ 653,157
Communication sales tax	124,654	-
Other taxes	76,110	-
Non-categorical aid		-
Categorical aid-shared expenses	304,599	-
Categorical aid-other	18,689	14,128
Categorical aid-VPA funds	173,899	-
Categorical aid-CSA funds	550,638	-
Federal Government:		
Categorical aid-VPA funds	242,175	-
Categorical aid-other	-	561,499
Hwassee Fire Department	53,179	-
Snowville Fire Department	25,000	-
	<u>2,108,227</u>	<u>1,228,784</u>
Totals	\$ <u>2,108,227</u>	\$ <u>1,228,784</u>

Note 6- Interfund/Component-Unit Obligations:

Primary Government:		
General Fund	\$ 5,041,543	\$ 839,623
School Construction Fund		
County Construction Fund	36,041	
Internal Service Fund	55,615	3,329,912
Component Units:		
IDA	500,000	1,711,631
PSA	247,967	
Total	\$ <u>5,881,166</u>	\$ <u>5,881,166</u>
	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government:		
General Fund	\$ -	\$ 2,942,276
Construction Fund	2,744,771	-
Internal Service Fund	197,505	-
Total	\$ <u>2,942,276</u>	\$ <u>2,942,276</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 7- Long-Term Debt:

Primary Government- Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Literary Loans		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 710,088	\$ 440,902	\$ 375,000	\$ 135,000	\$ 8,142,359	\$ 960,539
2011	715,755	411,540	375,000	123,750	669,781	559,029
2012	721,507	382,093	375,000	112,500	692,423	534,485
2013	727,345	351,879	375,000	101,250	720,289	507,493
2014	728,412	318,711	375,000	88,000	470,000	480,752
2015-2019	3,766,742	1,056,694	1,875,000	281,250	2,675,000	2,067,115
2020-2024	2,449,942	221,488	750,000	33,750	3,415,000	1,321,389
2025-2029					3,300,000	383,727
Totals	\$ 9,824,791	\$ 3,183,307	\$ 4,500,000	\$ 877,500	\$ 20,084,852	\$ 6,814,530

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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	\$ 483,445	\$ 36,382
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	7,630,000	545,000
GO bond	3.78%	4/29/2005	2020	2,000,000	1,711,346	128,706
Subtotal GO bonds					\$ 9,824,791	\$ 710,088
Add: Unamortized bond premium	n/a	11/7/2002	2023	436,841	\$ 305,789	\$ 21,842
Total GO bonds					\$ 10,130,580	\$ 731,930
Lease revenue note:						
IDA lease revenue note	3.5-5.25%	2/8/2007	2027	\$ 14,000,000	\$ 13,775,000	\$ 7,735,000
School lease revenue note	2.92%	5/2/2008	2013	1,300,000	1,054,852	252,359
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	5,255,000	155,000
Subtotal lease revenue notes					\$ 20,084,852	\$ 8,142,359
Unamortized bond premium	n/a	2/8/2007	2027	348,249	\$ 268,953	\$ 79,295
Unamortized bond premium	n/a	5/15/2008	2029	348,754	331,316	17,438
Total lease revenue notes					\$ 20,685,121	\$ 8,239,092
Literary loans:						
State literary fund loan	3%	12/15/2000	2021	\$ 2,500,000	\$ 1,500,000	\$ 125,000
State literary fund loan	3%	12/15/2000	2021	5,000,000	3,000,000	250,000
Total literary loans					\$ 4,500,000	\$ 375,000

Capital lease	6.415%	12/20/2000	2011	\$ 1,240,492	\$ 240,219	\$ 147,725
Capital lease	6.665%	7/1/2006	2010	249,858	64,397	60,256

Total lease purchase agreements \$ 304,616 \$ 207,981

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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, 2009.

	<u>Balance</u> <u>July 1, 2008</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>
Net OPEB obligation	\$ -	\$ 183,400	\$ -	\$ 183,400
Compensated absences	1,391,306	331,511	-	1,722,817
Total	\$ 1,391,306	\$ 514,911	\$ -	\$ 1,906,217

Details of Long-Term Indebtedness:

	<u>Interest</u> <u>Rates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Amount of</u> <u>Original</u> <u>Issue</u>	<u>Balance</u> <u>Governmental</u> <u>Activities</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Other obligations:						
Net OPEB obligation	n/a	n/a	n/a	n/a	\$ 183,400	\$ -
Compensated absences	n/a	n/a	n/a	n/a	1,722,817	-
Total					\$ 1,906,217	\$ -

Note 9- Capital Leases:

Primary Government:

The County has entered into a lease agreement to finance the acquisition of the telephone equipment for the School Board. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payment at the date of inception.

The asset acquired through capital lease is as follows:

	<u>Telephone</u> <u>System</u>
Machinery and equipment	\$ 306,895
Accumulated depreciation	<u>(124,049)</u>
Net Asset	\$ <u>182,846</u>

The computers related to the issuance of the capital lease issued during the current year did not meet the minimum capitalization threshold and therefore were not capitalized.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 9- Capital Leases: (continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30,	Telephone System	Computers
2010	\$ 168,344	\$ 68,823
2011	84,303	-
Sub-total	\$ 252,647	\$ 68,823
Amount representing interest	(12,429)	(4,426)
Present value of lease agreement	\$ 240,218	\$ 64,397

Note 10- Employee Retirement System and Pension Plan:

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)

The County contributes to the Virginia Retirement System (VRS). 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 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). 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 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs 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 their website at http://www.varetire.org/Pdf/Publications/2008_annurept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

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 salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County of Pulaski, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Pulaski, Virginia's contribution rate for the fiscal year ended 2009 was 7.42% 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 salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the Pulaski County School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Pulaski County School Board's contribution rate for the fiscal year ended 2009 was 6.27% of annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2009, the County of Pulaski, Virginia's annual pension cost of \$675,661 and \$147,739 was equal to the County of Pulaski, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information					
	<u>Year Ending</u>		<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
	<u>June 30,</u>		<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
			<u>Cost (APC)(1)</u>	<u>Contributed</u>	<u>Obligation</u>
Primary Government:					
County	2007	\$	526,609	100% \$	-
	2008		607,653	100%	-
	2009		675,661	100%	-
Component Unit - School Board:					
School Board Non-professional	2007	\$	148,368	100% \$	-
	2008		157,695	100%	-
	2009		147,739	100%	-

(1) Excludes member contribution

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

C. Annual Pension Cost: (continued)

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) or 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Pulaski, Virginia's assets is equal to the modified market 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. The County of Pulaski, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2008, the most recent actuarial valuation date, the plan was 94.66% funded. The actuarial accrued liability for benefits was \$37,278,156, and the actuarial value of assets was \$35,259,295, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,988,861. The covered payroll (annual payroll of active employees covered by the plan) was \$8,975,236, and ratio of the UAAL to the covered payroll was 22.16%.

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

As of June 30, 2008, the most recent actuarial valuation date, the plan was 97.77% funded. The actuarial accrued liability for benefits was \$7,742,300, and the actuarial value of assets was \$7,569,271, resulting in an unfunded actuarial accrued liability (UAAL) of \$173,029. The covered payroll (annual payroll of active employees covered by the plan) was \$2,303,927, and ratio of the UAAL to the covered payroll was 7.51%.

For additional information, please refer to the accompanying Disclosed Supplementary Information following

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

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

E. Discretely Presented Component Unit – School Board (Professional Employees) (continued)

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 their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% 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 Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5.00% member contribution, was \$1,987,019, \$2,290,609, and \$1,073,705 for the fiscal years ended 2009, 2008, and 2007, respectively. Required employer contributions represented 8.81%, 10.30%, and 9.20% of covered payroll for the fiscal years ended 2009, 2008, and 2007, respectively.

Note 11 – Other Post-Employment Benefits:

A. Plan Description

The Pulaski Post-Retirement Medical Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the County. The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and employee contributions, are governed by the County and can be amended through County action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For fiscal year 2009, the County and School Board contributed \$22,000 and \$98,600, respectively, for current costs of the Plan.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2009

Note 11 – Other Post-Employment Benefits: (continued)

B. Funding Policy (continued)

For retirees of the both the County and School Board, 100 percent of premiums for both the employee and spouse are the responsibility of the retiree. Coverage under the plan ceases when the employee reaches age 65. Premiums under the Plan are shown below:

	County			School Board		
	POS	PPO	Dental	POS	PPO	Dental
Employee Only	\$ 470	\$ 312	\$ 23	\$ 555	\$ 366	\$ 27
Employee and Spouse	947	627	38	1,111	740	47
Employee and Child	920	609	43	1,123	732	50
Family	1,319	874	69	1,562	1,029	83

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 11-Other Postemployment Benefits: (continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

	County	School Board	Total
Annual required contribution	\$ 107,500	\$ 282,000	\$ 389,500
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	107,500	282,000	389,500
Actual contributions	(22,000)	(98,600)	(120,600)
Increase in net OPEB obligation	85,500	183,400	268,900
Net OPEB obligation - beginning of year	-	-	-
Net OPEB obligation - end of year	\$ 85,500	\$ 183,400	\$ 268,900

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 389,500	31%	\$ 268,900

D. Funded Status and Funding Progress

The funded status of the Plan (County and School Board combined) as of June 30, 2009, was as follows:

	County	School Board	Total
Actuarial accrued liability (AAL)	\$ 909,733	\$ 3,023,800	\$ 3,933,533
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 909,733	\$ 3,023,800	\$ 3,933,533
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 5,744,151	\$ 2,303,927	\$ 8,048,078
UAAL as a percentage of covered payroll	15.84%	131.25%	147.08%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 11-Other Postemployment Benefits: (continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return per annum. An annual healthcare cost trend rate of 10 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5 percent is reached. Dental costs are assumed to increase 5 percent initially, decreasing by 0.5 percent yearly until and ultimate rate of 3 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2009, was 30 years.

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 12- Capital Assets:

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,219,420	\$ -	\$ -	\$ 2,219,420
Construction in progress	12,930,821	6,984,886	(101,810)	19,813,897
Total capital assets not being depreciated	<u>\$ 15,150,241</u>	<u>\$ 6,984,886</u>	<u>\$ (101,810)</u>	<u>\$ 22,033,317</u>
Capital assets, being depreciated:				
Buildings and systems	\$ 30,330,760	\$ 1,269,901	\$ (612,361)	\$ 30,988,300
Machinery and equipment	9,421,140	993,232	(102,472)	10,311,900
Total capital assets being depreciated	<u>\$ 39,751,900</u>	<u>\$ 2,263,133</u>	<u>\$ (714,833)</u>	<u>\$ 41,300,200</u>

Accumulated depreciation for:

Buildings and systems	\$ (7,187,647)	\$ (761,592)	\$ -	\$ (7,949,239)
Machinery and equipment	(6,487,793)	(931,262)	102,472	(7,316,583)
Total accumulated depreciation	<u>\$ (13,675,440)</u>	<u>\$ (1,692,854)</u>	<u>\$ 102,472</u>	<u>\$ (15,265,822)</u>
Total capital assets being depreciated, net	<u>\$ 26,076,460</u>	<u>\$ 570,279</u>	<u>\$ (612,361)</u>	<u>\$ 26,034,378</u>
Governmental activities capital assets, net	<u>\$ 41,226,701</u>	<u>\$ 7,555,165</u>	<u>\$ (714,171)</u>	<u>\$ 48,067,695</u>

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

Governmental activities:

Public safety administration 5,207

Judicial administration		15,624
Public safety	700,901	
Public works	153,126	

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 12- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2009 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 564,527	\$ -	\$ -	\$ 564,527
Total capital assets not being depreciated	<u>\$ 564,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,527</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 18,146,145	\$ 501,692	\$ -	\$ 18,647,837
Machinery and equipment	5,414,668	427,119	(225,717)	5,616,070
Total capital assets being depreciated	<u>\$ 23,560,813</u>	<u>\$ 928,811</u>	<u>\$ (225,717)</u>	<u>\$ 24,263,907</u>
Accumulated depreciation for:				
Buildings and improvements	\$ (14,242,753)	\$ (362,921)	\$ -	\$ (14,605,674)
Machinery and equipment	(3,502,830)	(493,257)	225,717	(3,770,370)
Total accumulated depreciation	<u>\$ (17,745,583)</u>	<u>\$ (856,178)</u>	<u>\$ 225,717</u>	<u>\$ (18,376,044)</u>
Total capital assets being depreciated, net	<u>\$ 5,815,230</u>	<u>\$ 72,633</u>	<u>\$ -</u>	<u>\$ 5,887,863</u>
Governmental activities capital assets, net	<u>\$ 6,379,757</u>	<u>\$ 72,633</u>	<u>\$ -</u>	<u>\$ 6,452,390</u>

Note 13- Risk Management:

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 14- 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 15- Surety Bonds:

Primary Government:

Primary Government:

Fidelity and Deposit Company of Maryland-Surety

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2009

Note 16- Designated and Reserved Fund Balances/Restricted Net Assets:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
Total Fund Balance	\$ 25,285,591	\$ 925,329
Designated fund balances:		
Various capital projects	3,801,034	-
School fund carry-over	379,144	-
General fund carry-overs	1,871,831	-
Wireless fund carry-over	-	-
IDA fund carry-over	-	-
Food service	-	482,170
Reserved fund balances:		
School construction	2,372,210	-
Sheriff seized assets	17,032	-
Total designated/reserved fund balances	<u>\$ 8,441,251</u>	<u>\$ 482,170</u>
Undesignated (deficit) fund balances	<u>\$ 16,844,340</u>	<u>\$ 443,159</u>
Restricted net assets:		
Sheriff seized assets	<u>\$ 17,032</u>	<u>\$ -</u>
Total restricted net assets	<u>\$ 17,032</u>	<u>\$ -</u>

Note 17- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2009, the total post-closure care liability (which represents the 9 years remaining) was \$304,768 representing what it would cost to perform all post-closure care in fiscal year 2009. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County demonstrated financial assurance requirements for closure, post-closure care through the submission of a Local Government Financial Test to the Virginia Department of environmental Quality in accordance with section 9VA C20-70 of the Virginia Administrative Code.

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2009

Note 18- Advances Due from Component Units:

Pulaski County Public Service Authority:

Advances to the Authority amounted to \$247,967 at June 30, 2009 as follows:

Initially, a \$129,599 advance provided on October 9, 1980, bearing interest at the rate of 5% per annum and is payable on demand;

The remaining loan balance of \$118,368 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.

Required Supplementary Information

County of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General Property Taxes	\$ 18,481,993	\$ 18,643,185	\$ 20,116,501	\$ 1,473,316
Other Local Taxes	6,469,000	6,469,000	6,565,919	96,919
Permits, Privilege Fees and Regulatory Licenses	701,250	714,050	708,997	(5,053)
Fines and Forfeitures	150,100	151,404	24,895	(126,509)
Revenue from Use of Money and Property	792,600	796,313	422,978	(373,335)
Charges for Services	336,270	423,989	503,009	79,020
Miscellaneous	55,500	87,357	77,663	(9,694)
Recovered Costs	204,166	416,625	653,747	237,122
Intergovernmental Revenues:				
Commonwealth	8,791,824	9,369,343	10,576,255	1,206,912
Federal Government	4,569,873	5,256,104	3,644,497	(1,611,607)
Total Revenues	<u>\$ 40,552,576</u>	<u>\$ 42,327,370</u>	<u>\$ 43,294,461</u>	<u>\$ 967,091</u>
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,196,009	\$ 2,325,947	\$ 2,005,443	\$ 320,504
Judicial Administration	1,561,000	1,674,952	1,479,967	194,985
Public Safety	7,142,716	7,411,182	6,744,669	666,513
Public Works	1,237,452	1,508,214	1,320,255	187,959
Health and Welfare	10,711,922	11,099,336	10,394,049	705,287
Education	10,775,432	10,889,799	11,460,869	(571,070)
Parks, Recreation and Cultural	1,224,349	1,412,712	1,338,529	74,183
Community Development	497,956	1,123,368	2,476,633	(1,353,265)
Non-Departmental	158,369	11,200	-	11,200
Debt Service:				
Principal Retirement	124,018	124,018	1,757,773	(1,633,755)
Interest and Other Fiscal Charges	69,377	69,377	1,536,204	(1,466,827)
Total Expenditures	<u>\$ 35,698,600</u>	<u>\$ 37,650,105</u>	<u>\$ 40,514,391</u>	<u>\$ (2,864,286)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,853,976</u>	<u>\$ 4,677,265</u>	<u>\$ 2,780,070</u>	<u>\$ (1,897,195)</u>
Other Financing Sources (Uses)				
Transfers Out	\$ -	\$ -	(2,942,276)	(2,942,276)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>(2,942,276)</u>	<u>(2,942,276)</u>
Net Change in Fund Balance	<u>\$ 4,853,976</u>	<u>\$ 4,677,265</u>	<u>\$ (162,206)</u>	<u>\$ (4,839,471)</u>
Fund Balance - Beginning	-	-	24,312,854	24,312,854
Fund Balance - Ending	<u>\$ 4,853,976</u>	<u>\$ 4,677,265</u>	<u>\$ 24,150,648</u>	<u>\$ 19,473,383</u>

**County of Pulaski, Virginia
Required Supplementary Information
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2009**

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, 2008 \$	35,289,295 \$	37,278,156 \$	1,988,861	94.66%	8,975,236	22.16%
June 30, 2007	32,314,708	34,006,650	1,691,942	95.02%	8,255,132	20.50%
June 30, 2006	29,098,356	30,221,028	1,122,672	96.29%	7,491,892	14.99%

Discontinued Component Unit:

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, 2008 \$	7,569,271 \$	7,742,300 \$	173,029	97.77%	2,303,927	7.51%
June 30, 2007	6,923,881	7,332,902	409,021	94.42%	2,192,595	18.65%
June 30, 2006	6,114,738	6,609,721	494,983	92.51%	2,070,658	23.90%

Primary Government: Post-Retirement Medical Plan

Other Supplementary Information

County of Pulaski, Virginia
 Major Capital Projects Fund-School Construction Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 1	\$ 1	\$ 117,475	\$ 117,474
Miscellaneous	-	-	10,753	10,753
Total Revenues	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 128,228</u>	<u>\$ 128,227</u>
EXPENDITURES:				
Capital Projects	\$ 1	\$ 10,425,723	\$ 7,836,561	\$ 2,589,162
	<u>\$ 1</u>	<u>\$ 10,425,723</u>	<u>\$ 7,836,561</u>	<u>\$ 2,589,162</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (10,425,722)</u>	<u>\$ (7,708,333)</u>	<u>\$ 2,717,389</u>
Net Change in Fund Balance	\$ -	\$ (10,425,722)	\$ (7,708,333)	\$ 2,717,389
Fund Balance - Beginning	-	-	8,843,276	8,843,276
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (10,425,722)</u>	<u>\$ 1,134,943</u>	<u>\$ 11,560,665</u>

County of Pulaski, Virginia
Non-Major Capital Projects Fund-County CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ 585,534	\$ 438,396	\$ (147,138)
Total Revenues	\$ -	\$ 585,534	\$ 438,396	\$ (147,138)
EXPENDITURES:				
Current:				
General Government Administration	\$ 160,000	\$ 768,468	\$ 577,772	\$ 190,696
Public Safety	139,914	327,802	497,252	(169,450)
Public Works	-	3,514,219	148,633	3,365,586
Education	290,460	451,560	374,460	77,100
Parks, Recreation and Cultural	27,560	458,794	48,911	409,883
Community Development	436,000	1,203,337	1,536,139	(332,802)
Total Expenditures	\$ 1,103,934	\$ 6,774,180	\$ 3,183,167	\$ 3,591,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,103,934)	\$ (6,188,646)	\$ (2,744,771)	\$ 3,443,875
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 2,744,771	\$ 2,744,771
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 2,744,771	\$ 2,744,771
Net Change in Fund Balance	\$ (1,103,934)	\$ (6,188,646)	\$ -	\$ 6,188,646
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ (1,103,934)	\$ (6,188,646)	\$ -	\$ 6,188,646

County of Pulaski, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>				<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bonds</u>	<u>Employee Flexible Benefits</u>	<u>Sales Tax Fund</u>	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 27,211	\$ 37,529	\$ 83,705	\$ -	\$ 148,445
Total Assets	<u>\$ 27,211</u>	<u>\$ 37,529</u>	<u>\$ 83,705</u>	<u>\$ -</u>	<u>\$ 148,445</u>
Amounts Held for Others:					
Social Services Clients	\$ 27,211	\$ -	\$ -	\$ -	\$ 27,211
Contractors	-	37,529	-	-	37,529
County Employees	-	-	83,705	-	83,705
Total amounts held for others	<u>\$ 27,211</u>	<u>\$ 37,529</u>	<u>\$ 83,705</u>	<u>\$ -</u>	<u>\$ 148,445</u>
Total Liabilities	<u>\$ 27,211</u>	<u>\$ 37,529</u>	<u>\$ 83,705</u>	<u>\$ -</u>	<u>\$ 148,445</u>

County of Pulaski, Virginia
 Combining Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 23,284	\$ 103,834	\$ 99,907	\$ 27,211
Performance Bond Fund	80,525	4	43,000	37,529
Employee Flexible Benefits Fund	106,317	87,911	110,523	83,705

Local Sales Tax Fund	\$ -	\$ 647,531	\$ 647,531	\$ -
Total Assets	\$ 210,126	\$ 839,280	\$ 900,961	\$ 148,445

LIABILITIES
 Current Liabilities:
 Due to Other Governmental Units:

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

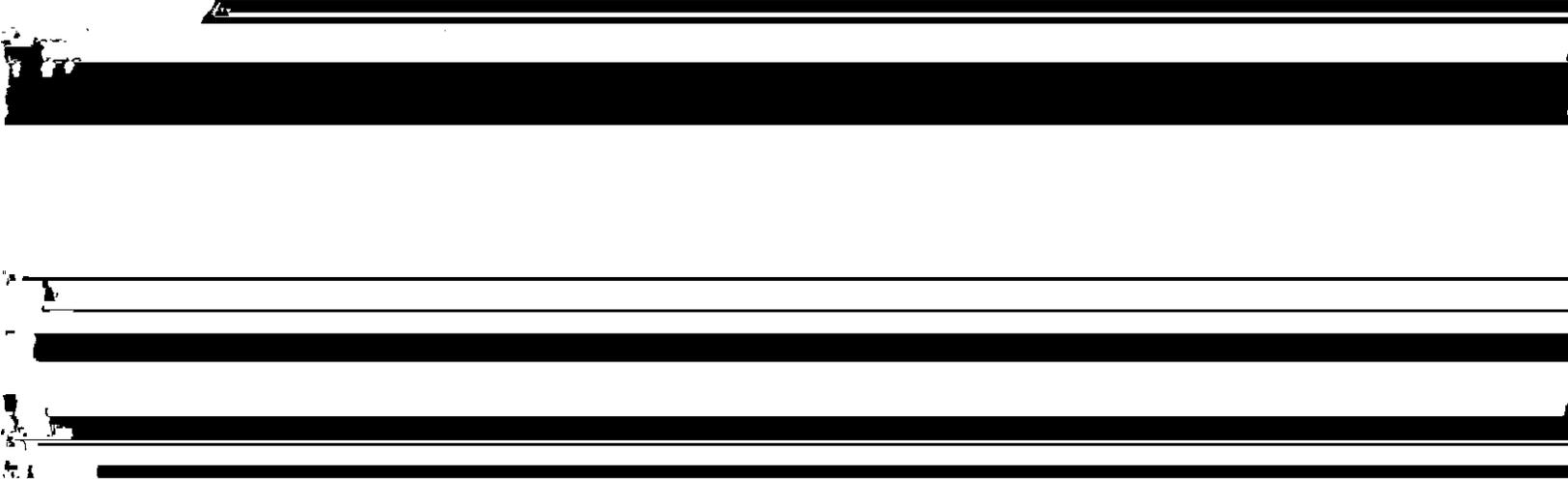
MAJOR GOVERNMENTAL FUND

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

County of Pulaski, Virginia
Special Revenue Fund - Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2009

	<u>School Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 604,268
Due from Primary Government	3,329,912
Due from Other Governmental Units	1,228,784
Total Assets	\$ 5,162,964
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 375,850
Contracts Payable	3,752,285
Deferred Revenue	109,500
Total Liabilities	\$ 4,237,635
Fund Balances:	
Unreserved:	
Designated	\$ 482,170
Undesignated (deficit)	443,159
Total Fund Balances	\$ 925,329
Total Liabilities and Fund Balances	\$ 5,162,964
 Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Total fund balances - per above	\$ 925,329

Capital assets used in governmental activities represent financial resources and



County of Pulaski, Virginia
Special Revenue Fund-Discretely Presented Component Unit-School Board
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2009

	<u>School Fund</u>
REVENUES	
Revenue from Use of Money and Property	\$ 22,122
Charges for Services	1,048,245
Miscellaneous	9,567
Recovered Costs	904,947
Intergovernmental Revenues:	-
Local Government	11,445,177
Commonwealth	30,962,626
Federal Government	4,260,302
Total Revenues	<u>\$ 48,652,986</u>
EXPENDITURES:	
Current:	
Education	<u>\$ 47,671,866</u>
Total Expenditures	<u>\$ 47,671,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 981,120</u>
Net Change in Fund Balance	\$ 981,120
Fund Balance - Beginning	(55,791)
Fund Balance - Ending	<u>\$ 925,329</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Net change in fund balance - total governmental funds - per above	\$ 981,120
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	72,633
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.	(514,911)
Change in net assets of governmental funds - component unit school board	<u>\$ 538,842</u>

County of Pulaski, Virginia

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 38,000	\$ 42,268	\$ 22,122	\$ (20,146)
Charges for Services	1,213,000	1,213,268	1,048,245	(165,023)
Miscellaneous	13,000	13,000	9,567	(3,433)
Recovered Costs	345,000	893,772	904,947	11,175
Intergovernmental Revenues:				
Local Government	10,759,741	10,874,108	11,445,177	571,069
Commonwealth	31,462,819	31,464,720	30,962,626	(502,094)
Federal Government	4,702,630	6,040,942	4,260,302	(1,780,640)
Total Revenues	<u>\$ 48,534,190</u>	<u>\$ 50,542,078</u>	<u>\$ 48,652,986</u>	<u>\$ (1,889,092)</u>
EXPENDITURES:				
Current:				
Education	\$ 48,534,186	\$ 50,866,952	\$ 47,671,866	\$ 3,195,086
Total Expenditures	<u>\$ 48,534,186</u>	<u>\$ 50,866,952</u>	<u>\$ 47,671,866</u>	<u>\$ 3,195,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4</u>	<u>\$ (324,874)</u>	<u>\$ 981,120</u>	<u>\$ 1,305,994</u>
Net Change in Fund Balance	<u>\$ 4</u>	<u>\$ (324,874)</u>	<u>\$ 981,120</u>	<u>\$ 1,305,994</u>

Supporting Schedules

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 11,550,000	\$ 11,710,423	\$ 12,456,990	\$ 746,567
Real and personal public service corporation taxes	580,000	580,000	562,288	(17,712)
Personal property taxes	3,701,993	3,701,993	4,242,063	540,070
Mobile home taxes	40,000	40,000	40,747	747
Machinery and tools taxes	2,350,000	2,350,000	2,480,730	130,730
Merchant's capital taxes	-	-	2,153	2,153
Penalties	145,000	145,000	174,261	29,261
Interest	105,000	105,000	143,721	38,721
Collection fees	10,000	10,769	13,548	2,779
Total General Property Taxes	<u>\$ 18,481,993</u>	<u>\$ 18,643,185</u>	<u>\$ 20,116,501</u>	<u>\$ 1,473,316</u>
Other Local Taxes:				
Local sales and use taxes	\$ 2,900,000	\$ 2,900,000	\$ 2,857,573	\$ (42,427)
Telecommunication taxes	875,000	875,000	858,871	(16,129)
Consumers' utility taxes	640,000	640,000	675,022	35,022
Consumption taxes	-	-	96,738	96,738
Motor vehicle licenses	520,000	520,000	547,695	27,695
Bank stock taxes	9,000	9,000	21,784	12,784
Taxes on recordation and wills	275,000	275,000	172,697	(102,303)
Hotel and motel room taxes	300,000	300,000	286,397	(13,603)
Total Other Local Taxes	<u>\$ 6,469,000</u>	<u>\$ 6,469,000</u>	<u>\$ 6,565,919</u>	<u>\$ 96,919</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 14,500	\$ 27,300	\$ 32,526	\$ 5,226
Business licenses	530,000	530,000	558,252	28,252
Land use application fees	500	500	1,843	1,343
Transfer fees	1,000	1,000	990	(10)
Zoning and subdivision permits	2,500	2,500	5,705	3,205
Erosion and sediment control permits	2,750	2,750	1,350	(1,400)
Building permits	150,000	150,000	108,331	(41,669)
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 701,250</u>	<u>\$ 714,050</u>	<u>\$ 708,997</u>	<u>\$ (5,053)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 147,100	\$ 148,404	\$ 21,837	\$ (126,567)
Interest on local fines	3,000	3,000	3,058	58
Total Fines and Forfeitures	<u>\$ 150,100</u>	<u>\$ 151,404</u>	<u>\$ 24,895</u>	<u>\$ (126,509)</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 775,000	775,000	401,317	(373,683)
Revenue from use of property	17,600	21,313	21,661	348
Total Revenue from Use of Money and Property	<u>\$ 792,600</u>	<u>\$ 796,313</u>	<u>\$ 422,978</u>	<u>\$ (373,335)</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Charges for landfill	\$ 33,000	\$ 33,000	\$ -	\$ (33,000)
Charges for law library	4,500	4,500	4,139	(361)
Charges for library	13,600	25,041	29,210	4,169
Total Charges for Services	<u>\$ 336,270</u>	<u>\$ 423,989</u>	<u>\$ 503,009</u>	<u>\$ 79,020</u>
Miscellaneous:				
Miscellaneous	\$ 55,500	\$ 87,357	\$ 77,663	\$ (9,694)
Recovered Costs:				
Administrative fees	\$ 63,000	\$ 63,000	\$ 76,552	\$ 13,552
Airport recoveries	-	170,000	169,301	(699)
School board recoveries	-	17,355	17,355	-
Juror costs	3,000	3,000	5,490	2,490
Circuit court secretary	12,250	12,250	12,788	538
Town reimbursement-fire works	-	4,979	12,479	7,500
CSA recoveries	10,000	10,000	131,081	121,081
Log skid recoveries	-	-	18,659	18,659
Parks and recreation	-	16,500	10,000	(6,500)
Landfill recoveries	-	-	40,982	40,982
Public safety recoveries	103,416	103,416	138,469	35,053
Health department recoveries	6,500	6,500	7,100	600
Welfare recoveries	6,000	6,000	9,866	3,866
Hazardous material response	-	3,625	3,625	-
Total Recovered Costs	<u>\$ 204,166</u>	<u>\$ 416,625</u>	<u>\$ 653,747</u>	<u>\$ 237,122</u>
Total Revenue from Local Sources	<u>\$ 27,190,879</u>	<u>\$ 27,701,923</u>	<u>\$ 29,073,709</u>	<u>\$ 1,371,786</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical Aid:				
ABC profits	\$ 5,550	\$ 5,550	\$ -	\$ (5,550)
Wine liter	5,820	5,820	-	(5,820)
Motor vehicle carriers' tax	30,508	30,508	40,951	10,443
Mobile home titling tax	49,000	49,000	67,864	18,864
Motor vehicle rental tax	33,000	33,000	27,469	(5,531)
State recordation tax	120,653	120,653	106,643	(14,010)
Personal property tax relief funds	1,594,000	1,594,000	1,594,529	529
Total Non-categorical Aid	<u>\$ 1,838,531</u>	<u>\$ 1,838,531</u>	<u>\$ 1,837,456</u>	<u>\$ (1,075)</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 601,339	\$ 601,339	\$ 571,756	\$ (29,583)
Sheriff	1,847,141	1,847,141	1,813,903	(33,238)
Commissioner of the Revenue	151,065	151,065	147,899	(3,166)
Treasurer	131,372	131,372	129,730	(1,642)
Medical Examiner	1,800	1,800	-	(1,800)
Registrar/Electoral Board	47,727	56,523	55,067	(1,456)
Clerk of the Circuit Court	321,863	343,725	307,960	(35,765)
Funds returned to Commonwealth	(212,256)	(251,492)	(241,860)	9,632
Total Shared Expenses	<u>\$ 2,890,051</u>	<u>\$ 3,132,965</u>	<u>\$ 2,784,455</u>	<u>\$ (97,018)</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 616,202	689,946	2,180,351	\$ 1,490,405
Comprehensive Services Act (CSA)	2,296,968	2,488,968	2,543,899	54,931
Victim's assistance grant	110,774	110,774	110,773	(1)
Litter control grant	13,312	13,312	12,829	(483)
Parks and recreation grant	-	-	538	538
DMV animal friendly plates	500	500	492	(8)
Library grant	136,433	136,433	136,432	(1)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Intergovernmental Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Other Categorical Aid: (continued)				
Pretrial services grant	\$ 696,180	\$ 735,416	\$ 735,416	\$ -
Records preservation grant	-	21,155	21,155	-
Commission on the arts	5,000	5,312	5,312	-
Emergency services grant	16,904	16,904	16,904	-
Fire programs	57,000	63,582	63,586	4
Virginia Juvenile Commission Crime Control	29,051	29,051	29,051	-
Domestic violence DCJS grant	38,424	40,000	40,000	-
Public safety answer grant	46,494	46,494	46,903	409
DEQ grant	-	-	1,272	1,272
Clerk's technology grant	-	-	9,431	9,431
Total Other Categorical Aid	<u>\$ 4,063,242</u>	<u>\$ 4,397,847</u>	<u>\$ 5,954,344</u>	<u>\$ 1,556,497</u>
Total Revenue from the Commonwealth	<u>\$ 8,791,824</u>	<u>\$ 9,369,343</u>	<u>\$ 10,576,255</u>	<u>\$ 1,458,404</u>
Revenue from the Federal Government:				
Non-categorical Aid:				
Payment in lieu of taxes	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$ 45,022</u>	<u>\$ 26,022</u>
Categorical Aid:				
Public assistance and welfare administration	\$ 4,550,873	\$ 4,550,873	\$ 2,971,052	\$ (1,579,821)
Emergency services grant	-	3,500	-	(3,500)
ARRA funds	-	-	8,370	8,370
Emergency management preparedness grant	-	7,055	7,055	-
Domestic preparedness grant	-	-	1,500	1,500
J&D court equipment grant	-	910	-	(910)
Bullet proof vest grant	-	15,268	-	(15,268)
Citizen's alerting grant	-	45,700	32,700	(13,000)
USDA rural development central utilities grant	-	578,798	578,798	-
USDA fire department equipment grant	-	25,000	-	(25,000)
Total Categorical Aid	<u>\$ 4,550,873</u>	<u>\$ 5,237,104</u>	<u>\$ 3,599,475</u>	<u>\$ (1,637,629)</u>
Total Revenue from the Federal Government	<u>\$ 4,569,873</u>	<u>\$ 5,256,104</u>	<u>\$ 3,644,497</u>	<u>\$ (1,611,607)</u>
Total General Fund	<u>\$ 40,552,576</u>	<u>\$ 42,327,370</u>	<u>\$ 43,294,461</u>	<u>\$ 1,218,583</u>

Minor Capital Projects Fund:

School Construction Fund:

Revenue from Use of Money and Property:				
Revenue from use of money	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 117,475</u>	<u>\$ 117,474</u>
Miscellaneous:				
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,753</u>	<u>\$ 10,753</u>
Total School Construction Fund	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 128,228</u>	<u>\$ 128,227</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board:				
Major Special Revenue Fund:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 26,000	\$ 26,000	\$ 5,853	\$ (20,147)
Revenue from use of property	12,000	16,268	16,269	1
Total Revenue from Use of Money and Property	<u>\$ 38,000</u>	<u>\$ 42,268</u>	<u>\$ 22,122</u>	<u>\$ (20,146)</u>
Charges for Services:				
Charges for education	\$ -	\$ 268	\$ 268	-
Cafeteria sales	1,198,000	1,198,000	1,047,977	(150,023)
Charges for summer school	15,000	15,000		(15,000)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
Major Special Revenue Fund: (continued)				
School Operating Fund: (continued)				
Intergovernmental Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Remedial summer education	\$ 208,806	\$ 208,806	\$ 169,339	\$ (39,467)
Retirement	1,156,878	1,156,878	1,415,868	258,990
School construction	171,454	171,454	171,102	(352)
School food	40,000	40,000	27,684	(12,316)
Share of state sales tax	4,770,141	4,770,141	4,321,095	(449,046)
Social security	893,329	893,329	628,232	(265,097)
Special education	1,642,904	1,642,904	1,638,010	(4,894)
Special education - foster care	-	-	14,058	14,058
Standards of learning algebra readiness	54,678	54,678	54,678	-
State lottery payments	815,496	815,496	677,829	(137,667)
Textbook payment	405,660	405,660	404,452	(1,208)
Vocational education-equipment	-	13,133	13,133	-
Vocational occupational preparedness	-	-	37,581	37,581
Vocational standards of quality payments	557,903	557,903	556,241	(1,662)
VPSA technology grant	364,538	364,538	276,569	(87,969)
VTSF Virginia tobacco settlement	86,309	86,309	74,984	(11,325)
Total Categorical Aid	<u>\$ 31,462,819</u>	<u>\$ 31,464,720</u>	<u>\$ 30,962,626</u>	<u>\$ (502,094)</u>
Total Revenue from the Commonwealth	<u>\$ 31,462,819</u>	<u>\$ 31,464,720</u>	<u>\$ 30,962,626</u>	<u>\$ (502,094)</u>
Revenue from the Federal Government:				
Categorical Aid:				
ARRA Title I	\$ -	\$ 324,875	\$ -	\$ (324,875)
Forest reserve funds	-	-	28,765	28,765
Gear up access Virginia	28,729	35,118	28,730	(6,388)
Title I	1,788,437	1,861,094	1,338,322	(522,772)
Title VI-B, special education flow-through	1,070,659	1,351,321	899,123	(452,198)
Vocational education	94,960	100,427	143,492	43,065
Special education-pre-school	34,450	33,859	33,859	-
Special education-pre-school - ARRA	-	18,271	-	(18,271)
Drug free schools	29,255	29,255	56,465	27,210
IDEA-B CFDA grant	-	14,825	-	(14,825)
Title III, LEP	4,400	4,400	3,505	(895)
Title II, Part A-Teacher quality grant	374,061	372,671	216,191	(156,480)
Literacy challenge grant	10,933	12,572	11,111	(1,461)
School Improvement	-	209,760	-	(209,760)
Title IV, Part 21	251,073	444,762	351,209	(93,553)
Title V, Part A-Innovative programs	5,673	-	-	-
School food	1,010,000	1,010,000	1,098,461	88,461
School food-Summer program	-	-	50,859	50,859
Special education flow-through ARRA	-	542,607	-	(542,607)
Substitute teachers	-	-	210	210
Total Categorical Aid	<u>\$ 4,702,630</u>	<u>\$ 6,040,942</u>	<u>\$ 4,260,302</u>	<u>\$ (1,780,640)</u>
Total Revenue from the Federal Government	<u>\$ 4,702,630</u>	<u>\$ 6,040,942</u>	<u>\$ 4,260,302</u>	<u>\$ (1,780,640)</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 48,534,190</u>	<u>\$ 50,542,078</u>	<u>\$ 48,652,986</u>	<u>\$ (1,889,092)</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of Supervisors	\$ 125,426	\$ 161,206	\$ 159,016	\$ 2,190
General and Financial Administration:				
County Administrator	\$ 228,332	\$ 233,782	\$ 232,750	\$ 1,032
Assistant County Administrator	157,403	157,403	154,527	2,876
County Attorney	71,500	71,500	53,836	17,664
Comptroller	96,822	96,822	95,200	1,622
Independent Auditor	34,374	61,510	61,510	-
Commissioner of the Revenue	449,515	450,573	425,165	25,408
Treasurer	456,436	457,760	433,242	24,518
Management Services	101,509	101,509	101,364	145
Director of Finance	116,581	138,022	134,578	3,444
Other General and Financial Administration	175,646	189,313	20,824	168,489
Total General and Financial Administration	\$ 1,878,119	\$ 1,948,195	\$ 1,703,195	\$ 245,000
Electoral Board	\$ 51,056	\$ 63,097	\$ 52,724	\$ 10,373
Register	144,400	153,440	150,500	2,940

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Public Safety (continued)				
Correction and Detention: (continued)				
NRV Juvenile Detention Home	\$ 185,420	\$ 185,420	\$ 185,420	\$ -
Pretrial Services Grant	234,317	223,584	220,567	3,017
Community Corrections	461,863	472,596	452,746	19,850
Total Correction and Detention	<u>\$ 2,782,834</u>	<u>\$ 2,787,347</u>	<u>\$ 2,518,049</u>	<u>\$ 269,298</u>
Inspections:				
Building Inspections	\$ 152,996	\$ 152,996	\$ 147,802	\$ 5,194
Code Enforcement	52,571	52,571	50,743	1,828
Total Inspections	<u>\$ 205,567</u>	<u>\$ 205,567</u>	<u>\$ 198,545</u>	<u>\$ 7,022</u>
Other Protection:				
Animal Control	\$ 254,312	\$ 274,112	\$ 275,198	\$ (1,086)
Medical Examiner	1,800	1,800	660	1,140
Emergency Management	85,481	93,356	87,672	5,684
Emergency Services Grants	-	69,388	42,412	26,976
Contribution to REMSI	106,981	106,981	106,891	90
Total Other Protection	<u>\$ 448,574</u>	<u>\$ 545,637</u>	<u>\$ 512,833</u>	<u>\$ 32,804</u>
Total Public Safety	<u>\$ 7,142,716</u>	<u>\$ 7,411,182</u>	<u>\$ 6,744,669</u>	<u>\$ 666,513</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 125,037	\$ 125,037	\$ 123,375	\$ 1,662
Landfill	62,080	89,301	83,917	5,384
Clean Community Council	110,552	137,773	30,255	107,518
Total Sanitation and Waste Removal	<u>\$ 297,669</u>	<u>\$ 352,111</u>	<u>\$ 237,547</u>	<u>\$ 114,564</u>
Maintenance of General Buildings and Grounds:				
General Properties	\$ 726,971	\$ 771,121	\$ 710,376	\$ 60,745
Cleaning Services	138,382	140,552	140,119	433
NRV Airport Maintenance Contribution	74,430	244,430	232,213	12,217
Total Maintenance of General Buildings and Grounds	<u>\$ 939,783</u>	<u>\$ 1,156,103</u>	<u>\$ 1,082,708</u>	<u>\$ 73,395</u>
Total Public Works	<u>\$ 1,237,452</u>	<u>\$ 1,508,214</u>	<u>\$ 1,320,255</u>	<u>\$ 187,959</u>
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 308,338	\$ 308,338	\$ 295,886	\$ 12,452
Mental health and mental Retardation:				
Community Services Board	\$ 89,646	\$ 89,646	\$ 89,646	\$ -
Welfare:				
Public Assistance	\$ 6,134,091	\$ 6,207,835	\$ 5,616,683	\$ 591,152
Welfare Administration	117,929	117,929	80,401	37,528
Comprehensive Services Act-Administration	74,320	74,320	62,068	12,252
Comprehensive Services Act	3,600,000	3,800,000	3,799,108	892
State and Local Hospitalization	11,564	11,564	10,421	1,143
Area Agency on Aging	16,652	16,652	16,652	-
Office on Youth	77,850	118,166	116,478	1,688
Pulaski Area Transit	27,000	27,000	27,000	-

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Health and Welfare: (continued)				
Welfare: (continued)				
Crossroads Shelter	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Children's Advocacy Program	1,000	1,000	1,000	-
NRV Cares	4,900	4,900	4,900	-
Free Clinic of Pulaski County	31,500	31,500	31,500	-
Literacy Volunteers of America	3,084	3,084	3,084	-
Commission on Children and Families	-	55,338	9,511	45,827
Goodwill Industries	12,000	12,000	12,000	-
Total Welfare	<u>\$ 10,313,938</u>	<u>\$ 10,701,352</u>	<u>\$ 10,008,517</u>	<u>\$ 692,835</u>
Total Health and Welfare	<u>\$ 10,711,922</u>	<u>\$ 11,099,336</u>	<u>\$ 10,394,049</u>	<u>\$ 705,287</u>
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,691	\$ 15,691	\$ 15,692	\$ (1)
Contribution to Pulaski County School Board	10,759,741	10,874,108	11,445,177	(571,069)
Total Education	<u>\$ 10,775,432</u>	<u>\$ 10,889,799</u>	<u>\$ 11,460,869</u>	<u>\$ (571,070)</u>
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 18,000	\$ 26,692	\$ 22,555	\$ 4,137
Recreation	292,262	331,540	323,302	8,238
Friends of Claytor Lake	26,621	45,057	45,040	17
Randolph Park	256,032	304,988	301,061	3,927
Claytor Lake Celebration	5,000	9,729	15,195	(5,466)
Total Parks and Recreation	<u>\$ 597,915</u>	<u>\$ 718,006</u>	<u>\$ 707,153</u>	<u>\$ 10,853</u>
Cultural Enrichment:				
Fine Arts Center	\$ 17,000	\$ 17,000	\$ 17,000	\$ -
Historical Landmarks	6,000	6,000	6,000	-
County Celebration	22,000	22,700	17,500	5,200
County History Publication	-	-	37	(37)
Jamestown 2007 Celebration	-	20,707	15,776	4,931
Total Cultural Enrichment	<u>\$ 45,000</u>	<u>\$ 66,407</u>	<u>\$ 56,313</u>	<u>\$ 10,094</u>
Library:				
Library Administration	\$ 581,434	\$ 628,299	\$ 575,063	\$ 53,236
Total Parks, Recreation and Cultural	<u>\$ 1,224,349</u>	<u>\$ 1,412,712</u>	<u>\$ 1,338,529</u>	<u>\$ 74,183</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 99,368	\$ 99,368	\$ 92,102	\$ 7,266
Economic Development	40,627	40,627	52,380	(11,753)
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	600	720	720	-
Visitors' Center	77,345	77,345	76,043	1,302
Planning and Zoning	122,817	127,767	112,656	15,111
NRV Planning District Commission	34,889	34,889	31,554	3,335
Baskerville Housing Project	-	1,800	2,155	(355)
NR Highland	700	700	700	-
SE Rural Community Assistance Program	-	500	-	500
Economic Stimulus	-	-	807,701	(807,701)
Contribution to Wireless Authority	-	39,244	36,095	3,149
Contribution to Virginia's 1st IFA	-	-	185,172	(185,172)
Contribution to Pulaski County IDA	-	-	252,301	(252,301)
Contribution to Pulaski County PSA	-	578,798	713,186	(134,388)
Total Planning and Community Development	<u>\$ 386,346</u>	<u>\$ 1,011,758</u>	<u>\$ 2,372,765</u>	<u>\$ (1,361,007)</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Community Development: (continued)				
Environmental Management:				
Contribution to Soil and Water District	\$ 12,269	\$ 12,269	\$ 12,028	\$ 241
Cooperative Extension Program:				
Extension Office	\$ 99,341	\$ 99,341	\$ 91,840	\$ 7,501
Total Community Development	\$ 497,956	\$ 1,123,368	\$ 2,476,633	\$ (1,353,265)
Non-departmental:				
Contingency	\$ 149,569	\$ -	\$ -	-
Erroneous Assessments	800	3,200	-	3,200
Revenue Refunds	8,000	8,000	-	8,000
Total Non-departmental	\$ 158,369	\$ 11,200	\$ -	\$ 11,200
Debt Service:				
Principal Retirement	\$ 124,018	\$ 124,018	\$ 1,757,773	\$ (1,633,755)
Interest and Other Fiscal Charges	69,377	69,377	1,536,204	(1,466,827)
Total Debt Service	\$ 193,395	\$ 193,395	\$ 3,293,977	\$ (3,100,582)
Total General Fund	\$ 35,698,600	\$ 37,650,105	\$ 40,514,391	\$ (2,864,286)
School Construction Fund:				
Capital Projects:				
Riverlawn Elementary School	\$ 1	\$ 10,425,723	\$ 7,836,561	\$ 2,589,162
Total Capital Projects	\$ 1	\$ 10,425,723	\$ 7,836,561	\$ 2,589,162
Total School Construction Fund	\$ 1	\$ 10,425,723	\$ 7,836,561	\$ 2,589,162
Non-Major Capital Project Fund:				
County CIP Fund:				
General Government Administration:				
General and Financial Administration:				
Treasurer	\$ -	\$ 57,334	\$ 42,291	\$ 15,043
Information Technology	10,000	24,209	6,390	17,819
Communications	-	183,592	26,703	156,889
Property Assessment	150,000	503,333	502,388	945
Total General and Financial Administration	\$ 160,000	\$ 768,468	\$ 577,772	\$ 190,696
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 139,914	\$ 327,802	\$ 126,699	\$ 201,103
Fire and Rescue Services:				
Volunteer Fire Departments	\$ 345,000	\$ 360,500	\$ 370,553	\$ (10,053)
Total Public Safety	\$ 139,914	\$ 327,802	\$ 497,252	\$ 191,050
Public Works:				
Maintenance of General Building and Grounds:				
General Properties	\$ -	\$ 3,514,219	\$ 148,633	\$ 3,365,586
Health and Welfare:				
Health:				

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-Major Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Parks, Recreational and Cultural:				
Parks and Recreation:				
Recreation	\$ -	\$ 242,924	\$ 29,560	\$ 213,364
Randolph Park	-	25,438	6,906	18,532
NRV Fair	10,000	10,000	10,000	-
Historical landmarks	5,000	5,000	-	5,000
Total Parks and Recreation	<u>\$ 15,000</u>	<u>\$ 283,362</u>	<u>\$ 46,466</u>	<u>\$ 236,896</u>
Library:				
Library Administration	\$ 12,560	\$ 175,432	\$ 2,445	\$ 172,987
Total Parks, Recreation and Cultural	<u>\$ 27,560</u>	<u>\$ 458,794</u>	<u>\$ 48,911</u>	<u>\$ 409,883</u>
Community Development:				
Planning and Community Development:				
County entrance signs	\$ -	\$ 8,606	\$ 1,650	\$ 6,956
Rt. 100 Improvements	-	14,272	-	14,272
Planning and Zoning	-	-	10,607	(10,607)
Peak's Knob Tower	-	-	27,000	(27,000)
Hiwasee Building Improvements	-	477,053	454,168	22,885
Brush truck	345,000	370,000	370,000	-
Animal control	18,000	17,974	17,974	-
Nanotechnology	-	107,432	42,076	65,356
Miscellaneous	15,000	55,000	303	54,697
Contribution to REMSI	58,000	153,000	-	153,000
Contribution to IDA	-	-	612,361	(612,361)
Total Planning and Community Development	<u>\$ 436,000</u>	<u>\$ 1,203,337</u>	<u>\$ 1,536,139</u>	<u>\$ (332,802)</u>
Total County CIP Fund	<u>\$ 1,103,934</u>	<u>\$ 6,774,180</u>	<u>\$ 3,183,167</u>	<u>\$ 3,951,513</u>
Total Primary Government	<u>\$ 36,802,535</u>	<u>\$ 54,850,008</u>	<u>\$ 51,534,119</u>	<u>\$ 3,676,389</u>
Discretely Presented Component Unit-School Board:				
Major Special Revenue Fund:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 3,747,877	\$ 3,809,064	\$ 3,623,740	\$ 185,324
Instructional:				
Instruction	\$ 33,013,212	\$ 34,460,021	\$ 32,178,786	\$ 2,281,235
Other operating costs				
Pupil transportation	\$ 2,181,354	2,210,436	2,160,147	\$ 50,289
Operation and maintenance of school plant	4,725,776	5,426,817	5,301,330	125,487
Food services	2,274,000	2,274,000	2,301,803	(27,803)
Technical resources	2,012,765	2,074,271	1,948,881	125,390
Facilities	579,202	612,343	157,179	455,164
Total other operating costs	<u>\$ 11,773,097</u>	<u>\$ 12,597,867</u>	<u>\$ 11,869,340</u>	<u>\$ 728,527</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 48,534,186</u>	<u>\$ 50,866,952</u>	<u>\$ 47,671,866</u>	<u>\$ 3,195,086</u>

Statistical Section

Table 1

County of Pulaski, Virginia
Government-wide Expenses by Function
Last Five Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2008-09	\$ 2,645,693	\$ 1,483,884	\$ 6,411,555	\$ 1,426,527	\$ 10,201,396	\$ 13,587,527	\$ 1,411,956	\$ 3,808,164	\$ 1,289,490	\$ 42,266,192
2007-08	2,232,051	1,292,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130
2006-07	2,103,757	1,238,375	7,335,947	682,855	8,562,139	10,531,127	1,411,041	963,542	764,711	33,593,494
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

Table 2

**County of Pulaski, Virginia
Government-wide Revenues
Last Five Fiscal Years**

Fiscal Year	Program Revenues			General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2008-09	\$ 1,236,901	\$ 12,077,362	\$ -	\$ 20,175,233	\$ 6,565,919	\$ 540,453	\$ 526,812	\$ 2,143,390	\$ 43,266,070	
2007-08	476,063	11,410,564	-	19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045	
2006-07	640,715	10,311,656	81,476	18,839,172	6,580,583	1,167,434	57,658	1,868,491	39,547,185	
2005-06	649,254	9,904,124	168,817	17,049,730	5,972,264	678,035	85,237	2,014,456	36,521,917	
2004-05	652,274	9,453,881	244,127	17,993,697	5,393,167	294,452	178,333	1,886,557	36,096,488	
2003-04	633,778	8,831,964	-	17,064,682	5,281,449	222,137	271,273	2,103,491	34,408,774	

Table 3

Virginia
 Functions by Function (1)
 Years

Function (2)	Parks, Recreation, and Cultural	Community Development	Non- Departmental	Debt Service (3)	Total
\$2,018	\$ 1,387,440	\$ 4,012,772	\$ -	\$ 3,293,977	\$ 79,924,247
6,147	1,399,957	1,596,685	-	2,634,931	73,698,115
6,749	1,336,274	1,025,802	-	2,003,993	70,112,516
1,597	1,425,356	4,371,013	7,818	2,295,970	69,616,418
45,801	1,281,964	474,394	-	2,452,233	62,669,374
9,954	1,237,532	449,950	-	2,563,189	56,805,451
11,301	1,177,918	2,072,037	-	1,286,574	55,600,116
3,893	961,513	372,413	-	2,164,414	51,264,695
1,148	839,076	264,994	-	7,378,486	55,051,724
16,561	679,843	239,358	-	1,391,790	46,224,812

Board.

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

Line Item	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
490	\$ 6,565,919	\$ 708,997	\$ 24,895	\$ 562,575	\$ 1,551,254	\$ 536,379	\$ 1,558,694	\$ 49,182,768	\$ 80,803,971
479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
559	6,580,583	125,564	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403
345	5,972,264	131,295	41,858	443,408	1,546,531	248,459	1,087,512	41,256,945	68,890,317
757	5,393,167	128,038	42,290	132,667	1,451,416	324,965	988,947	39,864,833	66,431,080
019	5,281,449	125,968	42,329	82,074	1,882,954	392,137	1,113,046	34,960,933	60,818,909
779	5,091,930	110,761	41,060	123,122	1,454,088	510,807	1,046,559	33,061,944	56,638,050
188	4,736,025	107,427	48,290	182,732	2,325,279	310,985	604,413	32,720,051	55,681,390
273	4,678,290	135,298	38,019	837,703	1,142,027	381,615	674,446	30,909,876	53,036,547
904	4,542,349	123,444	31,285	671,504	1,124,342	417,522	1,360,291	29,627,199	51,158,540

Government (excluding School Construction) and its Discretely Presented Component Unit-School Board.
 Government to Discretely Presented Component Unit-School Board.

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	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
2008-09	\$ 21,519,644	\$ 21,160,816	98.33%	\$ 120,144	\$ 21,280,960	98.89%	\$ 2,571,593	11.95%
2007-08	19,683,092	18,819,285	95.61%	80,471	18,899,756	96.02%	2,400,211	12.19%
2006-07	20,591,949	19,426,752	94.34%	629,228	20,055,980	97.40%	2,356,776	11.45%
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%

(1) Includes penalty and interest.

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

Table 6

Party

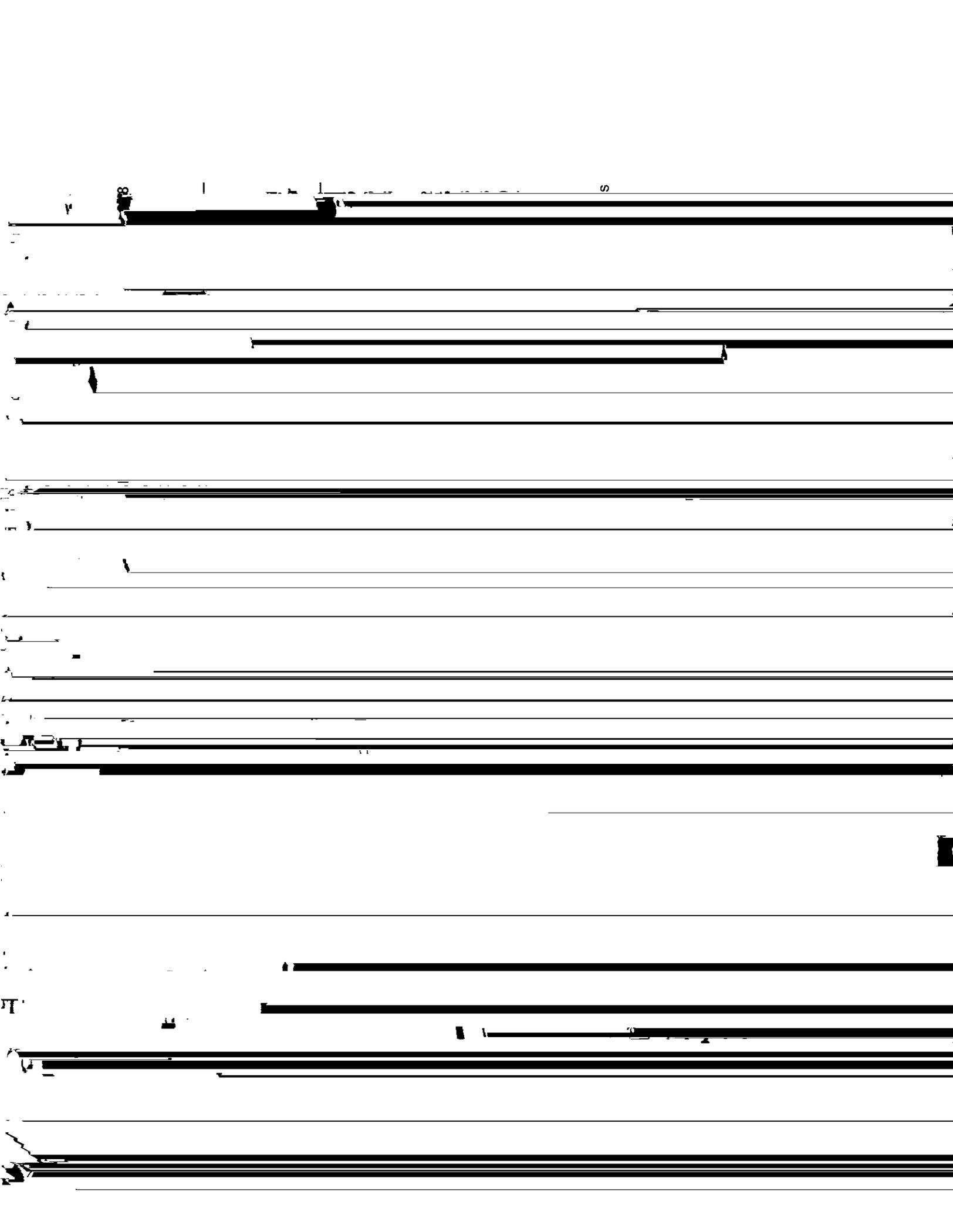
	Public Service (2)	Total
\$	91,287,377	\$ 2,817,068,574
17	95,857,158	2,548,425,287
19	104,176,431	2,474,426,378
11	104,039,526	2,365,443,021
19	123,962,648	2,330,218,078
36	80,403,745	2,059,098,404
35	83,318,494	1,822,671,177
37	79,355,700	1,786,389,037
0	86,547,367	1,711,300,821
90	86,520,951	1,673,958,678

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COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, 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 and for the year ended June 30, 2009, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated March 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings, responses, and questioned costs (reference 2009-1) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal

control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as

[redacted]

[redacted]

[redacted]

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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, 2009. 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 County of Pulaski, Virginia's management. Our responsibility is to express an opinion on 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 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 of 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, 2009.

Internal Control Over Compliance

The management of the County of Pulaski, Virginia is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Pulaski, Virginia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Robinson, Fauser, Co. Associates

Christiansburg, Virginia
March 12, 2010

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

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:		
Promoting Safe and Stable Families	93.556	\$ 29,877
Temporary Assistance for Needy Families (TANF)	93.558	853,460
Refugee and Entrant Assistance - State Administered Programs	93.566	799
Low-Income Home Energy Assistance	93.568	24,764
Child Care and Development Block Grant	93.575	122,384
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	154,780
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - ARRA	93.596	1,680
Child Welfare Services-State Grants	93.645	2,648
Foster Care - Title IV-E	93.658	698,367
Foster Care - Title IV-E ARRA	93.658	6,053
Adoption Assistance	93.659	66,461
Adoption Assistance ARRA	93.659	638
Social Services Block Grant	93.667	218,989
Chafee Foster Care Independence Program	93.674	12,006
Children's Health Insurance Program	93.767	30,893
Medical Assistance Program	93.778	294,309
Chafee Education and Training Voucher Program	93.500	44,282
Total Department of Health and Human Services		<u>\$ 2,532,390</u>
Department of Agriculture:		
Pass-through Payments:		
Department of Agriculture:		
Food Distribution (Note 2)	10.555	\$ 212,874
Summer Food Service Program for Children	10.559	50,859
Total Department of Agriculture		<u>\$ 263,733</u>
Department of Education:		
National School Breakfast Program	10.553	\$ 260,765
National School Lunch Program	10.555	814,843
Fresh Fruit and Vegetable Program	10.582	22,852
Schools and Roads - Grants to States	10.665	28,765
Total Department of Education		<u>\$ 1,127,225</u>

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2009

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 total \$ 3,644,497

Total Primary Government \$ 3,644,497

Component Unit Schools:

School Operating Fund total \$ 4,260,302

Add: Non-cash expenditures - value of donated commodities 212,874

Total Component Unit Schools \$ 4,473,176

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 8,117,673

County of Pulaski, Virginia

Schedule of Findings, Responses, and Questioned Costs
Year Ended June 30, 2009

Section II - Financial Statement Findings

2009-1

Condition: The County's 2009 adjusted trial balance required significant adjustments that were made by the auditors.

Criteria: Per Statement on Auditing Standards 112, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore