

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

**County of Pulaski, Virginia
Annual Financial Report
Fiscal Year Ended June 30, 2010**

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Frank R. Conner
Charles R. Bopp

Joseph L. Sheffey, Chair

Ranny L. Akers
Dean K. Pratt

Gena Hanks, Clerk

County School Board

John Wenrich
Jeff Bain

Paul Phillips, Chair

Rodell Cruise
Pamela Chitwood

Heather Freeman, 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
Judge of the General District Court..... Randal J. Duncan
Judge of the General District Court..... J.D. Bolt
Judge of the General District Court..... Gino W. Williams
Judge of the Juvenile and Domestic Relations Court..... Howard L. Chitwood
Judge of the Juvenile and Domestic Relations Court..... Robert C. Viar, Jr
Judge of the Juvenile and Domestic Relations Court..... M. Keith Blankenship
Judge of the Juvenile and Domestic Relations Court..... Marcus H. Long, Jr
Commonwealth's Attorney..... K. Mike Fleenor
Commissioner of the Revenue..... Trina Rupe
Treasurer..... Melinda Worrell
Sheriff..... James A. Davis
Superintendent of Schools (Interim)..... Dr. Thomas Brewster
Director of Social Services..... James C. Wallis
County Administrator..... Peter M. Huber
County Attorney..... Thomas J. McCarthy, Jr

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Members of the Board of Supervisors
County of Pulaski, Virginia

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2010, 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 discretely presented component units, each major fund and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2010, 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 December 8, 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 should be considered in assessing the results of our audit.

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 to the Management's Discussion and Analysis, the budgetary comparison information and the Schedules of Funding Progress, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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, other supplementary information, 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 of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Pulaski, Virginia. The combining and individual statements and schedules, supporting schedules and the schedule of expenditures of federal awards have been

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, 2010 (FY10) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. By GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors, Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA) and the Industrial Development Authority of Pulaski County (IDA).

Financial Highlights for Fiscal Year 2009-10

- Total net assets value of the primary government was \$41.0 million at the end of FY 10 based on total assets of \$81.0 million and total liabilities of \$40.0 million (Exhibit 1). As noted in Exhibit 1, these liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs, compensated absences, and other post employment benefits while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 10 combined program and general revenues of \$46.4 million exceeded general expenditures of \$42.6 million by approximately \$3.8 million (Exhibit 2). The increase in net assets is explained in the Statement of Activities analysis of the Financial Analysis of the County as a Whole section on page 7.
- As described in Exhibit 11, total general fund revenues were \$2.5 million or 4% less than the budgeted \$56.7 million revenue estimate while expenditures were \$3.1 million, or 6% more than the \$49.3 million budgeted expenditures (including transfers). The net change in fund balance was \$1.7 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences and landfill monitoring decreased by \$2.0 million from \$37.0 million on July 1, 2009 to \$35 million on June 30, 2010 (Note 7). In addition, \$64,429 was added as a net OPEB (Other Post Employment Benefits) obligation in accordance with GASB Statement 45 (Exhibit 11).
- As described in Note 17, the undesignated fund balance as of June 30, 2010 for the primary government/component unit combined was \$21.5 million, or 27% of budgeted FY 11 total County General and CIP funds and Component Unit, School Board operating expenditures in the amount of \$79.4 million. The Board of Supervisors has historically maintained an undesignated general fund balance of at least 10% of general, special revenue and component unit fund expenditures in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the general fund balance increased by approximately \$1.7 million. That amount is explained further in the Analysis of the County Funds section below.

Overview of the Financial Statements

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.)

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 10 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Assets (in millions) comparing FY 10 to FY 09.

Summary of Net Assets:

| | Total Primary Government | | Component Unit School Board | |
|---|--------------------------|----------------|-----------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 32.3 | \$ 32.1 | \$ 4.9 | \$ 5.2 |
| Capital assets, net | 48.7 | 48.1 | 5.3 | 6.4 |
| Total assets | \$ 81.0 | \$ 80.2 | \$ 10.2 | \$ 11.6 |
| Other liabilities | \$ 4.9 | \$ 6.0 | \$ 4.0 | \$ 4.2 |
| Long term liabilities | 35.1 | 36.7 | 1.9 | 1.9 |
| Total liabilities | \$ 40.0 | \$ 42.7 | \$ 5.9 | \$ 6.1 |
| Net Assets: | | | | |
| Invested in capital assets, net of related debt | \$ 16.3 | \$ 34.9 | \$ 5.3 | \$ 6.5 |

Unrestricted 23.9 22.1 (1.0) (1.0)

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

The County's combined net assets increased from \$37.5 million to \$41.0 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 \$23.9 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County and Component Units total \$41.0 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 (School Board) net assets decreased by \$1.2 million, from 5.5 million in FY09 to 4.3 million in FY 10.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2010, as well as the change in capital assets for FY 10 in millions of dollars:

Capital Assets:

| | Total Primary Government | | Component Unit School Board | |
|--------------------------------|--------------------------|----------------|-----------------------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| Non-Depreciable Assets: | | | | |
| Land | \$ 2.4 | \$ 2.2 | \$ 0.6 | \$ 0.6 |
| Construction in Progress | 21.5 | 19.8 | 0.0 | 0.0 |
| Other Capital Assets: | | | | |
| Buildings and systems | 31.5 | 31.0 | 18.3 | 18.3 |
| Machinery and Equipment | 10.4 | 10.4 | 6.2 | 6.0 |
| Accumulated Depreciation | (17.1) | (15.3) | (19.8) | (18.5) |
| Totals | \$ 48.7 | \$ 48.1 | \$ 5.3 | \$ 6.4 |

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

| | Balance, June 30, 2009 | | Additions | Deletions | Balance, June 30, 2010 | |
|--------------------------------|------------------------|---------------|-----------------|----------------|------------------------|--|
| | | | | | | |
| Non-Depreciable Assets: | | | | | | |
| Land | \$ 2.2 | \$ 0.2 | \$ 0.0 | \$ 2.4 | | |
| Construction in Progress | 19.8 | 1.9 | (0.1) | 21.6 | | |
| Other Capital Assets: | | | | | | |
| Buildings and systems | 31.0 | 0.5 | (0.1) | 31.4 | | |
| Machinery and Equipment | 10.4 | 0.6 | (0.6) | 10.4 | | |
| Accumulated Depreciation | (15.3) | (1.8) | 0.0 | (17.1) | | |
| Totals | \$ 48.1 | \$ 1.4 | \$ (0.8) | \$ 48.7 | | |

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

Component Unit-School Board:
Changes in Capital Assets:

| | Balance, June 30, <u>2009</u> | <u>Additions</u> | <u>Deletions</u> | Balance, June 30, <u>2010</u> |
|--------------------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| 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 | 18.3 | 0.0 | 0.0 | 18.3 |
| Machinery and Equipment | 6.0 | 0.2 | 0.0 | 6.2 |
| Accumulated Depreciation | (18.5) | (1.3) | 0.0 | (19.8) |
| Totals | \$ 6.4 | \$ (1.1) | \$ 0.0 | \$ 5.3 |

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 13 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, 2010, in millions of dollars:

| | <u>Government</u> | | <u>School Board</u> | |
|---------------------------------|-------------------|----------------|---------------------|---------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| General Obligation Bonds | \$ 16.9 | \$ 10.2 | \$ 0.0 | \$ 0.0 |
| Literary Loans | 4.1 | 4.5 | 0.0 | 0.0 |
| Lease Revenue Note | 11.9 | 20.0 | 0.0 | 0.0 |
| Capital Leases | 0.1 | 0.3 | 0.0 | 0.0 |
| Unamortized Bond Premium | 0.9 | 0.9 | 0.0 | 0.0 |
| Landfill Post Closure Liability | 0.2 | 0.3 | 0.0 | 0.0 |
| Net OPEB Obligation | 0.2 | 0.1 | 0.4 | 0.2 |
| Compensated Absences | 0.7 | 0.7 | 1.5 | 1.7 |
| Total | \$ 35.0 | \$ 37.0 | \$ 1.9 | \$ 1.9 |

Long-term debt obligations decreased by \$2.0 million in FY 10. Additional detailed information on long-term debt activity can be found in Note 7 and Note 8 in the "Notes to Financial Statements" section of the report for the County and Schools, respectively.

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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 10 and the fiscal year ended June 30, 2009(FY 09) (in millions):

| | Total Primary Government | | Component Unit School Board | |
|------------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 1.2 | \$ 1.2 | \$ 1.0 | \$ 1.0 |
| Operating grants and contributions | 12.0 | 12.1 | 34.9 | 35.0 |
| Capital grants and contributions | 3.7 | 0.0 | 0.0 | 0.2 |
| General Revenues: | | | | |
| General property taxes | 21.2 | 20.1 | 0.0 | 0.0 |
| Other local taxes | 5.2 | 6.6 | 0.0 | 0.0 |
| Other | 3.1 | 3.2 | 0.1 | 0.1 |
| Payments from County | 0.0 | 0.0 | 10.3 | 11.4 |
| Total Revenues | \$ 46.4 | \$ 43.2 | \$ 46.3 | \$ 47.7 |
| Expenses: | | | | |
| General government | \$ 2.2 | \$ 2.6 | \$ 0.0 | \$ 0.0 |
| Judicial administration | 1.6 | 1.5 | 0.0 | 0.0 |
| Public safety | 8.0 | 6.4 | 0.0 | 0.0 |
| Public works | 1.5 | 1.4 | 0.0 | 0.0 |
| Health and welfare | 11.0 | 10.2 | 0.0 | 0.0 |
| Education | 10.3 | 13.6 | 47.4 | 47.3 |
| Parks, recreation and cultural | 1.3 | 1.4 | 0.0 | 0.0 |
| Community development | 5.0 | 3.8 | 0.0 | 0.0 |
| Interest on long term debt | 1.7 | 1.3 | 0.0 | 0.0 |
| Total Expenses | \$ 42.6 | \$ 42.2 | \$ 47.4 | \$ 47.3 |
| Changes in Net Assets: | 3.8 | 1.0 | (1.1) | 0.4 |
| Transfers | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Assets, Beginning of Year | 37.2 | 36.4 | 5.4 | 4.9 |
| Net Assets, End of Year | \$ 41.0 | \$ 37.4 | \$ 4.3 | \$ 5.3 |

Revenues

For FY 10, revenues from governmental funds totaled \$46.4 million. General property tax revenues, the County's largest revenue source, were \$21.2 million, an increase of \$1.1 million. Other local taxes including local sales tax, communications tax, hotel and motel room taxes and meals tax) were \$5.2 million, a decrease of approximately \$1.4 million over FY 09. With the exception of Restaurant Food Taxes, all local taxes saw significant decreases during FY 10.

Component unit (School Board) revenues totaled \$46.3 million, including a \$10.3 million payment from the Primary Government not counting continued investment by the Board of Supervisors in school construction (debt service on existing loans).

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

Expenses

For FY 10, expenses for primary governmental activities totaled \$42.6 million an increase of \$.4 million over the prior year as shown in Exhibit 2.

Education is a very high priority in the Pulaski County; consequently the Board of Supervisors contributed \$10.3 million to the operation of the Pulaski County schools excluding debt service costs. This accounts for more than 24% of the County's total budgeted expenditures. It should also be noted that the Board of Supervisors has carried over any unused portion of the FY 10 contribution to FY 11 to use towards School operations.

Financial Analysis of the County's Funds

For FY 10, the general fund reflects a fund balance of \$25.9 million, an increase of \$1.7 million from FY 09. The following table shows a comparison between the fiscal year ended June 30, 2009 amounts to the FY 2010 amounts for the General Fund as shown in Exhibit 5.

| | <u>General Fund</u> | | |
|---|---------------------|----------------|---------------|
| | <u>2010</u> | <u>2009</u> | <u>Change</u> |
| Revenues: | | | |
| General Property Taxes | \$ 20.8 | \$ 20.1 | \$ 0.7 |
| Other Local Taxes | 5.2 | 6.6 | (1.4) |
| 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 | 0.3 | 0.4 | (0.1) |
| <u>Charges for Services</u> | 0.5 | 0.5 | 0.0 |
| Miscellaneous | 0.1 | 0.1 | 0.0 |
| Recovered Costs | 0.7 | 0.7 | 0.0 |
| Revenue from the Commonwealth | 11.3 | 10.6 | 0.7 |
| Revenue from the Federal Government | 7.0 | 3.6 | 3.4 |
| Total Revenues | <u>\$ 46.6</u> | <u>\$ 43.3</u> | <u>\$ 3.3</u> |
| Expenditures: | | | |
| General Government Administration | \$ 2.0 | \$ 2.0 | \$ 0.0 |
| Judicial Administration | 1.6 | 1.5 | 0.1 |
| Public Safety | 7.2 | 6.7 | 0.5 |
| Public Works | 1.4 | 1.3 | 0.1 |
| Health and Welfare | 11.0 | 10.4 | 0.6 |
| Education | 10.3 | 11.5 | (1.2) |
| Parks, Recreation and Cultural | 1.3 | 1.3 | 0.0 |
| Community Development | 4.6 | 2.5 | 2.1 |
| Principal | 9.4 | 1.8 | 7.6 |
| Interest | 1.6 | 1.5 | 0.1 |
| Total Expenditures | <u>\$ 50.4</u> | <u>\$ 40.5</u> | <u>\$ 9.9</u> |
| Excess | (3.8) | 2.8 | (6.6) |
| Other Financing Sources (Uses) | 5.5 | (2.9) | 8.4 |
| Net Change in Fund Balance | 1.7 | (0.1) | 1.8 |
| Fund Balance, Beginning of Year | 24.2 | 24.3 | (0.1) |
| Fund Balance End of Year | <u>\$ 25.9</u> | <u>\$ 24.2</u> | <u>\$ 1.7</u> |

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

The increase in general property taxes of \$0.7 million can be attributed to an increase real estate valuation due to reassessment in FY 2010 along with an decrease in the real estate tax rate during FY 10. Other local taxes and local revenues saw significant decreases while revenues from the Commonwealth and the Federal governments saw increases. These five functional areas of revenue explain much of the \$1.7 million increase in fund balance.

On the expenditure side, most the increase of approximately \$9.9 million can be explained in the following two areas. First, principal payments on debt increased \$7.6 million due to a refinancing of school debt related to Riverlawn Elementary School. Community development expenditures increased by \$2.1 million as Rural Development funding was transferred to the Pulaski County PSA for water and/or sewer line extension projects in several areas of the County.

All capital and school board unused appropriations from the 2010 fiscal year were carried over by the Board of Supervisors for use in FY 2011.

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 10 (in millions):

| | Original Budget | Amended Budget | Actual | Variance |
|--|--------------------|-------------------|----------------|-------------|
| Revenues: | | | | |
| Property Taxes | \$ 19.6 | \$ 19.9 | \$ 20.8 | 0.9 |
| Other Local Taxes | 5.5 | 5.5 | 5.2 | -0.3 |
| Permits, Fees and Licenses | 0.6 | 0.6 | 0.7 | 0.1 |
| Fines and Forfeitures | 0.1 | 0.1 | 0.1 | 0.0 |
| Revenue from Use of Money and Property | 0.1 | 0.1 | 0.3 | 0.2 |
| Charges for Services | 0.5 | 0.5 | 0.5 | 0.0 |
| Miscellaneous | 0.6 | 0.3 | 0.1 | -0.2 |
| Recovered Costs | 0.4 | 0.5 | 0.7 | 0.2 |
| Intergovernmental | 14.3 | 21.6 | 18.2 | -3.4 |
| Total | \$ 41.7 | \$ 49.1 | \$ 46.6 | -2.5 |
| Expenditures and transfers: | | | | |
| General Government Administration | \$ 2.0 | \$ 2.2 | \$ 2.0 | 0.2 |
| Judicial Administration | 1.5 | 1.7 | 1.5 | 0.2 |
| Public Safety | 7.3 | 7.8 | 7.2 | 0.6 |
| Public Works | 1.4 | 1.4 | 1.4 | 0.0 |
| Health and Welfare | 10.7 | 12.0 | 11.1 | 0.9 |
| Education | 10.8 | 11.2 | 10.3 | 0.9 |
| Parks, Recreation and Cultural | 1.2 | 1.4 | 1.3 | 0.1 |
| Community Development | 0.5 | 6.4 | 4.6 | 1.8 |
| Non-departmental | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt Service | 3.5 | 11.9 | 9.4 | 2.5 |
| Transfers | 0.0 | 0.0 | 1.6 | -1.6 |
| Total | \$ 38.9 | \$ 56.0 | \$ 50.4 | 5.6 |

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 renovation 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 42%, or \$32.5 million, of the County's 2011 budget, dropping from 49% in the FY09 budget, while local real estate taxes account for 18% percent of total County revenue, increasing from 16% in FY09. A one percent change in state revenue results in a \$0.3 million change in the local budget, or the equivalent of a \$0.015 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, replacement of leased network connections between buildings and replacement of school telephone systems.
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.

There remains a long term need for reducing operational costs through joint services initiatives in

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Assets
June 30, 2010

| | Primary Government | Component Units | | |
|--|-------------------------|-----------------|--------------------------|----------------------------------|
| | Governmental Activities | School Board | Public Service Authority | Industrial Development Authority |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 19,974,009 | \$ 461,781 | \$ 1,926,044 | \$ 32,107 |
| Investments | 5,721,884 | - | - | - |
| Receivables (Net of Allowance for Uncollectibles): | | | | |
| Taxes | 2,098,834 | - | - | - |
| Accounts Receivable | 353,429 | - | 947,520 | 858,466 |
| Other Local Taxes and Fees | 434,065 | - | - | - |
| Note Receivable | - | - | - | 8,974,119 |
| Rent Receivable | - | - | - | 6,764 |
| Interest Receivable | - | - | - | 251,829 |
| Prepaid Expenses | - | - | - | 19,378 |
| Due from Primary Government | - | 2,836,963 | 322,786 | 313,767 |
| Due from Other Governmental Units | 2,118,298 | 1,586,804 | - | - |
| Advances to Component Units | 725,420 | - | - | - |
| Restricted Assets: | | | | |
| Temporarily Restricted: | | | | |
| Cash and Cash Equivalents (in Custody of Others) | 861,121 | - | 382,632 | - |
| Organization Expense (Net of Accumulated Amortization) | - | - | 4,428 | - |
| Capital Assets: | | | | |
| Land | 2,434,720 | 564,527 | 127,700 | 1,034,385 |
| Building and System | 22,790,113 | 2,805,404 | - | - |
| Machinery and Equipment | 1,942,193 | 1,924,569 | 880,266 | 10,146,865 |
| Infrastructure | - | - | 14,472,508 | - |
| Construction in Progress | 21,546,076 | - | 3,280,324 | - |
| Total Assets | \$ 81,000,162 | \$ 10,180,048 | \$ 22,344,208 | \$ 21,637,680 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 522,656 | \$ 252,706 | \$ 596,143 | \$ 1,122,253 |
| Contracts Payable | - | 3,740,043 | - | - |
| Customer Deposits | - | - | 105,074 | - |
| Interest Payable | 670,818 | - | 42,329 | 251,829 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 16,318,104 | \$ 5,294,500 | \$ 10,585,905 | \$ 8,768,250 |
| Restricted for: | | | | |
| Rural Development Debt Reserves | - | - | 382,632 | - |
| Construction | 845,219 | - | - | - |
| Seized Assets | 15,902 | - | - | - |
| Unrestricted (deficit) | 23,859,796 | (996,575) | 2,088,322 | (723,073) |
| Total Net Assets | \$ 41,039,021 | \$ 4,297,925 | \$ 13,056,859 | \$ 8,045,177 |
| Advances Due to Primary Government | - | - | 225,420 | 500,000 |
| Unearned Revenue | 200,883 | - | - | - |
| Long-term Liabilities: | | | | |
| Due Within One Year | 2,218,076 | 152,273 | 341,807 | 1,074,964 |
| Due in More Than One Year | 32,875,192 | 1,737,101 | 7,976,576 | 10,843,457 |
| Total Liabilities | \$ 39,961,141 | \$ 5,882,123 | \$ 9,287,349 | \$ 13,592,503 |

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, 2010

| Functions/Programs | Program Revenue | | | Net (Expense) Revenue and Changes in Net Assets | | | | |
|--|-----------------|----------------------|------------------------------------|---|---------------------------------|-----------------|--------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | School Board | Public Service Authority | Industrial Development Authority |
| PRIMARY GOVERNMENT: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government Administration | \$ 2,227,515 | \$ 8,086 | \$ 302,052 | \$ - | \$ (1,917,367) | \$ - | \$ - | \$ - |
| Judicial Administration | 1,548,396 | 119,534 | 1,692,944 | - | 264,082 | - | - | - |
| Public Safety | 7,995,638 | 139,371 | 1,692,910 | - | (6,163,357) | - | - | - |
| Public Works | 1,480,384 | 41,172 | 15,711 | - | (1,423,501) | - | - | - |
| Health and Welfare | 11,030,808 | - | 8,166,454 | - | (2,864,354) | - | - | - |
| Education | 10,321,494 | - | 140,258 | - | (10,321,494) | - | - | - |
| Parks, Recreation and Cultural | 1,345,770 | 355,080 | 140,258 | - | (850,432) | - | - | - |
| Community Development | 5,006,587 | 549,582 | - | 3,682,304 | (774,701) | - | - | - |
| Interest | 1,651,533 | - | - | - | (1,651,533) | - | - | - |
| Total Primary Government | \$ 42,618,125 | \$ 1,212,825 | \$ 12,010,339 | \$ 3,682,304 | \$ (25,712,557) | \$ - | \$ - | \$ - |
| Component Units: | | | | | | | | |
| School Board | \$ 47,099,725 | \$ 1,012,222 | \$ 34,609,395 | \$ - | \$ - | \$ (11,478,108) | \$ - | \$ - |
| Public Service Authority | 7,054,487 | 6,259,282 | 1,906,912 | - | - | - | 1,101,707 | - |
| Industrial Development Authority | 4,508,511 | 686,823 | 4,474,974 | - | - | - | - | 653,286 |
| Total Component Units | \$ 58,672,723 | \$ 7,958,327 | \$ 40,991,281 | \$ - | \$ - | \$ (11,478,108) | \$ 1,101,707 | \$ 653,286 |
| General Revenues: | | | | | | | | |
| General Property Taxes | | | | | \$ 21,173,271 | \$ - | \$ - | \$ - |
| Other Local Taxes | | | | | 2,337,091 | - | - | - |
| Local Sales and Use Taxes | | | | | 662,719 | - | - | - |
| Consumers' Utility Taxes | | | | | 103,420 | - | - | - |
| Consumption Taxes | | | | | 536,856 | - | - | - |
| Motor Vehicle Licenses | | | | | 34,244 | - | - | - |
| Bank Stock Taxes | | | | | 159,002 | - | - | - |
| Taxes on Recordation and Wills | | | | | 273,517 | - | - | - |
| Hotel and Motel Room Taxes | | | | | 1,064,993 | - | - | - |
| Restaurant Food Taxes | | | | | 297,227 | 18,218 | 26,604 | 336,411 |
| Unrestricted Revenues from Use of Money and Property | | | | | 208,630 | 13,718 | 46,557 | 36,532 |
| Miscellaneous | | | | | - | 10,272,595 | 134,388 | 841,199 |
| Payments from Primary Government | | | | | 2,531,288 | - | - | - |
| Grants and Contributions not Restricted to Specific Programs | | | | | 29,482,258 | 10,304,531 | 207,549 | 1,214,142 |
| Total General Revenues | | | | | \$ 3,789,601 | \$ (1,173,577) | \$ 1,309,256 | \$ 1,867,428 |
| Change in Net Assets | | | | | 37,269,420 | 5,471,502 | 11,747,603 | 6,177,749 |
| Net Asset - Beginning, as restated | | | | | 41,039,021 | 4,297,925 | 13,056,859 | 8,045,177 |
| Net Asset - Ending | | | | | | | | |

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

| | <u>General</u> | <u>School Construction</u> | <u>Other Governmental</u> | <u>Total</u> |
|--|----------------------|--------------------------------|-------------------------------|----------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 19,973,971 | \$ 38 | \$ - | \$ 19,974,009 |
| Investments | 6,305,434 | 845,219 | - | 7,150,653 |
| Receivables (Net of Allowance for Uncollectibles): | | | | |
| Taxes | 2,098,834 | - | - | 2,098,834 |
| Other Local Taxes and Fees | 434,065 | - | - | 434,065 |
| Due from Other Funds | - | - | 282,740 | 282,740 |
| Due from Other Governmental Units | 2,045,602 | - | 72,696 | 2,118,298 |
| Advances to Component Units | 725,420 | - | - | 725,420 |
| Total Assets | <u>\$ 31,583,326</u> | <u>\$ 845,257</u> | <u>\$ 355,436</u> | <u>\$ 32,784,019</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 350,831 | \$ 65,280 | \$ 41,669 | \$ 457,780 |
| Reconciled Overdraft | - | 326,189 | - | 326,189 |
| Due to Other Funds | 235,646 | - | - | 235,646 |
| Due to Component Units | 3,159,749 | - | 313,767 | 3,473,516 |
| Deferred Revenue | 1,977,241 | - | - | 1,977,241 |
| Total Liabilities | <u>\$ 5,723,467</u> | <u>\$ 391,469</u> | <u>\$ 355,436</u> | <u>\$ 6,470,372</u> |
| Fund Balances: | | | | |
| Reserved | \$ 15,902 | \$ 845,219 | \$ - | \$ 861,121 |
| Unreserved: | | | | |
| Designated | 4,467,368 | - | - | 4,467,368 |
| Undesignated (deficit) | 21,376,589 | (391,431) | - | 20,985,158 |
| Total Fund Balances | <u>\$ 25,859,859</u> | <u>\$ 453,788</u> | <u>\$ -</u> | <u>\$ 26,313,647</u> |
| Total Liabilities and Fund Balances | <u>\$ 31,583,326</u> | <u>\$ 845,257</u> | <u>\$ 355,436</u> | <u>\$ 32,784,019</u> |

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

County of Pulaski, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2010

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

| | |
|--|----------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ 26,313,647 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | 48,713,102 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 1,776,358 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds | <u>(35,764,086)</u> |
| Net Assets of Governmental Activities | <u>\$ 41,039,021</u> |

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

County of Pulaski, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| | <u>General Fund</u> | <u>School Con- struction Fund</u> | <u>Other Govern- mental Funds</u> | <u>Total</u> |
|--|-------------------------|---------------------------------------|---------------------------------------|-----------------------|
| REVENUES | | | | |
| General Property Taxes | \$ 20,836,110 | \$ - | \$ - | \$ 20,836,110 |
| Other Local Taxes | 5,171,842 | - | - | 5,171,842 |
| Permits, Privilege Fees and Regulatory Licenses | 664,789 | - | - | 664,789 |
| Fines and Forfeitures | 31,439 | - | - | 31,439 |
| Revenue from Use of Money and Property | 293,324 | 3,903 | - | 297,227 |
| Charges for Services | 516,597 | - | - | 516,597 |
| Miscellaneous | 117,026 | - | 91,604 | 208,630 |
| Recovered Costs | 659,594 | - | - | 659,594 |
| Intergovernmental Revenues: | | | | |
| Commonwealth | 11,319,231 | - | - | 11,319,231 |
| Federal Government | 7,004,700 | - | - | 7,004,700 |
| Total Revenues | <u>\$ 46,614,652</u> | <u>\$ 3,903</u> | <u>\$ 91,604</u> | <u>\$ 46,710,159</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government Administration | \$ 1,944,756 | \$ - | \$ 38,096 | \$ 1,982,852 |
| Judicial Administration | 1,547,625 | - | - | 1,547,625 |
| Public Safety | 7,240,425 | - | 130,310 | 7,370,735 |
| Public Works | 1,408,091 | - | - | 1,408,091 |
| Health and Welfare | 11,092,709 | - | 100,179 | 11,192,888 |
| Education | 10,288,286 | - | 381,150 | 10,669,436 |
| Parks, Recreation and Cultural | 1,309,393 | - | 87,663 | 1,397,056 |
| Community Development | 4,612,962 | - | 958,622 | 5,571,584 |
| Capital Projects | - | 685,058 | - | 685,058 |
| Debt Service: | | | | |
| Principal Retirement | 9,442,120 | - | - | 9,442,120 |
| Interest and Other Fiscal Charges | 1,590,316 | - | - | 1,590,316 |
| Total Expenditures | <u>\$ 50,476,683</u> | <u>\$ 685,058</u> | <u>\$ 1,696,020</u> | <u>\$ 52,857,761</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (3,862,031)</u> | <u>\$ (681,155)</u> | <u>\$ (1,604,416)</u> | <u>\$ (6,147,602)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 3,831 | \$ - | \$ 1,599,960 | \$ 1,603,791 |
| Transfers Out | (1,937,725) | - | (3,831) | (1,941,556) |
| Issuance of Debt | 7,465,000 | - | 8,287 | 7,473,287 |
| Premium on bond issuance | 40,136 | - | - | 40,136 |
| Total Other Financing Sources (Uses) | <u>\$ 5,571,242</u> | <u>\$ -</u> | <u>\$ 1,604,416</u> | <u>\$ 7,175,658</u> |
| Net Change in Fund Balance | \$ 1,709,211 | \$ (681,155) | \$ - | \$ 1,028,056 |
| Fund Balance - Beginning | 24,150,648 | 1,134,943 | - | 25,285,591 |
| Fund Balance - Ending | <u>\$ 25,859,859</u> | <u>\$ 453,788</u> | <u>\$ -</u> | <u>\$ 26,313,647</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, 2010

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

| | | |
|---|----|-------------------------|
| Net changes in fund balance - total governmental funds | \$ | 1,028,056 |
| <p>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.</p> | | |
| | | 561,925 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds</p> | | |
| | | 337,161 |
| <p>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.</p> | | |
| | | 2,053,852 |
| <p>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.</p> | | |
| | | <u>(211,393)</u> |
| Change in net assets of governmental activities | \$ | <u><u>3,769,601</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, 2010

| | Health Insurance Premiums Fund | Internal Service Fund |
|--|---|--------------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Receivables (Net of Allowance for Uncollectibles): | | |
| Accounts Receivable | \$ 241,459 | \$ 111,970 |
| Total Assets | \$ 241,459 | \$ 111,970 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ - | \$ 64,876 |
| Due to Other funds | - | 47,094 |
| Reconciled Overdraft | 241,459 | - |
| Total Liabilities | \$ 241,459 | \$ 111,970 |
| NET ASSETS | | |
| Unrestricted | \$ - | \$ - |
| Total Net Assets | \$ - | \$ - |

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, 2010

| | <u>Health Insurance Premiums Fund</u> | <u>Internal Service Fund</u> |
|---------------------------------|---|--------------------------------------|
| OPERATING REVENUES | | |
| Charges for Services: | | |
| Information Technology Charges | \$ - | \$ 216,518 |
| Garage Charges | - | 787,299 |
| Communication Charges | - | 100,326 |
| Health insurance premiums | 5,492,465 | |
| Total Operating Revenues | <u>\$ 5,492,465</u> | <u>\$ 1,104,143</u> |
| OPERATING EXPENSES | | |
| Information Technology | \$ - | \$ 373,084 |
| Central Garage | - | 933,448 |
| Communications | - | 135,376 |
| Insurance claims and expenses | 5,492,465 | - |
| Total Operating Expenses | <u>\$ 5,492,465</u> | <u>\$ 1,441,908</u> |
| Operating Income (Loss) | <u>\$ -</u> | <u>\$ (337,765)</u> |
| Transfer In | \$ - | \$ 337,765 |
| Change in Net Assets | <u>-</u> | <u>-</u> |
| Net Assets - Beginning | - | - |
| Net Assets - Ending | <u>\$ -</u> | <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, 2010

| | Agency Funds |
|-------------------------------|-------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 142,039 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | \$ 3,923 |
| Amounts Held for Others: | |
| Social Services Clients | \$ 20,800 |
| Contractors | 38,533 |
| County Employees | 78,783 |
| Total amounts held for others | \$ 138,116 |
| Total Liabilities | \$ 142,039 |

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements
June 30, 2010

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

The County of Pulaski, Virginia is a political subdivision governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities, for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Units - None

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

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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

B. Government-wide and Fund Financial Statements:

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

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

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

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 funds consist of the Information Technology, Garage, and Communications Services internal services fund and the Health Insurance Premiums Fund.

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

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

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

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

D. Assets, liabilities, and net assets or equity:

1. Deposits and investments

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

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

2. Receivables and payables

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

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,043,598 at June 30, 2010 and is comprised solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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

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.

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2010

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement 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 \$(35,764,086) and \$(1,889,374) differences for the primary government and discretely presented component unit, respectively, are as follows:

| | Primary Government | Component Unit- School Board |
|--|-----------------------|---------------------------------|
| General obligation bonds | \$ (16,931,703) | \$ - |
| General obligation bond premium | (323,080) | - |
| Lease revenue note | (11,949,704) | - |
| Lease revenue note premium | (555,410) | - |
| <hr/> | | |
| Literary loans | (4,125,000) | - |
| Lease purchases | (82,732) | - |
| Interest payable | (670,818) | - |
| Landfill post-closure monitoring costs | (237,308) | - |
| Net OPEB obligation | (149,929) | (366,648) |
| Compensated absences | (728,393) | (1,522,726) |
| <hr/> | | |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities | \$ (35,764,086) | \$ (1,889,374) |

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2010

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$561,295 and \$(1,157,890) differences for the primary government and discretely presented component unit, respectively, are as follows:

| | <u>Primary Government</u> | <u>Component Unit- School Board</u> |
|---|-------------------------------|---|
| Capital outlays | \$ 3,082,028 | \$ 187,909 |
| Capital disposals | (684,707) | - |
| Depreciation expenses | <u>(1,835,396)</u> | <u>(1,345,799)</u> |
| Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 561,925</u> | <u>\$ (1,157,890)</u> |

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2010

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 \$2,053,852 difference in the primary government, are as follows:

| | <u>Primary Government</u> |
|---|-------------------------------|
| Debt issued or incurred: | |
| General obligation bonds | 17,473,297 |
| General obligation bonds premium | (40,136) |
| Principal payments: | |
| General obligation bonds | \$ 710,088 |
| Lease purchases | 221,884 |
| Literary loans | 375,000 |
| Lease revenue notes | 8,135,148 |
| Landfill post-closure monitoring costs | 67,460 |
| Amortization of premium | <u>57,695</u> |
| Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ <u><u>2,053,852</u></u> |

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2010

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, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(211,393) and \$16,843 differences for the primary government and discretely presented component unit, respectively, are as follows:

| | <u>Primary Government</u> | <u>Component Unit- School Board</u> |
|---|-------------------------------|---|
| (Increase) decrease in compensated absences | \$ (18,052) \$ | 200,091 |
| (Increase) decrease in net OPEB obligation | (64,429) | (183,248) |
| (Increase) decrease in interest payable | <u>(128,912)</u> | <u>-</u> |
| Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | \$ <u>(211,393)</u> \$ | <u>16,843</u> |

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.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 3- Stewardship, Compliance, and Accountability: (continued)

A. Budgetary Information: (continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the functional level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's subcategories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Fund. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a cash basis.
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations:

On the cash basis, the following departments had an excess of expenditures over appropriations for fiscal year 2010:

Emergency Management, Claytor Lake Celebration, NRV Competitiveness Center, Health Department, NRV Fair, Zoning and Planning, NANO Technology ARRA Match, RT 100 Improvements, Office of the Principal, Vehicle Maintenance, VPA Board Administration, and Regional Employment Service Grant.

C. Deficit Fund Equity:

At June 30, 2010, there were no funds that had deficit fund equity.

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 or covered by federal depository insurance.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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 | \$ 465,061 | \$ 697,993 |
| Communication sales tax | 145,575 | - |
| Other taxes | 22,473 | - |
| Categorical aid-shared expenses | 246,290 | - |
| Categorical aid-other | 79,684 | 1,809 |
| Categorical aid-VPA funds | 188,950 | - |
| Categorical aid-CSA funds | 424,595 | - |
| Federal Government: | | |
| Categorical aid-VPA funds | 197,884 | - |
| Categorical aid-other | 347,786 | 887,002 |
| Totals | \$ <u>2,118,298</u> | \$ <u>1,586,804</u> |

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2010

Note 6- Interfund/Component-Unit Obligations:

| Fund | Due to | Due from |
|--------------------------|--------------|------------|
| Primary Government: | | |
| General Fund | \$ 3,395,395 | \$ 725,420 |
| School Construction Fund | | |
| County Construction Fund | 313,767 | 282,740 |
| Internal Service Fund | 47,094 | - |
| Component Units: | | |
| IDA | 500,000 | 313,767 |
| PSA | 225,420 | 322,786 |
| School Fund | - | 2,836,963 |

| | Transfers in | Transfers out |
|-----------------------|--------------|---------------|
| Primary Government: | | |
| Internal Service Fund | 337,765 | - |
| Total | \$ 1,941,556 | \$ 1,941,556 |

Details of due from component unit amounts are as follows:

Pulaski County Public Service Authority:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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 |
| 2011 | \$ 960,028 | \$ 713,078 | \$ 375,000 | \$ 123,750 | \$ 669,782 | \$ 559,030 |
| 2012 | 1,005,625 | 644,474 | 375,000 | 112,500 | 692,423 | 534,484 |
| 2013 | 1,016,635 | 604,765 | 375,000 | 101,250 | 727,499 | 507,493 |
| 2014 | 1,032,883 | 561,847 | 375,000 | 90,000 | 470,000 | 480,753 |
| 2015 | 1,049,375 | 516,308 | 375,000 | 78,750 | 490,000 | 460,308 |
| 2016-2020 | 5,513,832 | 1,877,308 | 1,875,000 | 225,000 | 2,805,000 | 1,938,063 |
| 2021-2025 | 3,696,978 | 816,808 | 375,000 | 11,250 | 3,590,000 | 1,146,398 |
| 2026-2030 | 2,424,855 | 295,713 | - | - | 2,505,000 | 227,465 |
| 2031-2035 | 48,967 | 42,953 | - | - | - | - |
| 2036-2040 | 60,163 | 31,757 | - | - | - | - |
| 2041-2045 | 73,917 | 18,003 | - | - | - | - |
| 2046-2048 | 48,445 | 2,929 | - | - | - | - |
| Totals | \$ 16,931,703 | \$ 6,125,943 | \$ 4,125,000 | \$ 742,500 | \$ 11,949,704 | \$ 5,853,994 |

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2010.

| | Balance | | | Balance June 30, 2010 |
|--|---------------|--------------|----------------|--------------------------|
| | July 1, 2009 | Issuances | Retirements | |
| General obligation bonds | \$ 10,168,504 | \$ 7,473,287 | \$ (710,088) | \$ 16,931,703 |
| Literary loans | 4,500,000 | - | (375,000) | 4,125,000 |
| Lease revenue note | 20,084,852 | - | (8,135,148) | 11,949,704 |
| Lease purchase | 304,616 | - | (221,884) | 82,732 |
| Unamortized bond premiums | 906,058 | 40,136 | (57,695) | 888,499 |
| Landfill post-closure monitoring costs | 304,768 | - | (67,460) | 237,308 |
| Net OPEB obligation | 85,500 | 86,429 | (22,000) | 149,929 |
| Compensated absences | 710,341 | 18,052 | - | 728,393 |
| Total | \$ 37,064,639 | \$ 7,617,904 | \$ (9,589,275) | \$ 35,093,268 |

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 7- Long-Term Debt: (continued)

Details of long-term indebtedness:

| | Interest Rates | Issue Date | Maturity Date | Original Issue | Governmental Activities | Due Within One Year |
|---|-------------------|---------------|------------------|-------------------|----------------------------|------------------------|
| General obligation bonds: | | | | | | |
| GO bond | 4.975-5.85% | 11/16/2000 | 2021 | \$ 754,241 | \$ 447,063 | \$ 37,184 |
| VPSA GO bond | 2.35-5.1% | 11/7/2002 | 2023 | 10,915,000 | 7,085,000 | 545,000 |
| GO bond | 3.78% | 4/29/2005 | 2020 | 2,000,000 | 1,582,640 | 133,571 |
| GO bond | 3.175-4.05% | 1/13/2010 | 2030 | 7,465,000 | 7,465,000 | 240,000 |
| GO bond | 4.13% | 5/30/2008 | 2048 | 352,000 | 352,000 | 4,273 |
| Subtotal GO bonds | | | | | \$ 16,931,703 | \$ 960,028 |
| Unamortized bond premium | n/a | 11/7/2002 | 2023 | 436,841 | 283,947 | 21,842 |
| Unamortized bond premium | n/a | 1/13/2010 | 2030 | 40,136 | 39,133 | 1,003 |
| Total GO bonds | | | | | \$ 17,254,783 | \$ 982,873 |
| Lease revenue note: | | | | | | |
| IDA lease revenue note | 3.5-5.25% | 2/8/2007 | 2027 | \$ 14,000,000 | \$ 6,040,000 | \$ 245,000 |
| School lease revenue note | 2.92% | 5/2/2008 | 2013 | 1,300,000 | 809,704 | 259,782 |
| School lease revenue note | 5.10% | 5/15/2008 | 2029 | 5,255,000 | 5,100,000 | 165,000 |
| Subtotal lease revenue notes | | | | | \$ 11,949,704 | \$ 669,782 |
| Unamortized bond premium | n/a | 2/8/2007 | 2027 | 348,249 | 251,541 | 17,412 |
| Unamortized bond premium | n/a | 5/15/2008 | 2029 | 348,754 | 313,878 | 17,438 |
| Total lease revenue notes | | | | | \$ 12,515,123 | \$ 704,632 |
| Literary loans: | | | | | | |
| State literary fund loan | 3% | 12/15/2000 | 2021 | \$ 2,500,000 | \$ 1,375,000 | \$ 125,000 |
| State literary fund loan | 3% | 12/15/2000 | 2021 | 5,000,000 | 2,750,000 | 250,000 |
| Total literary loans | | | | | \$ 4,125,000 | \$ 375,000 |
| Lease purchase agreements: | | | | | | |
| Capital lease | 6.415% | 12/20/2000 | 2011 | \$ 1,240,492 | \$ 82,732 | \$ 82,732 |
| Other obligations: | | | | | | |
| Landfill post-closure monitoring costs | n/a | n/a | n/a | n/a | \$ 237,308 | \$ - |
| Net OPEB obligation | n/a | n/a | n/a | n/a | 149,929 | - |
| Compensated absences | n/a | n/a | n/a | n/a | 728,393 | 72,839 |
| Total other obligations | | | | | \$ 1,115,630 | \$ 72,839 |
| Totals | | | | | \$ 35,093,268 | \$ 2,218,076 |

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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, 2010.

| | <u>Balance</u> | | | | <u>Balance</u> |
|----------------------|---------------------|------------------|--------------------|--------|----------------------|
| | <u>July 1, 2009</u> | <u>Issuances</u> | <u>Retirements</u> | | <u>June 30, 2010</u> |
| Net OPEB obligation | \$ 183,400 | \$ 281,848 | \$ (98,600) | \$ | 366,648 |
| Compensated absences | <u>1,722,817</u> | <u>-</u> | <u>(200,091)</u> | | <u>1,522,726</u> |
| Total | \$ 1,906,217 | \$ 281,848 | \$ (298,691) | \$ | <u>1,889,374</u> |

Details of Long-Term Indebtedness:

| | <u>Interest</u> | <u>Issue</u> | <u>Maturity</u> | <u>Original</u> | <u>Governmental</u> | <u>Due Within</u> |
|-----------------------------|-----------------|--------------|-----------------|-----------------|---------------------|-----------------------|
| | <u>Rates</u> | <u>Date</u> | <u>Date</u> | <u>Issue</u> | <u>Activites</u> | <u>One Year</u> |
| Other obligations: | | | | | | |
| Net OPEB obligation | n/a | n/a | n/a | n/a | 366,648 | - |
| Compensated absences | n/a | n/a | n/a | n/a | <u>1,522,726</u> | <u>152,273</u> |
| Total other obligations | | | | | \$ 1,889,374 | <u>\$ 152,273</u> |

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 | \$ 1,240,492 |
| Accumulated depreciation | <u>(1,181,696)</u> |
| Net Asset | \$ <u>58,796</u> |

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 9- Capital Leases: (continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

| Year Ending June 30, | Telephone System |
|----------------------------------|---------------------|
| 2011 | \$ 84,303 |
| Sub-total | \$ 84,303 |
| Amount representing interest | (1,571) |
| Present value of lease agreement | \$ 82,732 |

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

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 5.00% 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 2010 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 5.00% 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 2010 was 6.27% of annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2010, the County of Pulaski, Virginia's annual pension cost of \$682,315 and \$145,695 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

| Year Ending | Annual Pension Cost (APC)(1) | Percentage of APC Contributed | Net Pension Obligation |
|-------------|------------------------------|-------------------------------|------------------------|
| June 30, | | | |

Primary Government:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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) of 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 and Pulaski County School Board'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 and Pulaski County School Board'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, 2009, the most recent actuarial valuation date, the plan was 90.52% funded. The actuarial accrued liability for benefits was \$39,100,072, and the actuarial value of assets was \$35,393,462, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,706,610. The covered payroll (annual payroll of active employees covered by the plan) was \$9,300,941, and ratio of the UAAL to the covered payroll was 39.85%.

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 91.64% funded. The actuarial accrued liability for benefits was \$8,197,116, and the actuarial value of assets was \$7,511,549, resulting in an unfunded actuarial accrued liability (UAAL) of \$685,567. The covered payroll (annual payroll of active employees covered by the plan) was \$2,344,318, and ratio of the UAAL to the covered payroll was 29.24%.

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 liability (AAL) for benefits.

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

Plan Description

The Pulaski County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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

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

death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the 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/2009-Annual-Report.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 \$1,398,761, \$1,987,019, and \$2,290,609 for the fiscal years ended 2010, 2009, and 2008, respectively. Required employer contributions represented 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, 10.30% and 9.20% of covered payroll for the fiscal years ended 2009 and 2008, 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.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

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

B. Funding Policy (continued)

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 County. For fiscal year 2010, the County and School Board contributed \$22,000 and \$98,600, respectively, for current costs of

the Plan.

For retirees of 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, 2010

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 | 3,420 | 7,336 | 10,756 |
| Adjustment to annual required contribution | (24,491) | (7,488) | (31,979) |
| Annual OPEB cost (expense) | 86,429 | 281,848 | 368,277 |
| Actual contributions | (22,000) | (98,600) | (120,600) |
| Increase in net OPEB obligation | 64,429 | 183,248 | 247,677 |
| Net OPEB obligation - beginning of year | 85,500 | 183,400 | 268,900 |
| Net OPEB obligation - end of year | \$ 149,929 | \$ 366,648 | \$ 516,577 |

The County's 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 |
| 6/30/2010 | 368,277 | 33% | 516,577 |

D. Funded Status and Funding Progress

The funded status of the Plan (County and School Board combined) as of July 1, 2008, the most recent actuarial report, 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% | 47.98% |

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 11-Other Postemployment Benefits: (continued)

D. Funded Status and Funding Progress (continued)

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.

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, 2010, was 29 years.

Note 12-VRS Health Insurance Credit – Other Postemployment Benefits:

A. Plan Description

The County and School Board participate in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health

insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 12-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)

A. Plan Description (continued)

provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

B. Funding Policy

As a participating local political subdivision, the County and School Board are required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County and School Board's contribution rates were 0.23% and 1.04% of covered payroll, respectively.

C. OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The locality is required to contribute the 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2010, the County's contribution of \$21,150 and the School Board's contribution of \$24,166 were equal to the ARC and OPEB cost. The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 are as follows:

| <u>Fiscal Year Ending</u> | <u>Annual OPEB Cost (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net OPEB Obligation</u> |
|---------------------------|---------------------------------------|--|------------------------------------|
| County: | | | |
| June 30, 2010 | \$ 21,150 | 100% | - |
| School Board: | | | |
| June 30, 2010 | \$ 24,166 | 100% | - |

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 12-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

| | <u>County</u> | <u>School Board</u> |
|---|---------------|---------------------|
| Actuarial accrued liability (AAL) | \$ 190,365 | \$ 87,041 |
| Actuarial value of plan assets | \$ 89,355 | - |
| Unfunded actuarial accrued liability (UAAL) | \$ 101,010 | \$ 87,041 |
| Funded ratio (actuarial value of plan assets/AAL) | 46.94% | 0.00% |
| Covered payroll (active plan members) | \$ 9,300,941 | \$ 2,344,318 |
| UAAL as a percentage of covered payroll | 1.09% | 3.71% |

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 and reflect a long-term perspective. 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employees and plan members) and include the types of benefits

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 13- Capital Assets:

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government:

| | <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 | \$ 2,219,420 | \$ 215,300 | \$ - | \$ 2,434,720 |
| Construction in progress | 19,776,182 | 1,908,853 | (138,959) | 21,546,076 |
| Total capital assets not being depreciated | <u>21,995,602</u> | <u>2,124,153</u> | <u>(138,959)</u> | <u>23,980,796</u> |
| | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and systems | \$ 31,090,111 | \$ 479,340 | \$ (68,061) | \$ 31,501,390 |
| Machinery and equipment | 10,387,826 | 617,494 | (616,646) | 10,388,674 |
| Total capital assets being depreciated | <u>\$ 41,477,937</u> | <u>\$ 1,096,834</u> | <u>\$ (684,707)</u> | <u>\$ 41,890,064</u> |
| | | | | |
| Accumulated depreciation for: | | | | |
| Buildings and systems | \$ (7,878,011) | \$ (833,266) | \$ - | \$ (8,711,277) |
| Machinery and equipment | (7,444,351) | (1,002,130) | - | (8,446,481) |
| Total accumulated depreciation | <u>\$ (15,322,362)</u> | <u>\$ (1,835,396)</u> | <u>\$ -</u> | <u>\$ (17,157,758)</u> |
| | | | | |
| Total capital assets being depreciated, net | <u>\$ 26,155,575</u> | <u>\$ (738,562)</u> | <u>\$ (684,707)</u> | <u>\$ 24,732,306</u> |
| | | | | |
| Governmental activities capital assets, net | <u>\$ 48,151,177</u> | <u>\$ 1,385,591</u> | <u>\$ (823,666)</u> | <u>\$ 48,713,102</u> |

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

Governmental activities:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 13- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------|-----------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 564,527 | \$ - | \$ - | \$ 564,527 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 18,302,722 | \$ - | \$ - | \$ 18,302,722 |
| Machinery and equipment | 6,033,689 | 187,909 | - | 6,221,598 |
| Total capital assets being depreciated | \$ 24,336,411 | \$ 187,909 | \$ - | \$ 24,524,320 |
| Accumulated depreciation for: | | | | |
| Buildings and improvements | \$ (14,678,177) | \$ (819,141) | \$ - | \$ (15,497,318) |
| Machinery and equipment | (3,770,370) | (526,659) | - | (4,297,029) |
| Total accumulated depreciation | \$ (18,448,547) | \$ (1,345,800) | \$ - | \$ (19,794,347) |
| Total capital assets being depreciated, net | \$ 5,887,864 | \$ (1,157,891) | \$ - | \$ 4,729,973 |
| Governmental activities capital assets, net | \$ 6,452,391 | \$ (1,157,891) | \$ - | \$ 5,294,500 |

Note 14- 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, 2010

Note 15- Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

Note 17- Designated and Reserved Fund Balances/Restricted Net Assets:

| | <u>Primary Government</u> | <u>Component Unit- School Board</u> |
|---|-------------------------------|---|
| Total Fund Balance | \$ 26,313,647 | \$ 892,799 |
| Designated fund balances: | | |
| Various capital projects | \$ 3,928,263 | - |
| School fund carry-over | 363,173 | - |
| General fund carry-overs | 175,932 | - |
| Governor's School | - | 58,301 |
| Food service | - | 363,918 |
| Reserved fund balances: | | |
| School construction | 845,219 | - |
| Sheriff/Commonwealth attorney seized assets | 15,902 | - |
| Total designated/reserved fund balances | <u>\$ 5,328,489</u> | <u>\$ 422,219</u> |
| Undesignated (deficit) fund balances | <u>\$ 20,985,158</u> | <u>\$ 470,580</u> |
| Restricted net assets: | | |
| School construction | \$ 845,219 | - |
| Sheriff/Commonwealth attorney seized assets | 15,902 | - |
| Total restricted net assets | <u>\$ 861,121</u> | <u>\$ -</u> |

Note 18- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2010, the total post-closure care liability (which represents the 8 years remaining) was \$237,308 representing what

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2010

Note 19 – Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$1,977,241 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$200,883 at June 30, 2010.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2010, less amounts received 60 days after the period end totaled \$1,776,358 at June 30, 2010.

Note 20 – Restatement of Beginning Balances

| | Primary Government |
|--|-------------------------------|
| Beginning net assets, as previously reported | \$ 37,613,245 |
| Increase in interest payable | (83,594) |
| Increase in gross capital assets | 140,023 |
| Increase in accumulated depreciation | (56,541) |
| Increase in GO bonds | (343,713) |
| Beginning net assets, as restated | <u>\$ 37,269,420</u> |

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, 2010

| | <u>Budget Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> <u>Pos (Neg)</u> |
|---|-----------------------|-----------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| General Property Taxes | \$ 19,604,486 | \$ 19,940,239 | \$ 20,836,110 | \$ 895,871 |
| Other Local Taxes | 5,438,000 | 5,438,000 | 5,171,842 | (266,158) |
| Permits, Privilege Fees and Regulatory Licenses | 637,000 | 649,500 | 664,789 | 15,289 |
| Fines and Forfeitures | 37,900 | 37,900 | 31,439 | (6,461) |
| Revenue from Use of Money and Property | 140,000 | 140,000 | 293,324 | 153,324 |
| Charges for Services | 514,600 | 519,323 | 516,597 | (2,726) |
| Miscellaneous | 556,323 | 268,611 | 117,026 | (151,585) |
| Recovered Costs | 431,153 | 556,903 | 659,594 | 102,691 |
| Intergovernmental Revenues: | | | | |
| Commonwealth | 9,998,879 | 11,072,512 | 11,319,231 | 246,719 |
| Federal Government | 4,347,709 | 10,526,524 | 7,004,700 | (3,521,824) |
| Total Revenues | <u>\$ 41,706,050</u> | <u>\$ 49,149,512</u> | <u>\$ 46,614,652</u> | <u>\$ (2,534,860)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government Administration | \$ 1,984,226 | \$ 2,145,667 | \$ 1,944,756 | \$ 200,911 |
| Judicial Administration | 1,564,776 | 1,673,734 | 1,547,625 | 126,109 |
| Public Safety | 7,251,165 | 7,779,171 | 7,240,425 | 538,746 |
| Public Works | 1,363,496 | 1,469,347 | 1,408,091 | 61,256 |
| Health and Welfare | 10,740,939 | 12,058,031 | 11,092,709 | 965,322 |
| Education | 10,834,087 | 11,221,077 | 10,288,286 | 932,791 |
| Parks, Recreation and Cultural | 1,219,359 | 1,382,397 | 1,309,393 | 73,004 |
| Community Development | 499,010 | 6,372,350 | 4,612,962 | 1,759,388 |
| Debt Service: | | | | |
| Principal Retirement | 1,707,119 | 9,442,120 | 9,442,120 | - |
| Interest and Other Fiscal Charges | 1,756,735 | 2,430,800 | 1,590,316 | 840,484 |
| Total Expenditures | <u>\$ 38,920,912</u> | <u>\$ 55,974,694</u> | <u>\$ 50,476,683</u> | <u>\$ 5,498,011</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 2,785,138</u> | <u>\$ (6,825,182)</u> | <u>\$ (3,862,031)</u> | <u>\$ 2,963,151</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ - | \$ - | \$ 3,831 | \$ 3,831 |
| Transfers Out | (1,227,681) | (5,235,875) | (1,937,725) | 3,298,150 |
| Issuance of debt | - | 7,505,136 | 7,465,000 | (40,136) |
| Premium on bond issuance | - | - | 40,136 | 40,136 |
| Total Other Financing Sources (Uses) | <u>\$ (1,227,681)</u> | <u>\$ 2,269,261</u> | <u>\$ 5,571,242</u> | <u>\$ 3,301,981</u> |
| Net Change in Fund Balance | <u>\$ 1,557,457</u> | <u>\$ (4,555,921)</u> | <u>\$ 1,709,211</u> | <u>\$ 6,265,132</u> |
| Fund Balance - Beginning | - | - | 24,150,648 | 24,150,648 |
| Fund Balance - Ending | <u>\$ 1,557,457</u> | <u>\$ (4,555,921)</u> | <u>\$ 25,859,859</u> | <u>\$ 30,415,780</u> |

County of Pulaski, Virginia
Required Supplementary Information
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2010

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, 2009 \$ | 35,393,462 \$ | 39,100,072 \$ | 3,706,610 | 90.52% | 9,300,941 | 39.85% |
| 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% |

Discontinued Government Unit:

School Board Non-professional Retirement Plan

| Valuation as of (1) | Actuarial Value of Assets (2) | Actuarial Accrued Liability (AAL) (3) | Unfunded AAL (UAAL) (3)-(2) (4) | Funded Ratio Assets as % of AAL (2)/(3) (5) | Annual Covered Payroll (6) | UAAL as a % of Covered Payroll (4)/(6) (7) |
|------------------------|----------------------------------|--|---------------------------------------|--|-------------------------------|---|
| June 30, 2009 \$ | 7,511,549 \$ | 8,197,116 \$ | 685,567 | 91.64% | 2,344,318 | 29.24% |
| 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% |

Primary Government: Post-Retirement Medical Plan

| Actuarial Valuation Date (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) |
|---------------------------------|----------------------------------|--|---|--|-------------------------------|---|
| July 1, 2008 | \$ - | \$ 909,733 | \$ 909,733 | 0.00% | \$ 5,744,151 | 15.84% |

School Board: Post-Retirement Medical Plan

| Actuarial Valuation Date (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) |
|---------------------------------|----------------------------------|--|---|--|-------------------------------|---|
| July 1, 2008 | \$ - | \$ 3,023,800 | \$ 3,023,800 | 0.00% | \$ 2,303,927 | 131.25% |

Primary Government: Virginia Retirement System - Health Insurance Credit:

| Actuarial Valuation Date (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, 2009 | \$ 89,355 | \$ 190,365 | \$ 101,010 | 46.94% | \$ 9,300,941 | 1.09% |

School Board: Virginia Retirement system - Health Insurance Credit

| Actuarial Valuation Date (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) |
|---------------------------------|----------------------------------|--|---|--|-------------------------------|---|
|---------------------------------|----------------------------------|--|---|--|-------------------------------|---|

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, 2010

| | <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 | \$ 3,903 | \$ 3,902 |
| Miscellaneous | - | 2,287,544 | - | (2,287,544) |
| Total Revenues | <u>\$ 1</u> | <u>\$ 2,287,545</u> | <u>\$ 3,903</u> | <u>\$ (2,283,642)</u> |
| EXPENDITURES: | | | | |
| Capital Projects | \$ 1 | \$ 2,287,545 | \$ 685,058 | \$ 1,602,487 |
| | <u>\$ 1</u> | <u>\$ 2,287,545</u> | <u>\$ 685,058</u> | <u>\$ 1,602,487</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (681,155)</u> | <u>\$ (681,155)</u> |
| Net Change in Fund Balance | \$ - | \$ - | \$ (681,155) | \$ (681,155) |
| Fund Balance - Beginning | - | - | 1,134,943 | 1,134,943 |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 453,788</u> | <u>\$ 453,788</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, 2010

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Pos (Neg) |
|--|----------------|----------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Miscellaneous | \$ - | \$ 427,257 | \$ 91,604 | \$ (335,653) |
| Total Revenues | \$ - | \$ 427,257 | \$ 91,604 | \$ (335,653) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government Administration | \$ 45,000 | \$ 302,743 | \$ 38,096 | \$ 264,647 |
| Public Safety | 320,000 | 546,188 | 130,310 | 415,878 |
| Health and Welfare | - | 80,453 | 100,179 | (19,726) |
| Education | 493,345 | 570,445 | 381,150 | 189,295 |
| Parks, Recreation and Cultural | - | 483,500 | 87,663 | 395,837 |
| Community Development | 253,000 | 3,571,985 | 958,622 | 2,613,363 |
| Total Expenditures | \$ 1,111,345 | \$ 5,555,314 | \$ 1,696,020 | \$ 3,859,294 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (1,111,345) | \$ (5,128,057) | \$ (1,604,416) | \$ 3,523,641 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 1,111,345 | \$ 5,074,879 | \$ 1,599,960 | \$ (3,474,919) |
| Transfers Out | - | - | (3,831) | (3,831) |
| Issuance of debt | - | - | 8,287 | 8,287 |
| Total Other Financing Sources (Uses) | \$ 1,111,345 | \$ 5,074,879 | \$ 1,604,416 | \$ (3,470,463) |
| Net Change in Fund Balance | \$ - | \$ (53,178) | \$ - | \$ 53,178 |
| Fund Balance - Beginning | - | - | - | - |
| Fund Balance - Ending | \$ - | \$ (53,178) | \$ - | \$ 53,178 |

County of Pulaski, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

| | Agency Funds | | | |
|--|--------------|-------------|----------------------|--------------|
| | Special | Performance | Employee Flexible | Sales Tax |

ASSETS

Current Assets:

| | | | | | |
|---------------------------|-----------|-----------|-----------|------|------------|
| Cash and Cash Equivalents | \$ 20,800 | \$ 42,456 | \$ 78,783 | \$ - | \$ 142,039 |
| Total Assets | \$ 20,800 | \$ 42,456 | \$ 78,783 | \$ - | \$ 142,039 |

LIABILITIES

Current Liabilities:

| | | | | | |
|------------------|------|----------|------|------|----------|
| Accounts Payable | \$ - | \$ 3,923 | \$ - | \$ - | \$ 3,923 |
|------------------|------|----------|------|------|----------|

Amounts Held for Others:

| | | | | | |
|-------------------------|-----------|--------|------|------|-----------|
| Social Services Clients | \$ 20,800 | \$ - | \$ - | \$ - | \$ 20,800 |
| Contractor | | 20,522 | | | 20,522 |

County of Pulaski, Virginia
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | <u>Balance</u> <u>July 1, 2009</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2010</u> |
|------------------------------------|---------------------------------------|-------------------|-------------------|--|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents: | | | | |
| Special Welfare Fund | \$ 27,211 | \$ 61,358 | \$ 67,769 | \$ 20,800 |
| Performance Bond Fund | 37,529 | 10,927 | 6,000 | 42,456 |
| Employee Flexible Benefits Fund | 83,705 | 89,243 | 94,165 | 78,783 |
| Total cash and cash equivalents | <u>\$ 148,445</u> | <u>\$ 161,528</u> | <u>\$ 167,934</u> | <u>\$ 142,039</u> |
| Due from Other Governmental Units: | | | | |
| Local Sales Tax Fund | \$ - | \$ 549,850 | \$ 549,850 | \$ - |
| Total Assets | <u>\$ 148,445</u> | <u>\$ 711,378</u> | <u>\$ 717,784</u> | <u>\$ 142,039</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | | | | |
| Performance Bond Fund | \$ - | \$ 3,923 | \$ - | \$ 3,923 |
| Due to Other Governmental Units: | | | | |
| Local Sales Tax Fund | \$ - | \$ 549,850 | \$ 549,850 | \$ - |
| <u>Amounts Held for Others:</u> | | | | |
| <u>Special Welfare Fund</u> | | | | |
| Special Welfare Fund | \$ 27,211 | \$ 61,358 | \$ 67,769 | \$ 20,800 |
| Performance Bond Fund | 37,529 | 7,004 | 6,000 | 38,533 |
| Employee Flexible Benefits Fund | 83,705 | 89,243 | 94,165 | 78,783 |
| Total amounts held for others | <u>\$ 148,445</u> | <u>\$ 157,605</u> | <u>\$ 167,934</u> | <u>\$ 138,116</u> |
| Total Liabilities | <u>\$ 148,445</u> | <u>\$ 711,378</u> | <u>\$ 717,784</u> | <u>\$ 142,039</u> |

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, 2010

| | | School Fund |
|---|----|------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ | 461,781 |
| Due from Primary Government | | 2,836,963 |
| Due from Other Governmental Units | | 1,586,804 |
| Total Assets | \$ | 4,885,548 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable | \$ | 252,706 |
| Contracts Payable | | 3,740,043 |
| Total Liabilities | \$ | 3,992,749 |
| Fund Balances: | | |
| Unreserved: | | |
| Designated | \$ | 422,219 |
| Undesignated (deficit) | | 470,580 |
| Total Fund Balances | \$ | 892,799 |
| Total Liabilities and Fund Balances | \$ | 4,885,548 |
| Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because: | | |
| Total fund balances - per above | \$ | 892,799 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 5,294,500 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds | | (1,889,374) |
| Net assets of governmental activities - component unit school board | \$ | 4,297,925 |

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, 2010

| | <u>School Fund</u> |
|--|------------------------|
| REVENUES | |
| Revenue from Use of Money and Property | \$ 18,218 |
| Charges for Services | 1,012,222 |
| Miscellaneous | 13,718 |
| Recovered Costs | 1,288,098 |
| Intergovernmental Revenues: | |
| Local Government | 10,272,595 |
| Commonwealth | 25,589,096 |
| Federal Government | 9,020,299 |
| Total Revenues | <u>\$ 47,214,246</u> |
| EXPENDITURES: | |
| Current: | |
| Education | \$ 47,246,776 |
| Total Expenditures | <u>\$ 47,246,776</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (32,530)</u> |
| Net Change in Fund Balance | \$ (32,530) |
| Fund Balance - Beginning | 925,329 |
| Fund Balance - Ending | <u>\$ 892,799</u> |

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)
are different because:

| | |
|---|-------------|
| Net change in fund balance - total governmental funds - see above | \$ (32,530) |
|---|-------------|

County of Pulaski, Virginia
Major Special Revenue Fund-Discretely Presented Component Unit-School Board
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2010

| | <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 | \$ 15,000 | \$ 15,000 | \$ 18,218 | \$ 3,218 |
| Charges for Services | 1,235,759 | 1,296,039 | 1,012,222 | (283,817) |
| Miscellaneous | 5,000 | 13,718 | 13,718 | - |
| Recovered Costs | 836,450 | 1,265,998 | 1,288,098 | 22,100 |
| Intergovernmental Revenues: | | | | |
| Local Government | 10,818,396 | 11,197,540 | 10,272,595 | (924,945) |
| Commonwealth | 28,076,235 | 26,623,157 | 25,589,096 | (1,034,061) |
| Federal Government | 6,994,564 | 12,166,500 | 9,020,299 | (3,146,201) |
| Total Revenues | <u>\$ 47,981,404</u> | <u>\$ 52,577,952</u> | <u>\$ 47,214,246</u> | <u>\$ (5,363,706)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Education | \$ 47,730,333 | \$ 52,577,952 | \$ 47,246,776 | \$ 5,331,176 |
| Total Expenditures | <u>\$ 47,730,333</u> | <u>\$ 52,577,952</u> | <u>\$ 47,246,776</u> | <u>\$ 5,331,176</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ 251,071 | \$ - | \$ (32,530) | \$ (32,530) |
| Net Change in Fund Balance | \$ 251,071 | \$ - | \$ (32,530) | \$ (32,530) |
| Fund Balance - Beginning | - | - | 925,329 | 925,329 |
| Fund Balance - Ending | <u>\$ 251,071</u> | <u>\$ -</u> | <u>\$ 892,799</u> | <u>\$ 892,799</u> |

Supporting Schedules

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ 12,984,200 | \$ 12,984,200 | \$ 13,388,344 | \$ 404,144 |
| Real and personal public service corporation taxes | 750,000 | 750,000 | 733,128 | (16,872) |
| Personal property taxes | 3,184,286 | 3,378,353 | 3,615,844 | 237,491 |
| Mobile home taxes | 46,000 | 46,000 | 32,551 | (13,449) |
| Machinery and tools taxes | 2,350,000 | 2,491,686 | 2,752,538 | 260,852 |
| Merchant's capital taxes | - | - | 1,774 | 1,774 |
| Penalties | 162,000 | 162,000 | 161,965 | (35) |
| Interest | 118,000 | 118,000 | 142,680 | 24,680 |
| Collection fees | 10,000 | 10,000 | 7,286 | (2,714) |
| Total General Property Taxes | <u>\$ 19,604,486</u> | <u>\$ 19,940,239</u> | <u>\$ 20,836,110</u> | <u>\$ 895,871</u> |
| Other Local Taxes: | | | | |
| Local sales and use taxes | \$ 2,610,000 | \$ 2,610,000 | \$ 2,337,091 | \$ (272,909) |
| Consumers' utility taxes | 650,000 | 650,000 | 662,719 | 12,719 |
| Consumption taxes | 98,000 | 98,000 | 103,420 | 5,420 |
| Motor vehicle licenses | 480,000 | 480,000 | 536,856 | 56,856 |
| Bank stock taxes | 20,000 | 20,000 | 34,244 | 14,244 |
| Taxes on recordation and wills | 280,000 | 280,000 | 159,002 | (120,998) |
| Hotel and motel room taxes | 300,000 | 300,000 | 273,517 | (26,483) |
| Restaurant food taxes | 1,000,000 | 1,000,000 | 1,064,993 | 64,993 |
| Total Other Local Taxes | <u>\$ 5,438,000</u> | <u>\$ 5,438,000</u> | <u>\$ 5,171,842</u> | <u>\$ (266,158)</u> |
| Permits, Privilege Fees and Regulatory Licenses: | | | | |
| Animal licenses | \$ 15,000 | \$ 15,000 | \$ 26,996 | \$ 11,996 |
| Business licenses | 520,000 | 520,000 | 541,935 | 21,935 |
| Land use application fees | 1,000 | 1,000 | 583 | (417) |
| Transfer fees | 2,500 | 2,500 | 1,027 | (1,473) |
| Zoning and subdivision permits | 2,500 | 2,500 | 5,864 | 3,364 |
| Erosion and sediment control permits | 2,500 | 2,500 | 1,200 | (1,300) |
| Building permits | 93,500 | 106,000 | 87,184 | (18,816) |
| Total Permits, Privilege Fees and Regulatory Licenses | <u>\$ 637,000</u> | <u>\$ 649,500</u> | <u>\$ 664,789</u> | <u>\$ 15,289</u> |
| Fines and Forfeitures: | | | | |
| Court fines and forfeitures | \$ 34,900 | \$ 34,900 | \$ 29,093 | \$ (5,807) |
| Interest on local fines | 3,000 | 3,000 | 2,346 | (654) |
| Total Fines and Forfeitures | <u>\$ 37,900</u> | <u>\$ 37,900</u> | <u>\$ 31,439</u> | <u>\$ (6,461)</u> |
| Revenue from Use of Money and Property: | | | | |
| Revenue from use of money | \$ 120,000 | \$ 120,000 | \$ 274,822 | \$ 154,822 |
| Revenue from use of property | 20,000 | 20,000 | 18,502 | (1,498) |
| Total Revenue from Use of Money and Property | <u>\$ 140,000</u> | <u>\$ 140,000</u> | <u>\$ 293,324</u> | <u>\$ 153,324</u> |
| Charges for Services: | | | | |
| Charges for clerk copies | \$ 6,905 | \$ 7,005 | \$ 7,223 | \$ 218 |
| Excess fees of Clerk | 7,000 | 7,000 | - | (7,000) |
| Charges for courthouse maintenance | 28,000 | 28,000 | 17,179 | (10,821) |
| Charges for courthouse security | 80,000 | 80,000 | 68,616 | (11,384) |
| Fees of Sheriff | 2,400 | 2,400 | 2,449 | 49 |
| Share of seized property | - | 2,163 | 2,163 | - |
| Charges for Commonwealth's Attorney | 2,000 | 2,000 | 2,300 | 300 |
| Miscellaneous jail and inmate fees | 4,100 | 4,100 | 4,772 | 672 |
| Concealed handgun permits | 3,030 | 3,030 | 5,885 | 2,855 |
| Sale of maps and publications | 3,140 | 3,140 | 393 | (2,747) |
| Town tax book preparation | 470 | 470 | 470 | - |
| Charges for parks and recreation | 313,617 | 313,617 | 326,510 | 12,893 |
| Charges for animal pound | 8,430 | 8,430 | 9,922 | 1,492 |

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ 40,145 | \$ 7,145 |
| Charges for library | 22,508 | 24,968 | 28,570 | 3,602 |
| Total Charges for Services | <u>\$ 514,600</u> | <u>\$ 519,323</u> | <u>\$ 516,597</u> | <u>\$ (2,726)</u> |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 556,323 | \$ 268,611 | \$ 117,026 | \$ (151,585) |
| Recovered Costs: | | | | |
| Administrative fees | \$ 63,000 | \$ 73,000 | \$ 90,225 | \$ 17,225 |
| Airport recoveries | 161,592 | 164,171 | 144,029 | (20,142) |
| Juror costs | 6,500 | 6,500 | 10,200 | 3,700 |
| Circuit court secretary | 12,250 | 12,788 | 12,788 | - |
| Town reimbursement-fire works | 5,000 | 5,000 | 16,020 | 11,020 |
| CSA recoveries | 10,000 | 10,000 | 122,230 | 112,230 |
| Insurance recoveries | - | 18,102 | 19,567 | 1,465 |
| Parks and recreation | - | 25,006 | 40,868 | 15,862 |
| Public safety recoveries | 156,811 | 222,811 | 179,290 | (43,521) |
| Health department recoveries | 6,500 | 6,500 | 12,000 | 5,500 |
| Welfare recoveries | 6,000 | 6,000 | 9,341 | 3,341 |
| Hazardous material response | 3,500 | 7,025 | 3,036 | (3,989) |
| Total Recovered Costs | <u>\$ 431,153</u> | <u>\$ 556,903</u> | <u>\$ 659,594</u> | <u>\$ 102,691</u> |
| Total Revenue from Local Sources | <u>\$ 27,359,462</u> | <u>\$ 27,550,476</u> | <u>\$ 28,290,721</u> | <u>\$ 740,245</u> |
| Intergovernmental Revenues: | | | | |
| Revenue from the Commonwealth: | | | | |
| Non-categorical Aid: | | | | |
| Motor vehicle carriers' tax | \$ 37,412 | \$ 37,412 | \$ 806 | \$ (36,606) |
| Mobile home titling tax | 56,559 | 56,559 | 40,317 | (16,242) |
| Motor vehicle rental tax | 30,000 | 30,000 | 25,890 | (4,110) |
| Grantor's tax | 120,653 | 120,653 | 27,553 | (93,100) |
| State recordation tax | - | - | 65,299 | 65,299 |
| Telecommunication taxes | 918,000 | 918,000 | 862,535 | (55,465) |
| Personal property tax relief funds | 1,594,000 | 1,594,000 | 1,594,529 | 529 |
| Total Non-categorical Aid | <u>\$ 2,756,624</u> | <u>\$ 2,756,624</u> | <u>\$ 2,616,929</u> | <u>\$ (139,695)</u> |
| Categorical Aid: | | | | |
| Shared Expenses: | | | | |
| Commonwealth's Attorney | \$ 592,646 | \$ 625,733 | \$ 563,476 | \$ (62,257) |
| Sheriff | 1,760,448 | 1,862,997 | 1,605,122 | (257,875) |
| Commissioner of the Revenue | 146,510 | 154,208 | 136,417 | (17,791) |
| Treasurer | 128,464 | 132,900 | 117,858 | (15,042) |
| Medical Examiner | 1,800 | 1,800 | - | (1,800) |
| Registrar/Electoral Board | 57,161 | 66,077 | 47,787 | (18,290) |
| Clerk of the Circuit Court | 333,468 | 357,568 | 321,423 | (36,145) |
| Funds returned to Commonwealth | - | (220,233) | (220,223) | 10 |
| Total Shared Expenses | <u>\$ 3,020,497</u> | <u>\$ 2,981,050</u> | <u>\$ 2,571,860</u> | <u>\$ (409,190)</u> |
| Other Categorical Aid: | | | | |
| Public assistance and welfare administration | \$ 685,499 | \$ 1,035,499 | \$ 2,421,707 | \$ 1,386,208 |
| Comprehensive Services Act (CSA) | 2,402,800 | 3,041,285 | 2,697,356 | (343,929) |
| Victim's assistance grant | 110,774 | 120,405 | 30,101 | (80,304) |
| Litter control grant | 12,829 | 12,829 | 10,367 | (2,462) |
| DMV animal friendly plates | 500 | 500 | 585 | 85 |
| Library grant | 133,625 | 133,625 | 134,833 | 1,208 |

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ 795,416 | \$ 655,240 | \$ (140,176) |
| Records preservation grant | - | - | 4,993 | 4,993 |
| Commission on the arts | 5,000 | 5,000 | 5,425 | 425 |
| Fire programs | 63,500 | 73,228 | 73,228 | - |
| Virginia Juvenile Commission Crime Control | 29,051 | 29,051 | 27,598 | (1,453) |
| Domestic violence DCJS grant | 40,000 | 40,000 | 30,000 | (10,000) |
| Public safety answer grant | 42,000 | 42,000 | 37,165 | (4,835) |
| DEQ grant | - | - | 1,844 | 1,844 |
| VA Tourism Corp Grants | - | 6,000 | - | (6,000) |
| Total Other Categorical Aid | <u>\$ 4,221,758</u> | <u>\$ 5,334,838</u> | <u>\$ 6,130,442</u> | <u>\$ 795,604</u> |
| Total Revenue from the Commonwealth | \$ 6,098,870 | \$ 11,072,512 | \$ 11,310,221 | \$ 248,710 |

Revenue from the Federal Government:

 Non-categorical Aid:

 Payment in lieu of taxes

| | | | |
|-----------|-----------|-----------|----------|
| \$ 12,000 | \$ 12,000 | \$ 14,359 | \$ 2,359 |
|-----------|-----------|-----------|----------|

 Categorical Aid:

 Public assistance and welfare administration

| | | | |
|--------------|--------------|--------------|----------------|
| \$ 4,335,709 | \$ 4,591,055 | \$ 3,047,391 | \$ (1,543,664) |
|--------------|--------------|--------------|----------------|

 CDBG grants

| | | | |
|---|---------|--------|-----------|
| - | 225,000 | 57,107 | (167,893) |
|---|---------|--------|-----------|

 Emergency management preparedness grant

| | | | |
|---|--------|--------|-------|
| - | 31,943 | 31,204 | (739) |
|---|--------|--------|-------|

 State and community highway safety

| | | | |
|---|--------|--------|---------|
| - | 18,464 | 11,326 | (7,138) |
|---|--------|--------|---------|

 Citizen's alerting grant

| | | | |
|---|--------|-------|---------|
| - | 13,000 | 6,500 | (6,500) |
|---|--------|-------|---------|

 Hazardous materials plan update

| | | | |
|---|-------|-------|---|
| - | 3,500 | 3,500 | - |
|---|-------|-------|---|

 USDA rural development central utilities grant

| | | | |
|---|-----------|-----------|-------------|
| - | 5,584,746 | 3,600,197 | (1,984,549) |
|---|-----------|-----------|-------------|

 Office of Justice Byrnes grant - ARRA

| | | | |
|---|--------|--------|---|
| - | 21,816 | 21,816 | - |
|---|--------|--------|---|

 Fire department grant - ARRA

| | | | |
|---|--------|--------|---|
| - | 25,000 | 25,000 | - |
|---|--------|--------|---|

 Victim witness

| | | | |
|---|---|--------|--------|
| - | - | 90,304 | 90,304 |
|---|---|--------|--------|

 JAG funding

| | | | |
|---|---|--------|--------|
| - | - | 95,996 | 95,996 |
|---|---|--------|--------|

 Total Categorical Aid

| | | | |
|---------------------|----------------------|---------------------|-----------------------|
| <u>\$ 4,335,709</u> | <u>\$ 10,514,524</u> | <u>\$ 6,990,341</u> | <u>\$ (3,524,183)</u> |
|---------------------|----------------------|---------------------|-----------------------|

 Total Revenue from the Federal Government

| | | | |
|---------------------|----------------------|---------------------|-----------------------|
| <u>\$ 4,347,709</u> | <u>\$ 10,526,524</u> | <u>\$ 7,004,700</u> | <u>\$ (3,521,824)</u> |
|---------------------|----------------------|---------------------|-----------------------|

 Total General Fund

| | | | |
|----------------------|----------------------|----------------------|-----------------------|
| <u>\$ 41,706,050</u> | <u>\$ 49,149,512</u> | <u>\$ 46,614,652</u> | <u>\$ (2,534,860)</u> |
|----------------------|----------------------|----------------------|-----------------------|

Major Capital Projects Fund:

School Construction Fund:

 Revenue from Use of Money and Property:

 Revenue from use of money

| | | | |
|------|------|----------|----------|
| \$ 1 | \$ 1 | \$ 3,903 | \$ 3,902 |
|------|------|----------|----------|

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ - | \$ - | \$ 2,688 | \$ 2,688 |
| Revenue from use of property | 15,000 | 15,000 | 15,530 | 530 |
| Total Revenue from Use of Money and Property: | 15,000 | 15,000 | 18,218 | 3,218 |

| | | | | |
|-----------------------|------|-----------|-----------|----------|
| Charges for Services: | | | | |
| Charges for education | \$ - | \$ 60,280 | \$ 65,490 | \$ 5,210 |

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ 176,844 | \$ 139,917 | \$ 139,917 | \$ - |
| Retirement | 1,132,679 | 1,132,679 | 840,805 | (291,874) |
| School food | 33,741 | 33,741 | 35,153 | 1,412 |
| Share of state sales tax | 4,161,237 | 3,857,495 | 3,971,122 | 113,627 |
| Social security | 877,238 | 877,238 | 867,391 | (9,847) |
| Special education | 1,613,312 | 1,613,312 | 1,595,203 | (18,109) |
| Special education - foster care | - | - | 40,127 | 40,127 |
| Standards of learning algebra readiness | 54,678 | 54,678 | 52,448 | (2,230) |
| State lottery payments | 305,420 | 273,109 | 383,679 | 110,570 |
| Textbook payment | 398,354 | 398,354 | - | (398,354) |
| Vocational education-equipment | - | - | 12,777 | 12,777 |
| Vocational occupational preparedness | - | - | 37,558 | 37,558 |
| Vocational standards of quality payments | 547,854 | 547,854 | 541,704 | (6,150) |
| VPSA technology grant | 360,330 | 345,969 | - | (345,969) |
| VTSF Virginia tobacco settlement | 72,508 | 63,507 | 68,236 | 4,729 |
| Total Categorical Aid | <u>\$ 28,076,235</u> | <u>\$ 26,623,157</u> | <u>\$ 25,589,096</u> | <u>\$ (1,034,061)</u> |
| Total Revenue from the Commonwealth | <u>\$ 28,076,235</u> | <u>\$ 26,623,157</u> | <u>\$ 25,589,096</u> | <u>\$ (1,034,061)</u> |
| Categorical Aid: | | | | |
| Forest reserve funds | \$ - | \$ - | \$ 28,558 | \$ 28,558 |
| Gear up access Virginia | 26,490 | 26,490 | 28,400 | 1,910 |
| Enhancing education through technology | - | 485,984.00 | - | (485,984) |
| Title I | 1,646,087 | 1,760,124 | 1,136,768 | (624,356) |
| Title I - ARRA | - | 655,420 | 291,722 | (363,698) |
| Title VI-B, special education flow-through - ARRA | 155,119 | 1,085,214 | 588,618 | (496,596) |
| Title VI-B, pre-school - ARRA | 1,440,837 | 1,516,254 | 801,953 | (714,301) |
| Title VI-B, interpreter | - | 38,600 | - | (38,600) |
| Vocational education | 90,747 | 90,747 | 91,785 | 1,038 |
| Special education-pre-school | 34,452 | 34,452 | 27,699 | (6,753) |
| Special education-pre-school - ARRA | - | 36,542 | 25,287 | (11,255) |
| Drug free schools | 23,154 | 24,278 | 24,187 | (91) |
| Title III, LEP | 4,400 | 7,767 | - | (7,767) |
| Title II, Part A-Teacher quality grant | 432,421 | 424,412 | 274,669 | (149,743) |
| Title II, Part D | - | - | 316,202 | 316,202 |
| Title II, Part D - ARRA | - | 1,223,171 | 682,330 | (540,841) |
| Technology literacy challenge grant | 12,573 | 13,369 | 25,959 | 12,590 |
| School Improvement | - | 331,760 | 184,676 | (147,084) |
| Response to intervention | 11,875 | 23,750 | - | (23,750) |
| Title IV, Part 21 | 307,395 | 507,395 | 372,058 | (135,337) |
| School food | 999,000 | 999,000 | 1,250,064 | 251,064 |
| School food-Summer program | - | - | 62,050 | 62,050 |
| State fiscal stabilization - ARRA | 1,810,014 | 2,881,771 | 2,808,314 | (73,457) |
| Total Categorical Aid | <u>\$ 6,994,564</u> | <u>\$ 12,166,500</u> | <u>\$ 9,020,299</u> | <u>\$ (3,146,201)</u> |
| Total Revenue from the Federal Government | <u>\$ 6,994,564</u> | <u>\$ 12,166,500</u> | <u>\$ 9,020,299</u> | <u>\$ (3,146,201)</u> |
| Total Discretely Presented Component Unit-School Board | <u>\$ 47,981,404</u> | <u>\$ 52,577,952</u> | <u>\$ 47,214,246</u> | <u>\$ (5,363,706)</u> |

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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> |
|---|----------------------------|-------------------------|---------------|--|
| Primary Government: | | | | |
| General Fund: | | | | |
| General Government Administration: | | | | |
| Legislative: | | | | |
| Board of Supervisors | \$ 129,242 | \$ 178,131 | \$ 158,762 | \$ 19,369 |
| General and Financial Administration: | | | | |
| County Administrator | \$ 226,449 | \$ 228,020 | \$ 229,377 | \$ (1,357) |
| Assistant County Administrator | 160,831 | 161,006 | 155,735 | 5,271 |
| County Attorney | 66,120 | 66,120 | 38,571 | 27,549 |
| Operations | 83,511 | 86,330 | 84,348 | 1,982 |
| Independent Auditor | 60,584 | 60,584 | 39,696 | 20,888 |
| Commissioner of the Revenue | 439,733 | 455,309 | 392,932 | 62,377 |
| Treasurer | 455,349 | 459,236 | 415,738 | 43,498 |
| Management Services | 101,932 | 108,866 | 109,385 | (519) |
| Director of Finance | 109,306 | 133,954 | 131,694 | 2,260 |
| Other General and Financial Administration | 9,100 | 31,791 | 20,357 | 11,434 |
| Total General and Financial Administration | \$ 1,712,915 | \$ 1,791,216 | \$ 1,617,833 | \$ 173,383 |
| Board of Elections: | | | | |
| Electoral Board | \$ 57,842 | \$ 81,932 | \$ 80,513 | \$ 1,419 |
| Registrar | 84,227 | 94,388 | 87,648 | 6,740 |
| Total Board of Elections | \$ 142,069 | \$ 176,320 | \$ 168,161 | \$ 8,159 |
| Total General Government Administration | \$ 1,984,226 | \$ 2,145,667 | \$ 1,944,756 | \$ 200,911 |
| Judicial Administration: | | | | |
| Courts: | | | | |
| Circuit Court | \$ 55,883 | \$ 60,621 | \$ 60,539 | \$ 82 |
| General District Court | 4,150 | 4,150 | 3,143 | 1,007 |
| Magistrate | 200 | 200 | - | 200 |
| Juvenile and Domestic Relations Court | 5,290 | 5,290 | 2,947 | 2,343 |
| Clerk of the Circuit Court | 506,521 | 575,014 | 515,042 | 59,972 |
| Total Courts | \$ 572,044 | \$ 645,365 | \$ 649,661 | \$ 3,301 |
| Victim's Witness Assistance | 127,854 | 131,054 | 131,007 | 47 |
| Domestic Relations Legal Services | 40,000 | 40,000 | 40,000 | - |
| Womens Resource Victims Assistance | 24,070 | 24,070 | 24,070 | - |
| Total Courts | \$ 774,696 | \$ 852,127 | \$ 787,464 | \$ 64,663 |
| Commonwealth's Attorney: | | | | |
| Commonwealth's Attorney | \$ 790,080 | \$ 821,607 | \$ 760,161 | \$ 61,446 |
| Total Judicial Administration | \$ 1,564,776 | \$ 1,673,734 | \$ 1,547,625 | \$ 126,109 |
| Public Safety | | | | |
| Law Enforcement and Traffic Control: | | | | |
| Sheriff | \$ 3,241,253 | \$ 3,394,436 | \$ 3,240,622 | \$ 153,814 |
| Fire and Rescue Services: | | | | |
| E-911 | \$ 166,616 | \$ 172,716 | \$ 136,141 | \$ 36,575 |
| Wireless E-911 | 42,000 | 42,000 | 7,689 | 34,311 |
| Forest Fire Protection | 6,664 | 7,793 | 7,793 | - |
| Volunteer Fire Departments | 263,584 | 331,022 | 292,201 | 38,821 |
| Western Virginia EMS | 7,352 | 7,352 | 7,352 | - |
| Contribution to REMSI | 106,981 | 129,805 | 129,805 | - |
| Total Fire and Rescue Services | \$ 593,197 | \$ 690,688 | \$ 580,981 | \$ 109,707 |
| Correction and Detention: | | | | |

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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) | | | | |
| Pretrial Services Grant | \$ 227,173 | \$ 297,266 | \$ 278,209 | \$ 19,057 |
| Community Corrections | 449,860 | 498,150 | 469,235 | 28,915 |
| Total Correction and Detention | <u>\$ 2,879,164</u> | <u>\$ 3,003,832</u> | <u>\$ 2,756,254</u> | <u>\$ 247,578</u> |
| Inspections: | | | | |
| Building Inspections | \$ 150,627 | \$ 150,627 | \$ 149,443 | \$ 1,184 |
| Code Enforcement | 49,346 | 49,346 | 47,938 | 1,408 |
| Total Inspections | <u>\$ 199,973</u> | <u>\$ 199,973</u> | <u>\$ 197,381</u> | <u>\$ 2,592</u> |
| Other Protection: | | | | |
| Animal Control | \$ 247,917 | \$ 270,320 | \$ 252,259 | \$ 18,061 |
| Medical Examiner | 500 | 520 | 620 | (100) |
| Emergency Management | 89,161 | 107,459 | 109,552 | (2,093) |
| Emergency Services Grants | - | 111,943 | 102,756 | 9,187 |
| Total Other Protection | <u>\$ 337,578</u> | <u>\$ 490,242</u> | <u>\$ 465,187</u> | <u>\$ 25,055</u> |
| Total Public Safety | <u>\$ 7,251,165</u> | <u>\$ 7,779,171</u> | <u>\$ 7,240,425</u> | <u>\$ 538,746</u> |
| Public Works: | | | | |
| Sanitation and Waste Removal: | | | | |
| General Engineering | \$ 124,142 | \$ 131,006 | \$ 126,994 | \$ 4,012 |
| Landfill | 60,330 | 99,630 | 92,091 | 7,539 |
| Clean Community Council | 46,892 | 46,892 | 25,767 | 21,125 |
| Total Sanitation and Waste Removal | <u>\$ 231,364</u> | <u>\$ 277,528</u> | <u>\$ 244,852</u> | <u>\$ 32,676</u> |
| Maintenance of General Building and Grounds: | | | | |
| General Properties | \$ 727,818 | \$ 783,034 | \$ 763,217 | \$ 19,817 |
| Cleaning Services | 162,801 | 164,693 | 150,437 | 14,256 |
| NRV Salaries and Benefits Reimbursement | 161,592 | 164,171 | 157,653 | 6,518 |
| NRV Airport Maintenance Contribution | 74,921 | 74,921 | 74,921 | - |
| Property cleanup | 5,000 | 5,000 | 17,011 | (12,011) |
| Total Maintenance of General Buildings and Grounds | <u>\$ 1,132,132</u> | <u>\$ 1,191,819</u> | <u>\$ 1,163,239</u> | <u>\$ 28,580</u> |
| Total Public Works | <u>\$ 1,363,496</u> | <u>\$ 1,469,347</u> | <u>\$ 1,408,091</u> | <u>\$ 61,256</u> |
| Health and Welfare: | | | | |
| Health: | | | | |
| Supplement of Local Health Department | \$ 295,886 | \$ 295,886 | \$ 279,768 | \$ 16,118 |
| Mental health and mental Retardation: | | | | |
| Community Services Board | \$ 89,646 | \$ 89,646 | \$ 89,646 | - |
| Welfare: | | | | |
| Public Assistance | \$ 6,017,800 | \$ 6,623,126 | \$ 5,963,952 | \$ 659,174 |
| Welfare Administration | 90,914 | 90,914 | 96,509 | (5,595) |
| Comprehensive Services Act-Administration | 146,739 | 146,739 | 62,099 | 84,640 |
| Comprehensive Services Act | 3,667,409 | 4,305,894 | 4,096,254 | 209,640 |
| Area Agency on Aging | 16,485 | 16,485 | 16,485 | - |
| Office on Youth | 79,200 | 104,050 | 103,605 | 445 |
| Pulaski Area Transit | 62,300 | 62,300 | 62,300 | - |
| New River Community Action | 52,757 | 52,757 | 52,757 | - |
| NRV Disability Services | 10,598 | 10,598 | 10,598 | - |
| Virginia Juvenile Commission on Crime | 48,746 | 51,350 | 50,733 | 617 |
| Fairview District Home | 89,397 | 89,397 | 89,397 | - |
| Brain Injury Services of SWVa | 5,000 | 5,000 | 5,000 | - |
| RSVP Program | 12,886 | 12,886 | 12,886 | - |

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ 4,500 | \$ 4,500 | \$ 4,500 | - |
| Children's Advocacy Program | 1,000 | 1,000 | 1,000 | - |
| NRV Cares | 4,600 | 4,600 | 4,600 | - |
| Free Clinic of Pulaski County | 27,000 | 27,000 | 27,000 | - |
| Literacy Volunteers of America | 3,084 | 3,084 | 3,084 | - |
| Commission on Children and Families | - | 45,827 | 45,544 | 283 |
| Goodwill Industries | 14,992 | 14,992 | 14,992 | - |
| Total Welfare | <u>\$ 10,355,407</u> | <u>\$ 11,672,499</u> | <u>\$ 10,723,295</u> | <u>\$ 949,204</u> |
| Total Health and Welfare | <u>\$ 10,740,939</u> | <u>\$ 12,058,031</u> | <u>\$ 11,092,709</u> | <u>\$ 965,322</u> |
| Education: | | | | |
| Other Instructional Costs: | | | | |
| Contribution to New River Community College | \$ 15,691 | \$ 23,537 | \$ 15,691 | \$ 7,846 |
| Contribution to Pulaski County School Board | 10,818,396 | 11,197,540 | 10,272,595 | 924,945 |
| Total Education | <u>\$ 10,834,087</u> | <u>\$ 11,221,077</u> | <u>\$ 10,288,286</u> | <u>\$ 932,791</u> |
| Parks, Recreation and Cultural: | | | | |
| Parks and Recreation: | | | | |
| Parks | \$ 21,260 | \$ 34,258 | \$ 34,713 | \$ (455) |
| Recreation | 292,934 | 347,430 | 347,765 | (335) |
| Friends of Claytor Lake | 26,621 | 52,165 | 53,223 | (1,058) |
| Randolph Park | 258,596 | 289,450 | 284,255 | 5,195 |
| County Celebration - Fire works | 15,000 | 15,000 | - | 15,000 |
| Claytor Lake Celebration | 5,000 | 15,866 | 16,364 | (498) |
| Total Parks and Recreation | <u>\$ 619,411</u> | <u>\$ 754,169</u> | <u>\$ 736,320</u> | <u>\$ 17,849</u> |
| Cultural Enrichment: | | | | |
| Fine Arts Center | \$ 13,660 | \$ 16,160 | \$ 16,160 | - |
| Historical Landmarks | 6,000 | 6,000 | 6,000 | - |
| County History Publication | 2,500 | 3,500 | 11 | 3,489 |
| Friends of the Pulaski Theater | 2,500 | 5,000 | 5,000 | - |
| Return to Roots | - | - | 2,500 | (2,500) |
| Jamestown 2007 Celebration | - | 1,150 | 985 | 165 |
| Total Cultural Enrichment | <u>\$ 24,660</u> | <u>\$ 31,810</u> | <u>\$ 30,656</u> | <u>\$ 1,154</u> |
| Library: | | | | |
| Library Administration | \$ 575,288 | \$ 596,418 | \$ 542,417 | \$ 54,001 |
| Total Parks, Recreation and Cultural | <u>\$ 1,219,359</u> | <u>\$ 1,382,397</u> | <u>\$ 1,309,393</u> | <u>\$ 73,004</u> |
| Community Development: | | | | |
| Planning and Community Development: | | | | |
| Community Development | \$ 99,208 | \$ 103,364 | \$ 92,746 | \$ 10,618 |
| Economic Development | 50,677 | 49,977 | 46,939 | 3,038 |
| Chamber of Commerce | 40,000 | 44,000 | 40,000 | 4,000 |

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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 | \$ 12,269 | \$ - |
| Cooperative Extension Program: | | | | |
| Extension Office | \$ 99,304 | \$ 99,304 | \$ 91,001 | \$ 8,303 |
| Total Community Development | \$ 499,010 | \$ 6,372,350 | \$ 4,612,962 | \$ 1,759,388 |
| Debt Service: | | | | |
| Principal Retirement | \$ 1,707,119 | \$ 9,442,120 | \$ 9,442,120 | \$ - |
| Interest and Other Fiscal Charges | 1,756,735 | 2,430,800 | 1,590,316 | 840,484 |
| Total Debt Service | \$ 3,463,854 | \$ 11,872,920 | \$ 11,032,436 | \$ 840,484 |
| Total General Fund | \$ 38,920,912 | \$ 55,974,694 | \$ 50,476,683 | \$ 5,498,011 |
| Major Capital Project Fund: | | | | |
| School Construction Fund: | | | | |
| Capital Projects: | | | | |
| Riverlawn Elementary School | \$ 1 | \$ 2,287,545 | \$ 685,058 | \$ 1,602,487 |
| Total School Construction Fund | \$ 1 | \$ 2,287,545 | \$ 685,058 | \$ 1,602,487 |
| Non-Major Capital Project Fund: | | | | |
| County CIP Fund: | | | | |
| General Government Administration: | | | | |
| General and Financial Administration: | | | | |
| Information Technology | \$ 10,000 | \$ 21,540 | \$ 4,257 | \$ 17,283 |
| Communications | 35,000 | 281,203 | 33,839 | 247,364 |
| Total General and Financial Administration | \$ 45,000 | \$ 302,743 | \$ 38,096 | \$ 264,647 |
| Public Safety | | | | |
| Law Enforcement and Traffic Control: | | | | |
| Sheriff | \$ 115,000 | \$ 316,103 | \$ 125,337 | \$ 190,766 |
| Fire and Rescue Services: | | | | |
| Volunteer Fire Departments | \$ 205,000 | \$ 230,085 | \$ 4,973 | \$ 225,112 |
| Total Public Safety | \$ 320,000 | \$ 546,188 | \$ 130,310 | \$ 415,878 |
| Health and Welfare: | | | | |
| Health: | | | | |
| Health department roof | \$ - | \$ 80,453 | \$ 100,179 | \$ (19,726) |
| Education: | | | | |
| Other Instructional Costs: | | | | |
| Capital Improvements | \$ 400,000 | \$ 570,445 | \$ 224,150 | \$ 346,295 |

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2010

| <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) | | | | |
| Community Development: | | | | |
| Planning and Community Development: | | | | |
| Planning and Zoning | \$ - | \$ 8,000 | \$ 8,061 | \$ (61) |
| County building improvements | 400,000 | 3,673,785 | 400,700 | 3,273,085 |
| Other community development | - | 1,272 | 81,238 | (79,966) |
| Contribution to REMSI | 85,000 | 238,000 | 238,000 | - |
| Contribution to IDA | - | 367,000 | 447,615 | (80,615) |
| Total Planning and Community Development | \$ 253,000 | \$ 3,571,985 | \$ 958,622 | \$ 2,613,363 |
| Total County CIP Fund | \$ 1,111,345 | \$ 5,555,314 | \$ 1,696,020 | \$ 3,859,294 |
| Total | 1,111,345 | 5,555,314 | 1,696,020 | 3,859,294 |

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 |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|----------------------------|---------------|
| 2009-10 | \$ 2,227,515 | \$ 1,548,396 | \$ 7,995,638 | \$ 1,480,384 | \$ 11,030,808 | \$ 10,321,494 | \$ 1,345,770 | \$ 5,006,587 | \$ 1,661,533 | \$ 42,618,125 |
| 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 |

Table 2

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

| Fiscal Year | Program Revenues | | | General Revenues | | | | | Grants and Contributions Not Restricted to Specific Programs | Total |
|-------------|----------------------|------------------------------------|----------------------------------|------------------------|-------------------|----------------------------------|---------------|--------------|--|-------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | General Property Taxes | Other Local Taxes | Unrestricted Investment Earnings | Miscellaneous | | | |
| 2009-10 | \$ 1,212,825 | \$ 12,010,339 | \$ 3,682,304 | \$ 21,173,271 | \$ 5,171,842 | \$ 297,227 | \$ 208,630 | \$ 2,631,288 | \$ 46,387,726 | |
| 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 | |

**County of Pulaski, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years**

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education (2) | Parks, Recreation, and Cultural | Community Development | Non-Departmental | Debt Service (3) | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|------------------|------------------|---------------|
| 2009-10 | \$ 1,982,852 | \$ 1,547,625 | \$ 7,370,735 | \$ 1,408,091 | \$ 11,192,898 | \$ 47,643,617 | \$ 1,397,056 | \$ 5,571,584 | \$ - | \$ 11,032,436 | \$ 89,146,884 |
| 2008-09 | 2,593,215 | 1,479,957 | 7,241,921 | 1,468,888 | 10,394,049 | 48,062,018 | 1,397,056 | 5,571,584 | - | 3,293,977 | 81,492,675 |
| 2007-08 | 2,121,307 | 1,330,527 | 7,030,814 | 1,268,510 | 9,669,237 | 46,646,147 | 1,399,957 | 1,596,685 | - | 2,634,931 | 73,698,115 |
| 2006-07 | 2,102,862 | 1,270,573 | 7,521,231 | 1,142,631 | 8,532,401 | 45,176,749 | 1,336,274 | 1,025,802 | - | 2,003,993 | 70,112,516 |
| 2005-06 | 1,760,809 | 1,123,294 | 6,704,826 | 1,089,401 | 8,386,534 | 42,441,597 | 1,425,356 | 4,371,013 | 7,818 | 2,295,970 | 69,616,418 |
| 2004-05 | 1,674,073 | 1,080,946 | 5,560,193 | 952,694 | 7,707,076 | 41,485,801 | 1,281,964 | 474,394 | - | 2,452,233 | 62,669,374 |
| 2003-04 | 1,563,617 | 982,095 | 5,193,199 | 861,974 | 7,203,941 | 36,749,954 | 1,237,532 | 449,950 | - | 2,563,189 | 56,805,451 |
| 2002-03 | 1,803,091 | 986,582 | 5,574,657 | 837,842 | 5,600,114 | 36,261,301 | 1,177,918 | 2,072,037 | - | 1,286,574 | 55,600,116 |
| 2001-02 | 1,441,977 | 977,680 | 4,913,502 | 807,739 | 5,441,584 | 34,183,893 | 961,513 | 372,413 | - | 2,164,414 | 51,264,695 |
| 2000-01 | 1,515,680 | 915,141 | 4,404,944 | 885,355 | 4,736,900 | 34,111,148 | 839,076 | 264,994 | - | 7,378,486 | 55,051,724 |

(1) Includes Primary Government (excluding School Construction) and its Discretely Presented Component Unit-School Board.

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

(3) Debt service increased in fiscal year 2009-10 due to repayment of the IDA lease revenue note in the amount of \$7,735,000. Debt service increased in fiscal year 2000-01 due to the refunding of \$6,500,000 in School bonds.

Table 4

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

| 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 |
|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| \$ 1,171,842 | \$ 664,789 | \$ 31,439 | \$ 311,542 | \$ 1,528,819 | \$ 222,348 | \$ 1,947,692 | \$ 52,933,326 | \$ 83,647,907 |
| 1,565,919 | 708,997 | 24,895 | 562,575 | 1,551,254 | 536,379 | 1,556,694 | 49,182,768 | 80,803,971 |
| 1,775,619 | 704,918 | 34,685 | 1,540,511 | 1,567,349 | 26,151 | 1,219,985 | 46,144,874 | 77,172,571 |
| 1,580,583 | 125,584 | 46,158 | 804,624 | 1,571,533 | 337,750 | 1,523,869 | 45,088,763 | 74,841,403 |
| 1,972,264 | 131,295 | 41,858 | 443,408 | 1,546,531 | 248,459 | 1,087,512 | 41,256,945 | 68,890,317 |
| 1,393,167 | 128,038 | 42,290 | 132,667 | 1,451,416 | 324,965 | 988,947 | 39,864,833 | 66,431,080 |
| 1,281,449 | 125,968 | 42,329 | 82,074 | 1,882,954 | 392,137 | 1,113,046 | 34,960,933 | 60,818,909 |
| 1,091,930 | 110,761 | 41,060 | 123,122 | 1,454,088 | 510,807 | 1,046,559 | 33,061,944 | 56,638,050 |
| 1,736,025 | 107,427 | 48,290 | 182,732 | 2,325,279 | 310,985 | 604,413 | 32,720,051 | 55,691,390 |
| 1,678,290 | 135,298 | 38,019 | 837,703 | 1,142,027 | 381,615 | 674,446 | 30,909,876 | 53,036,547 |

ing School Construction) and its Discretely Presented Component Unit-School Board.
 overment to Discretely Presented Component Unit-School Board.

Table 5

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

| Fiscal Year | Total Tax Levy (1) | Current Tax Collections (1) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections | Percent of Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes (1) | Percent of Delinquent Taxes to Tax Levy |
|-------------|--------------------|-----------------------------|---------------------------|--------------------------------|-----------------------|--|----------------------------------|---|
| 2009-10 | \$ 22,938,080 | \$ 22,037,293 | 96.07% | \$ 82,243 | \$ 22,119,536 | 96.43% | \$ 2,468,936 | 10.76% |
| 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% |

(1) Includes penalty and interest.

Table 6

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

| Fiscal Year | Real Estate | Personal Property and Mobile Home | Machinery and Tools | Merchants' Capital | Public Service (2) | Total |
|-------------|------------------|-----------------------------------|---------------------|--------------------|--------------------|------------------|
| 2009-10 | \$ 2,627,789,925 | \$ 285,048,023 | \$ 182,554,833 | \$ - | \$ 129,791,012 | \$ 3,225,183,793 |
| 2008-09 | 2,286,209,060 | 311,944,879 | 127,627,258 | - | 91,287,377 | 2,817,068,574 |
| 2007-08 | 1,984,287,485 | 288,718,297 | 174,231,700 | 5,330,647 | 95,857,158 | 2,548,425,287 |
| 2006-07 | 1,913,504,855 | 273,746,922 | 177,909,011 | 5,089,159 | 104,176,431 | 2,474,426,378 |
| 2005-06 | 1,814,259,150 | 288,658,112 | 153,283,772 | 5,202,461 | 104,039,526 | 2,365,443,021 |
| 2004-05 | 1,780,786,569 | 248,618,931 | 170,603,751 | 6,246,179 | 123,962,648 | 2,330,218,078 |
| 2003-04 | 1,529,881,242 | 250,882,360 | 190,311,291 | 7,619,766 | 80,403,745 | 2,059,098,404 |
| 2002-03 | 1,286,185,921 | 253,395,027 | 193,718,350 | 6,053,385 | 83,318,494 | 1,822,671,177 |
| 2001-02 | 1,263,351,827 | 256,306,443 | 180,434,300 | 6,940,767 | 79,355,700 | 1,786,389,037 |
| 2000-01 | 1,216,537,254 | 243,929,790 | 156,636,700 | 7,649,710 | 86,547,367 | 1,711,300,821 |

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

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

Table 7

| Units' | Mobile |
|--------|-----------|
| total | Homes |
| - | \$ 0.50 |
| - | 0.50 |
| 4.80 | 0.62 |
| 4.80 | 0.62 |
| 4.80 | 0.62 |
| 4.80 | 0.62 |
| 4.80 | 0.66/0.62 |
| 4.80 | 0.66 |
| 4.80 | 0.62/0.66 |
| 4.80 | 0.62 |

the first half 2002.
the first half 2004.
009.
'10.

Table 8

Virginia
and Net Bonded Debt per Capita
Years

| | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|----|-----------------|--|----------------------------|
| \$ | 33,006,407 | 1.02% | \$ 940 |
| | 35,315,701 | 1.25% | 1,005 |
| | 36,984,070 | 1.45% | 1,053 |
| | 30,478,933 | 1.23% | 868 |
| | 15,478,557 | 0.65% | 441 |
| | 16,917,563 | 0.73% | 482 |
| | 18,451,174 | 0.90% | 525 |
| | 19,941,066 | 1.09% | 568 |
| | 9,954,240 | 0.56% | 283 |
| | 11,021,522 | 0.64% | 320 |

ipation notes, and literary fund loans. Excludes revenue absences.

Table 9

Debt to Total General

| Total General Governmental Expenditures | Ratio of Debt Service to General Governmental Expenditures |
|--|--|
| 89,146,884 | 12.38% |
| 81,492,675 | 4.04% |
| 73,698,115 | 3.58% |
| 70,112,516 | 2.86% |
| 69,616,418 | 3.30% |
| 62,669,374 | 3.91% |
| 56,805,451 | 4.51% |
| 55,600,116 | 2.31% |
| 51,264,695 | 5.75% |
| 55,051,724 | 13.40% |

Presented Component Unit-

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Members of the Board of Supervisors
County of Pulaski, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated December 8, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (2010-1) described in the accompanying schedule of findings and questioned costs to be a material weakness.

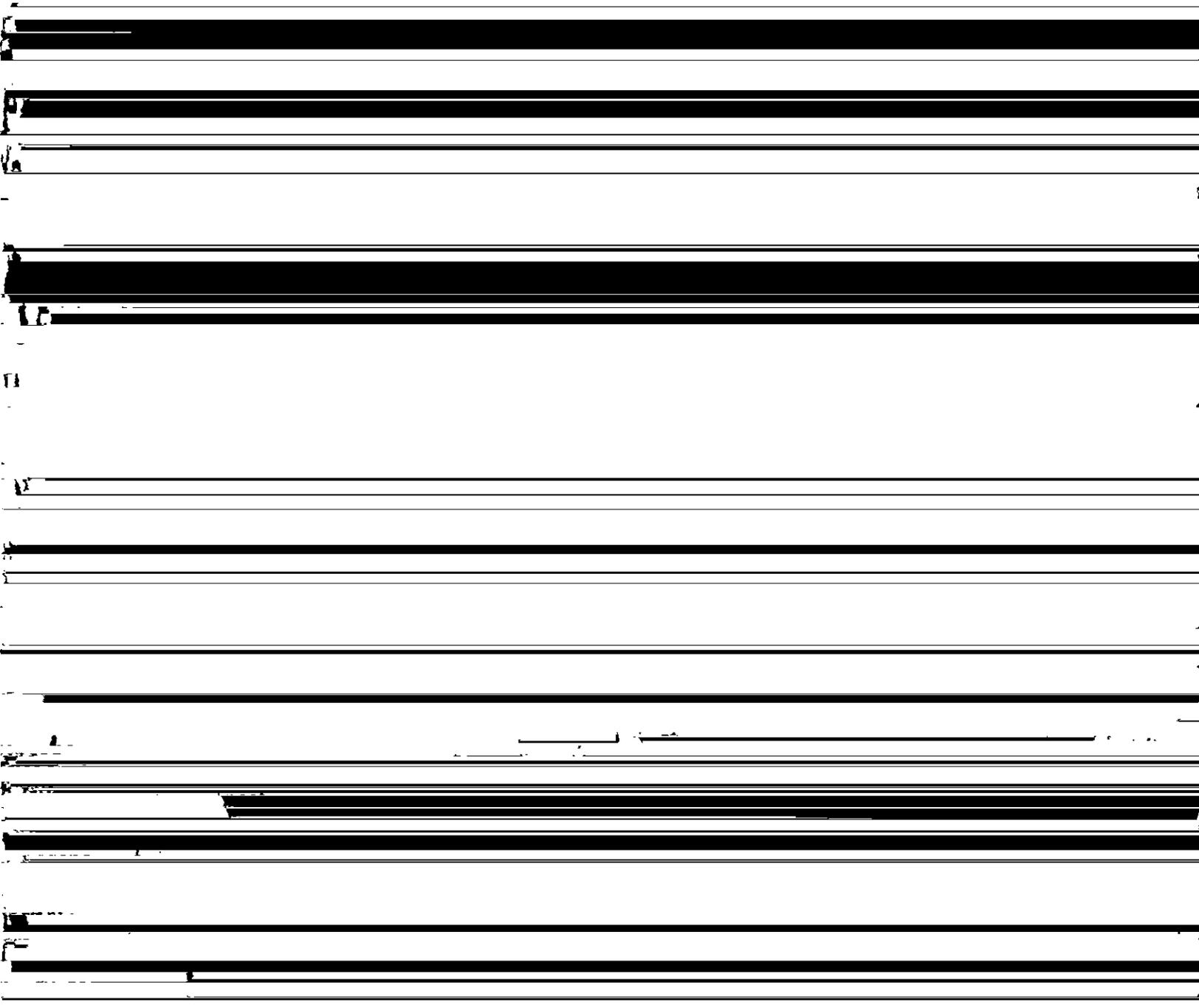
Compliance and Other Matters

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

The County of Pulaski, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the County of Pulaski, Virginia in a separate letter dated December 8, 2010.

This report is intended solely for the information and use of management, the Board of Supervisors,



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Independent Auditors' Report

To the Members of the Board of Supervisors
County of Pulaski, Virginia

Compliance

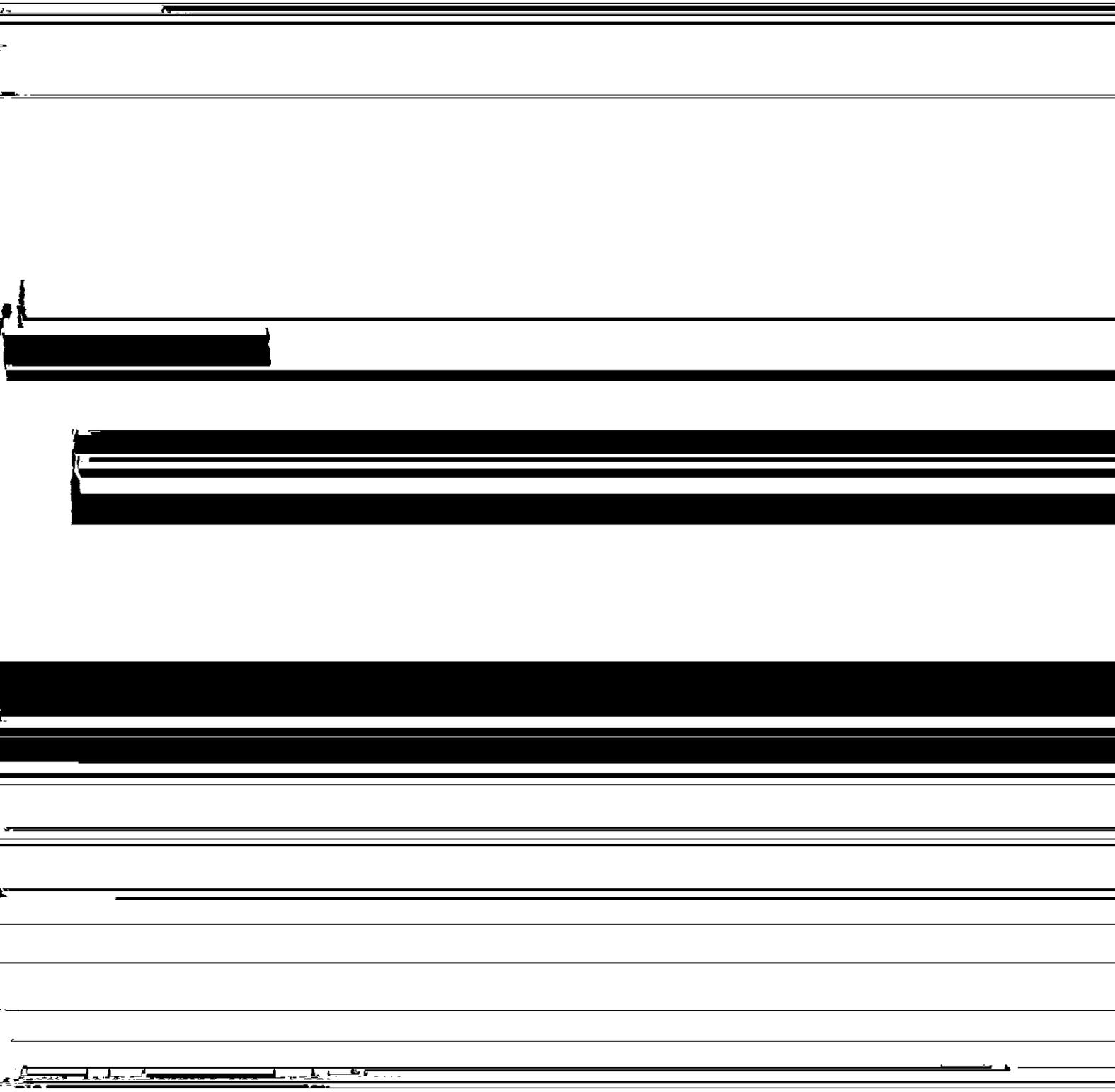
We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County of Pulaski, Virginia's major federal programs for the year ended June 30, 2010. The County of Pulaski, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express an opinion on the County of Pulaski, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Pulaski, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit

In our opinion, except for the noncompliance described in the preceding paragraphs, the County of Pulaski, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the County of Pulaski, Virginia is responsible for establishing and maintaining



County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---|-------------------------|
| Department of Health and Human Services: | | | |
| Pass-through Payments: | | | |
| Department of Social Services: | | | |
| Child Care and Development Fund Cluster: | | | |
| Child Care and Development Block Grant | 93.575 | 90544, 90545 | \$ 113,604 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 90116, 90117, 90118, 90236 90237, 90238, 90378 | 71,625 |
| ARRA - Child Care and Development Block Grant | 93.713 | 90116, 90117, 90118, 90236 90237, 90238, 90378 | 44,358 |
| Promoting Safe and Stable Families | 93.556 | 90249, 90360 | 27,096 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413 | 808,333 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 90113, 90233, 90413, 90713 | 1,118 |
| Low-Income Home Energy Assistance | 93.568 | 90114, 90115, 90234, 90235 | 25,954 |
| Child Welfare Services-State Grants | 93.645 | 90251 | 1,450 |
| Foster Care - Title IV-E | 93.658 | 90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738 | 794,975 |
| ARRA - Foster Care - Title IV-E | 93.658 | 90636, 90637, 90639, 90658 | 94,149 |
| Adoption Assistance | 93.659 | 90108, 90214, 90228, 90408 90606, 90708 | 81,222 |
| ARRA - Adoption Assistance | 93.659 | 90606 | 9,189 |
| Social Services Block Grant | 93.667 | 90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340 | 159,073 |
| Chafee Foster Care Independence Program | 93.674 | 90254 | 12,632 |
| Children's Health Insurance Program | 93.767 | 90102, 90222, 90402, 90702 | 21,475 |
| Medical Assistance Program | 93.778 | 90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746 | 279,118 |
| Chafee Education and Training Vouchers Program | 93.599 | 90353 | 4,923 |
| Total Department of Health and Human Services | | | <u>\$ 2,550,294</u> |
| Department of Agriculture: | | | |
| Pass-through Payments: | | | |
| Department of Agriculture: | | | |
| Child Nutrition Cluster: | | | |
| Food Distribution (Note 3) | 10.555 | 40623 | \$ 117,053 |
| Summer Food Service Program for Children | 10.559 | | 62,050 |
| Total Department of Agriculture | | | <u>\$ 179,103</u> |
| Department of Education: | | | |
| Child Nutrition Cluster: | | | |
| National School Breakfast Program | 10.553 | 40591 | \$ 279,703 |
| National School Lunch Program | 10.555 | 40623 | 827,870 |
| Fresh Fruit and Vegetable Program | 10.582 | 40599 | 25,438 |
| Schools and Roads - Grants to States | 10.665 | 43841 | 28,558 |
| Total Department of Education | | | <u>\$ 1,161,569</u> |

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2010

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|---|-------------------------|
| Department of Agriculture: (continued) | | | |
| Pass-through Payments: (continued) | | | |
| Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704 | \$ 481,663 |
| ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704 | 15,434 |
| Total Department of Social Services | | | \$ 497,097 |
| Direct Payments: | | | |
| Rural Economic Development Grant | 10.854 | Not applicable | \$ 8,287 |
| ARRA - USDA Community Facilities Grants | 10.780 | Not applicable | 25,000 |
| USDA Community Facilities Grants | 10.766 | Not applicable | 3,600,197 |
| Total Direct Payments | | | \$ 3,633,484 |
| Total Department of Agriculture | | | \$ 5,471,253 |
| Department of the Interior: | | | |
| Direct payments: | | | |
| Bureau of Land Management: | | | |
| Payments in Lieu of Taxes | 15.226 | Not applicable | \$ 14,359 |
| Department of Justice: | | | |
| Pass-through Payments: | | | |
| Department of Criminal Justice Services: | | | |
| Crime Victims Assistance | 16.575 | 09VAGX0007 | \$ 90,304 |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to Units of Local Government | 16.804 | | 21,816 |
| Total Department of Justice | | | \$ 112,120 |
| Compensation Board: | | | |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories | 16.803 | 09SUB9033 | \$ 95,996 |
| Total Department of Justice | | | \$ 208,116 |
| Department of Transportation: | | | |
| Pass-through payments: | | | |
| Department of Motor Vehicles: | | | |
| State and Community Highway Safety - Open Container | 20.600 | SC-2010 50357 3977 | \$ 11,326 |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | 52619 | 3,500 |
| Total Department of Transportation | | | \$ 14,826 |
| Department of Education: | | | |
| Pass-through Payments: | | | |
| Department of Education: | | | |
| <i>Title I, Part A Cluster:</i> | | | |
| Title I: Grants to Local Education Agencies | 84.010 | 42892, 42901 | \$ 1,135,768 |
| ARRA - Title I: Grants to Local Education Agencies | 84.389 | 42913 | 291,722 |
| <i>Special Education Cluster:</i> | | | |
| Special Education - Grants to States | 84.027 | 43071 | 801,953 |
| ARRA - Special Education - Grants to States | 84.391 | 61245 | 588,618 |
| Special Education - Preschool Grants | 84.173 | 62521 | 27,699 |
| ARRA - Special Education - Preschool Grants | 84.392 | 62521 | 25,287 |
| <i>Education Technology State Grants Cluster:</i> | | | |
| Education Technology State Grants | 84.318 | 61600 | 316,202 |
| ARRA - Education Technology State Grants | 84.386 | 60897 | 682,330 |
| Career and Technical Education - Basic Grants to States | 84.048 | 61095 | 91,785 |
| Safe and Drug Free Schools and Communities | 84.186 | 65011 | 24,187 |
| Twenty-first Century Community Learning Centers | 84.287 | 60565 | 372,058 |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | | 28,400 |
| International Education - Technological Innovation and Cooperation for Foreign Information Access | 84.337 | 43040 | 184,676 |

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2010

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|-------------------------|
| Appalachian Region Commission: Pass Through Payments: Department of Housing and Community Development: Community development block grant | 14.228 | 50797 | \$ <u>57,107</u> |
| Department of Homeland Security: Pass-through Payments: Department of Emergency Management: Emergency Management Performance Grant | 97.042 | 52749 | \$ 31,204 |
| State Homeland Security Program | 97.073 | 52707 | <u>6,500</u> |
| Total Department of Homeland Security | | | \$ <u>37,704</u> |
| Total Federal Expenditures | | | <u>\$ 16,033,286</u> |

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Pulaski, Virginia.

Note 2 – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 – Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2010, the County had no food commodities in inventory.

Note 4 – 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

\$ 7,004,700

Add: Debt proceeds - County CIP Fund

8,287

Total Primary Government

\$ 7,012,987

Component Unit Schools:

School Operating Fund total

\$ 9,020,299

Total Component Unit Schools

\$ 9,020,299

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 16,033,286

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2010

Section I - Summary of Audited Results

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? Yes

Significant deficiencies? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? Yes

Significant deficiencies? None reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? Yes

Identification of major programs:

| CFDA # | Name of Federal Program or Cluster |
|-----------------------------|--|
| 93.658 | Foster Care-Title IV E |
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 10.561 | SNAP - Cluster |
| 84.010/84.389 | Title I Cluster |
| 84.027/84.173/84.391/84.392 | Special Education - IDEA Cluster |
| 84.318/84.386 | Education Technology Formula Grant |
| 84.394 | State Fiscal Stabilization Funds |
| 93.575/93.596/93.713 | Child Care and Development Funds Cluster |

Dollar threshold used to distinguish between Type A and Type B programs \$480,999

Auditee is qualified as low risk auditee

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section II - Financial Statement Findings

2010-1

Criteria: Per auditing standards, 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, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.

Condition: The County's 2010 adjusted trial balance required significant adjustments that were made by the auditors.

Cause of Condition: The County has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.

Effect of Condition: There is more than a remote likelihood that a material misstatement of the financial statements will not be

prevented or detected by the entity's internal controls over financial reporting.

Management should continue to implement and follow review procedures in order to make adjustments in

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

2010-3

Title VI-B-Special Education-CFDA No. 84.027/84.173/84.391/84.392

Criteria: Per single audit requirements, if an employee's time is allocated to several programs, the percentage allocated to Title VI-B agrees with a contractual percentage.

Condition: Unallowable expenses: A review of payroll expenditures on a test basis disclosed salaries reimbursed in full with Title VI-B funds for employees whose time is split between different programs.

Context: Testing of 40 payroll disbursements revealed that one employee's time was not appropriately allocated based on duties performed.

Cause: Appropriate internal controls are not in place to ensure that each employee's time is allocated appropriately based on contractual agreements and actual duties performed.

Effect: The School Board received more funds from the Federal Government than they would have received otherwise.

Recommendation: Management should put in place appropriate internal controls to ensure that this problem is not recurring in the future.

Management's

~~Response: Management of the School Board has acknowledged that employee time should be allocated based on~~

