

**COUNTY OF PULASKI, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2011**

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**County of Pulaski, Virginia  
Annual Financial Report  
Fiscal Year Ended June 30, 2011**

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## INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

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**Board of Supervisors**

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Frank R. Conner  
Charles R. Bopp

Joseph L. Sheffey, Chair

Ranny L. Akers  
Dean K. Pratt

Gena Hanks, Clerk

**County School Board**

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John Wenrich  
Jeff Bain

Paul Phillips, Chair

Rodell Cruise  
Pamela Chitwood

Heather Freeman, Clerk

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Charles Bopp

Rev, Vicki Houck, Chair

Jeanne Whitman

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Faith Chumbley, Clerk

COUNTY OF PULASKI, VIRGINIA

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Other Officials

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Judge of the Circuit Court..... Colin 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. Glennwood Lookabill  
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.....H. Lee Chitwood  
Judge of the Juvenile and Domestic Relations Court.....Robert C. Viar, Jr  
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.....Dr. Robert T. Becker, Jr  
Director of Social Services.....James C. Wallis  
County Administrator.....Peter M. Huber  
County Attorney.....Thomas J. McCarthy, Jr

## FINANCIAL SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the 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, 2011, 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 the significant estimates made by management, as well as evaluating the overall basic 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, 2011, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

**COUNTY OF PULASKI, VIRGINIA**  
Management's Discussion and Analysis

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The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2011 (FY11) 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 2010-11**

- Total net assets value of the primary government was \$41.0 million at the end of FY 11 based on total assets of \$77.5 million and total liabilities of \$36.5 million (Exhibit 1). As noted in Exhibit 1, these liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs, compensated absences, and other post employment benefits while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 11 combined program and general revenues of \$43.9 million exceeded general expenditures of \$43.6 million by approximately \$0.3 million (Exhibit 2). The increase in net assets is explained further in the Statement of Activities analysis of the Financial Analysis of the County as a Whole section below.
- As described in Exhibit 11, total general fund revenues were \$3.1 million or 6% less than the budgeted \$47.4 million revenue estimate while expenditures were \$7.5 million, or 14% less than the \$55.5 million budgeted expenditures (including transfers). The net change in fund balance was a decrease of \$1.4 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences and landfill monitoring decreased by \$2 million from \$35 million on July 1, 2011 to \$33 million on June 30, 2011 (Note 7). In addition, \$64,376 was added as a net OPEB (Other Post Employment Benefits) in accordance with GASB Statement 45 (Note 10).
- As described in Note 18, the unassigned fund balance as of June 30, 2011 for the primary government/component unit combined was \$10.7 million, or 10% of budgeted FY 12 total County General fund, other governmental funds and Component Units, School Board operating expenditures in the amount of \$102 million. The Board of Supervisors has historically maintained a reserve of the 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 decreased by approximately \$0.9 million. That amount is explained further in the Analysis of the County Funds section below.

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### **Overview of the Financial Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

The County has three kinds of funds:

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



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

The County's combined net assets decreased from \$41 million to \$37.6 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 \$23.8 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 \$0.1 million, from \$5.2 million in FY10 (as restated) to \$5.1 million in FY 11.

**Capital Assets**

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2011, as well as the change in capital assets for FY 10 in millions of dollars:

**Capital Assets:**

	Total Primary Government		Component Unit School Board	
	2011	2010	2011	2010
<b>Non-Depreciable Assets:</b>				
Land	\$ 2.4	\$ 2.4	\$ 0.6	\$ 0.6
Construction in Progress	0.6	21.2	0.0	0.0
<b>Other Capital Assets:</b>				
Buildings and systems	52.6	31.5	19.0	18.7
Machinery and Equipment	10.5	10.4	6.7	6.2

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

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These amounts are part of the Primary Government's capital assets because long-term debt financed these additions. Additional detailed capital asset information can be found in Note 12 in the "Notes to Financial Statements" section of the report.

**Long-Term Debt**

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2011, in millions of dollars:

	Government		School Board	
	2011	2010	2011	2010
General Obligation Bonds	\$ 16.0	\$ 16.9	\$ 0.0	\$ 0.0
Literary Loans	3.7	4.1	0.0	0.0
Lease Revenue Note	11.3	11.9	0.0	0.0
Capital Leases	0.0	0.1	0.0	0.0
Unamortized Bond Premium	0.8	0.9	0.0	0.0
Landfill Post Closure Liability	0.2	0.2	0.0	0.0
Net OPEB Obligation	0.2	0.2	0.6	0.4
Compensated Absences	0.8	0.7	1.4	1.5
<b>Total</b>	<b>\$ 33.0</b>	<b>\$ 35.0</b>	<b>\$ 2.0</b>	<b>\$ 1.9</b>

Long-term debt obligations decreased by \$1.9 million in FY11. 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 11 and the fiscal year ended June 30, 2010(FY10) (in millions) as show in Exhibit 2:

**Summary of Activities:**

	Total Primary Government		Component Unit School Board	
	2011	2010	2011	2010
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for services	\$ 1.3	\$ 1.2	\$ 1.1	\$ 1.0
Operating grants and contributions	11.8	12.0	31.0	34.9
Capital grants and contributions	1.8	3.7	0.0	0.0
<b>General Revenues:</b>				
General property taxes	21.6	21.2	0.0	0.0
Other local taxes	5.6	5.2	0.0	0.0
Other	1.8	3.1	0.2	0.1
Payments from County	0.0	0.0	11.1	10.3
<b>Total Revenues</b>	<b>\$ 43.9</b>	<b>\$ 46.4</b>	<b>\$ 43.4</b>	<b>\$ 46.3</b>
<b>Expenses:</b>				
General government	\$ 2.4	\$ 2.2	\$ -	\$ -
Judicial administration	1.6	1.6	-	-
Public safety	7.8	8.0	-	-
Public works	1.6	1.5	-	-
Health and welfare	10.6	11.0	-	-
Education	12.5	10.3	43.5	47.4
Parks, recreation and cultural	1.5	1.3	-	-
Community development	4.7	5.0	-	-
Interest on long term debt	0.9	1.7	-	-
<b>Total Expenses</b>	<b>\$ 43.6</b>	<b>\$ 42.6</b>	<b>\$ 43.5</b>	<b>\$ 47.4</b>
Changes in Net Assets:	0.3	3.8	(0.1)	(1.1)
Net Assets, Beginning of Year - as restated	40.7	37.2	5.2	5.4
<b>Net Assets, End of Year</b>	<b>\$ 41.0</b>	<b>\$ 41.0</b>	<b>\$ 5.1</b>	<b>\$ 4.3</b>

**Revenues**

For FY 11, revenues from governmental funds totaled \$43.9 million. General property tax revenues, the County's largest revenue source, were \$21.6 million, an increase of \$0.4 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes and meals tax) were \$5.6 million, an increase of approximately \$0.4 million over FY10.

Component unit (School Board) revenues totaled \$43.4 million for FY11, a decrease of \$2.9 million from June 30, 2010 to June 30, 2011. Component Unit State revenues decreased by \$1 million and Component Unit Federal Revenues decreased by \$2.5 million resulting in an increase of local government transfers of \$0.9 million.

**Expenses**

For FY 11, expenses for primary governmental activities totaled \$43.6 million an increase of \$1 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 \$11.1 million to the operation of the Pulaski County schools excluding debt service costs. This accounts

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

for 22% 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 FY11, the general fund reflects a fund balance of \$25.1 million, a decrease of \$0.8 million from FY10. The following table shows a comparison between the fiscal year ended June 30, 2010 amounts to the fiscal year ended June 30, 2011 amounts for the General Fund as shown in Exhibit 5.

**Statement of Revenues, Expenditures and Changes in Fund Balance**

	<b>General Fund</b>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
<b>Revenues:</b>			
General Property Taxes	\$ 21.7	\$ 20.8	\$ 0.9
Other Local Taxes	5.6	5.2	0.4
Permits, Privilege Fees and Regulatory Licenses	0.7	0.7	0.0
Fines and Forfeitures	0.1	0.0	0.1
Revenue from Use of Money and Property	0.3	0.3	0.0
Charges for Services	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	11.1	11.3	(0.2)
Revenue from the Federal Government	3.4	7.0	(3.6)
<b>Total Revenues</b>	<b>\$ 44.2</b>	<b>\$ 46.6</b>	<b>\$ (2.4)</b>
<b>Expenditures:</b>			
General Government Administration	\$ 2.1	\$ 2.0	\$ 0.1
Judicial Administration	1.6	1.5	0.1
Public Safety	7.4	7.2	0.2
Public Works	1.5	1.4	0.1
Health and Welfare	10.8	11.1	(0.3)
Education	11.1	10.3	0.8
Parks, Recreation and Cultural	1.3	1.3	0.0
Community Development	4.6	4.6	0.0
Principal	2.1	9.4	(7.3)
Interest	1.1	1.6	(0.5)
<b>Total Expenditures</b>	<b>\$ 43.6</b>	<b>\$ 50.4</b>	<b>\$ (6.8)</b>
Excess	0.6	(3.8)	4.4
Other Financing Sources (Uses)	(1.4)	5.5	(6.9)
<b>Net Change in Fund Balance</b>	<b>1.7</b>	<b>1.7</b>	<b>0.0</b>
Fund Balance, Beginning of Year	25.9	24.2	1.7
<b>Fund Balance End of Year</b>	<b>\$ 25.1</b>	<b>\$ 25.9</b>	<b>\$ (0.8)</b>

The reduction in general fund federal revenues of \$3.6 million contributed significantly to the overall reduction in revenues. General property tax and local tax revenues increased by \$1.3 million while state revenues decreased slightly resulting in an overall decrease of \$2.4 million to the general fund revenues.

The general fund education expenditure was increased by \$0.8 million due to the ever increasing reduction in state and federal revenues. Debt service principal payments were reduced by \$7.3 million as a result of a \$7 million principal payment due in FY10 regarding the refinancing of the debt on Riverlawn Elementary School. Overall, all other expenditure categories remained fairly consistent with FY10 figures.

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.

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

General Fund Budgetary Highlights

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 20.8	\$ 21.3	\$ 21.7	0.4
Other Local Taxes	5.4	5.4	5.6	0.2
Permits, Fees and Licenses	0.7	0.7	0.7	0.0
Fines and Forfeitures	0.1	0.1	0.1	0.0
Revenue from Use of Money and Property	0.2	0.2	0.3	0.1
Charges for Services	0.4	0.5	0.5	0.0
Miscellaneous	0.1	0.1	0.1	0.0
Recovered Costs	0.5	0.6	0.7	0.1

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

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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.
5. There remains a long-term need for reducing operational costs through joint services, initiatives in the provision of public safety services, tax and utility bill collections and improved property maintenance.
6. The condition of the local, regional, state and national economies and a resulting increase in demand for services should economic conditions not improve soon.

**Contacting the County's Financial Management**

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

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## Basic Financial Statements

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County of Pulaski, Virginia  
Statement of Net Assets  
June 30, 2011

	Primary Government Governmental Activities		Component Units		
			School Board	Public Service Authority	Industrial Development Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 23,639,007	\$ 543,082	\$ 2,828,667	\$ -	\$ -
Investments	1,323,045	-	-	-	-
Receivables (Net of Allowance for Uncollectibles):					
Taxes	1,935,345	-	-	-	-
Accounts Receivable	407,203	-	952,307	-	20,798
Other Local Taxes and Fees	408,116	-	-	-	-
Donations Receivable	7,003	-	-	-	-
Note Receivable	-	-	-	-	7,446,032
Capital Lease Receivable	-	-	-	-	5,802,500
Rent Receivable	-	-	-	-	19,363
Interest Receivable	-	-	-	-	118,257
Prepaid Expenses	-	332,670	-	-	-
Due from Primary Government	-	2,163,043	-	-	-
Due from Other Governmental Units	1,942,046	1,604,254	-	-	-
Advances to Component Units	702,871	-	-	-	-
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents (in Custody of Others)	95,173	-	384,428	-	-
Organization Expense (Net of Accumulated Amortization)	-	-	3,891	-	-
Capital Assets:					
Land	2,434,720	564,527	127,700	-	1,310,934
Building and System	42,681,693	3,732,805	-	-	5,731,733
Machinery and Equipment	1,424,585	1,908,476	1,018,479	-	-
Infrastructure	-	-	16,463,554	-	-
Construction in Progress	551,227	-	5,254,105	-	1,731,744
Total Assets	<u>\$ 77,552,035</u>	<u>\$ 10,848,857</u>	<u>\$ 27,033,132</u>	<u>\$ -</u>	<u>\$ 22,181,361</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 559,050	\$ 213,251	\$ 1,146,196	\$ -	\$ 213,357
Contracts Payable	-	3,543,987	-	-	-
Customer Deposits	-	-	121,131	-	-
Interest Payable	576,957	-	129,395	-	118,257
Due to Component Units	2,163,043	-	-	-	-
Advances Due to Primary Government	-	-	202,871	-	500,000
Unearned Revenue	194,214	-	-	-	-
Long-term Liabilities:					
Due Within One Year	2,199,672	140,881	380,866	-	1,107,035
Due in More Than One Year	30,842,126	1,824,332	9,942,631	-	9,498,945
Total Liabilities	<u>\$ 36,535,062</u>	<u>\$ 5,722,451</u>	<u>\$ 11,923,090</u>	<u>\$ -</u>	<u>\$ 11,437,594</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	\$ 16,717,066	\$ 6,205,808	\$ 12,685,591	\$ -	\$ 6,361,411
Restricted	532,995	-	384,428	-	-
Unrestricted (deficit)	23,766,912	(1,079,402)	2,040,023	-	4,382,356
Total Net Assets	<u>\$ 41,016,973</u>	<u>\$ 5,126,406</u>	<u>\$ 15,110,042</u>	<u>\$ -</u>	<u>\$ 10,743,767</u>

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

**County of Pulaski, Virginia**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government Administration	\$ 2,354,362	\$ 9,083	\$ 263,813	\$ (2,091,466)	\$ -	\$ -	\$ -
Judicial Administration	1,598,836	2,754	1,752,936	156,854	-	-	-
Public Safety	7,767,882	837,305	1,898,633	(5,041,944)	-	-	-
Public Works	1,631,480	59,117	-	(1,572,363)	-	-	-
Health and Welfare	10,646,521	-	7,822,285	(2,824,236)	-	-	-
Education	12,492,540	-	-	(12,492,540)	-	-	-
Parks, Recreation and Cultural	1,461,389	348,731	113,189	(999,479)	-	-	-
Community Development	4,730,543	-	1,282	(2,962,265)	-	-	-
Interest	938,678	-	-	(938,678)	-	-	-
Total Primary Government	\$ 43,622,241	\$ 1,256,980	\$ 11,842,138	\$ (28,756,137)	\$ -	\$ -	\$ -
<b>Component Units:</b>							
School Board	\$ 43,517,662	\$ 1,068,015	\$ 31,069,211	-	\$ (11,380,436)	\$ -	\$ -
Public Service Authority	7,385,333	6,682,235	2,549,815	-	-	1,846,717	-
Industrial Development Authority	1,510,306	548,395	5,610	-	-	-	(956,300)
Total Component Units	\$ 52,413,301	\$ 8,298,645	\$ 33,624,636	-	\$ (11,380,436)	\$ 1,846,717	\$ (956,300)

General Revenues:			
General Property Taxes	\$	21,623,192	\$
Other Local Taxes			
Local Sales and Use Taxes		2,663,145	
Consumers' Utility Taxes		665,641	
Consumption Taxes		105,328	
Motor Vehicle Licenses		544,472	
Bank Stock Taxes		40,734	
Taxes on Recordation and Wills		174,891	
Hotel and Motel Room Taxes		280,430	
Restaurant Food Taxes		1,133,023	
Unrestricted Revenues from Use of Money and Property		329,563	
Miscellaneous		394,290	
Payments from Primary Government		1,040,960	
Grants and Contributions not Restricted to Specific Programs		-	
Gain on Disposal of Capital Assets		-	
Total General Revenues	\$	29,005,669	\$
Change in Net Assets	\$	249,532	\$
Net Asset - Beginning, as restated		40,767,441	
Net Asset - Ending	\$	41,016,973	\$

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

**County of Pulaski, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 23,365,654	\$ 273,353	\$ 23,639,007
Investments	1,235,763	427,398	1,663,161
Receivables (Net of Allowance for Uncollectibles):		-	
Taxes	1,935,345	-	1,935,345
Other Local Taxes and Fees	408,116	-	408,116
Donations	-	7,003	7,003
Due from Other Funds	227,883	-	227,883
Due from Other Governmental Units	1,827,416	114,630	1,942,046
Advances to Component Units	702,871	-	702,871
Total Assets	<u>\$ 29,703,048</u>	<u>\$ 822,384</u>	<u>\$ 30,525,432</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 488,248	\$ 29,424	\$ 517,672
Due to Other Funds	-	107,001	107,001
Due to Component Units	2,163,043	-	2,163,043
Deferred Revenue	1,935,434	-	1,935,434
Total Liabilities	<u>\$ 4,586,725</u>	<u>\$ 136,425</u>	<u>\$ 4,723,150</u>
<b>Fund Balances:</b>			
Restricted	\$ 95,173	\$ 437,822	\$ 532,995
Committed	3,018,706	248,137	3,266,843
Assigned	11,315,692	-	11,315,692
Unassigned	10,686,752	-	10,686,752
Total Fund Balances	<u>\$ 25,116,323</u>	<u>\$ 685,959</u>	<u>\$ 25,802,282</u>

**County of Pulaski, Virginia**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**June 30, 2011**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 25,802,282
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	47,092,226
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,741,220
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds	<u>(33,618,755)</u>
Net Assets of Governmental Activities	<u>\$ 41,016,973</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, 2011**

	<u>General Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General Property Taxes	\$ 21,658,330	\$ -	\$ 21,658,330
Other Local Taxes	5,617,664	-	5,617,664
Permits, Privilege Fees and Regulatory Licenses	692,279	-	692,279
Fines and Forfeitures	37,738	-	37,738
Revenue from Use of Money and Property	327,685	1,878	329,563
Charges for Services	526,973	-	526,973
Miscellaneous	65,192	329,098	394,290
Recovered Costs	742,203	-	742,203
Intergovernmental Revenues:			
Commonwealth	11,149,743	77,551	11,227,294
Federal Government	3,422,780	-	3,422,780
Total Revenues	<u>\$ 44,240,587</u>	<u>\$ 408,527</u>	<u>\$ 44,649,114</u>
<b>EXPENDITURES:</b>			
Current:			
General Government Administration	\$ 2,099,804	\$ 28,152	\$ 2,127,956
Judicial Administration	1,581,628	-	1,581,628
Public Safety	7,368,014	407,661	7,775,675
Public Works	1,541,965	389	1,542,354
Health and Welfare	10,776,432	83,118	10,859,550
Education	11,141,317	2,002	11,143,319
Parks, Recreation and Cultural	1,295,867	251,585	1,547,452
Community Development	4,575,491	296,740	4,872,231
Capital Projects	-	264,503	264,503
Debt Service:			
Principal Retirement	2,094,711	-	2,094,711
Interest and Other Fiscal Charges	1,091,238	-	1,091,238
Total Expenditures	<u>\$ 43,566,467</u>	<u>\$ 1,334,150</u>	<u>\$ 44,900,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 674,120</u>	<u>\$ (925,623)</u>	<u>\$ (251,503)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	\$ -	\$ 1,157,794	\$ 1,157,794
Transfers Out	(1,417,656)	-	(1,417,656)
Total Other Financing Sources (Uses)	<u>\$ (1,417,656)</u>	<u>\$ 1,157,794</u>	<u>\$ (259,862)</u>
Net Change in Fund Balance	\$ (743,536)	\$ 232,171	\$ (511,365)
Fund Balance - Beginning	25,859,859	453,788	26,313,647
Fund Balance - Ending	<u>\$ 25,116,323</u>	<u>\$ 685,959</u>	<u>\$ 25,802,282</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, 2011**

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

Net changes in fund balance - total governmental funds	\$	(511,365)
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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.		(1,349,296)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		(35,138)
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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.		2,148,427
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		<u>(3,096)</u>
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Change in net assets of governmental activities	\$	<u><u>249,532</u></u>
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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, 2011**

	<b>Health Insurance Premiums Fund</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current Assets:		
Receivables (Net of Allowance for Uncollectibles):		
Accounts Receivable	\$ 244,943	\$ 162,260
Total Assets	<u>\$ 244,943</u>	<u>\$ 162,260</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ -	\$ 41,378
Due to Other funds	-	120,882
Reconciled Overdraft	244,943	-
Total Liabilities	<u>\$ 244,943</u>	<u>\$ 162,260</u>
<b>NET ASSETS</b>		
Unrestricted	\$ -	\$ -
Total Net Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**County of Pulaski, Virginia**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2011**

	Health Insurance Premiums Fund	Internal Service Fund
<b>OPERATING REVENUES</b>		
Charges for Services:		
Information Technology Charges	\$ -	\$ 216,952
Garage Charges	-	978,153
Communication Charges	-	109,467
Other Revenues		
Miscellaneous		1,461
Insurance premiums	4,922,251	-
Total Operating Revenues	<u>\$ 4,922,251</u>	<u>\$ 1,306,033</u>
<b>OPERATING EXPENSES</b>		
Information Technology	\$ -	\$ 363,526
Central Garage	-	1,063,834
Communications	-	138,535
Insurance claims and expenses	4,922,251	-
Total Operating Expenses	<u>\$ 4,922,251</u>	<u>\$ 1,565,895</u>
Operating Income (Loss)	<u>\$ -</u>	<u>\$ (259,862)</u>
Transfer In	<u>\$ -</u>	<u>\$ 259,862</u>
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 Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Health Insurance Premiums Fund</u>	<u>Internal Service Fund</u>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Charges to County Department and other organizations	\$ -	\$ 1,254,282
Payments to suppliers for goods and services	-	(1,069,561)
Payments to employees for services	-	(446,044)
Receipts for insurance premiums	4,677,308	-
Payments for insurance premiums	(4,922,251)	-
Total cash provided (used) by operating activities	\$ (244,943)	\$ (259,862)
<b>CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers from Other Funds	\$ -	\$ 259,862
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (244,943)	\$ -
Cash and Cash Equivalents - Beginning	\$ -	\$ -
Cash and Cash Equivalents - Ending	\$ (244,943)	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ -	\$ (259,862)
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	\$ (244,943)	\$ (50,290)
Increase (Decrease) in Accounts Payable	-	50,290
Total Adjustments	\$ (244,943)	\$ -
Net Cash Provided (Used) by Operating Activities	\$ (244,943)	\$ (259,862)

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, 2011**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 169,586</u>
Amounts Held for Others:	
Social Services Clients	\$ 40,721
Contractors	51,634
County Employees	<u>77,231</u>
Total amounts held for others	<u>\$ 169,586</u>
Total Liabilities	<u>\$ 169,586</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements  
June 30, 2011

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**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

## COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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### **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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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

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

expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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which is generally in the month preceding receipt by the County.

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



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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

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

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

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

1. Deposits and investments

The government's cash and cash equivalents are restricted to the extent of the following:

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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



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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

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

7. Compensated Absences

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

8. Long-term Obligations

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

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

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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.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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

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

9. Fund Equity (continued)

Nonspendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory.

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation

Committed -items that have been committed by formal action by the entity's "highest level of decision-making authority"; which the County of Pulaski, Virginia considers to be the Board of Directors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Pulaski, Virginia considers

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authority by the Board of Directors.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**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 \$(33,618,755) and \$(1,965,213) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit - School Board</b>
General obligation bonds	\$ (15,971,674)	\$ -
General obligation bond premium	(299,231)	-
Lease revenue note	(11,272,754)	-
Lease revenue premium	(530,569)	-
Literary loans	(3,750,000)	-
Lease purchases		-
Interest payable	(576,957)	-
Landfill post-closure monitoring costs	(242,291)	-
Net OPEB obligation	(214,305)	(556,400)
Compensated absences	(760,974)	(1,408,813)
	<hr/>	<hr/>
Net adjustment to reduce fund balance -total governmental funds to arrive at net assets - governmental activities	\$ (33,618,755)	\$ (1,965,213)

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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

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

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

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100)

component unit, respectively, are as follows:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**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 \$2,148,427 difference in the primary government are as follows:

	<u>Primary Government</u>
Debt issued or incurred:	
Landfill post-closure monitoring costs	\$ (4,983)
Principal payments:	
General obligation bonds	\$ 960,029
Lease purchases	82,732
Literary loans	375,000
<del>Lease purchases</del>	<del>375,000</del>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**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 \$(3,096) and \$(75,839) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit- School Board
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(Increase) decrease in expenditures	(3,096)	(75,839)
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**COUNTY OF PULASKI, VIRGINIA**

Notes to the Financial Statements (Continued)  
June 30, 2011

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**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, no departments had an excess of expenditures over appropriations for fiscal year 2011.

C. Deficit Fund Equity:

At June 30, 2011, there were no funds that had deficit fund equity.

**Note 4- Deposits and Investments:**

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

**Note 4- Deposits and Investments: (continued)**

Deposits: (continued)

public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

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

Custodial Credit Risk: (Investments)

The County's rated debt investments as of June 30, 2011 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<u>Rated Debt Investments</u>	<u>County's Rated Debt Investments' Value</u>		
	<u>Fair Quality Ratings</u>		
	<u>Aaam</u>	<u>A2</u>	<u>AA3</u>
LGIP	\$	6,044,589	

Concentration of Credit Risk:

At June 30, 2011, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 4- Deposits and Investments: (continued)**

External Investment Pools:

The fair value of the positions in the Local Government Investment Pool (LGIP) and the State Non Arbitrage Program (SNAP) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP and SNAP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

**Note 5- Due From Other Governmental Units:**

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

	Primary Government	Component Unit- School Board
Local governments	\$ -	\$ 135,989
Commonwealth of Virginia:		
State sales tax	516,626	704,649
Communication sales tax	130,687	-
Other taxes	3,642	-
Categorical aid-shared expenses	246,760	-
Categorical aid-other	123,355	27,857
Categorical aid-VPA funds	162,911	-
Categorical aid-CSA funds	446,577	-
Federal Government:		
Categorical aid-VPA funds	303,609	-
Categorical aid-other	7,879	735,759
Totals	\$ 1,942,046	\$ 1,604,254

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 6- Interfund/Component-Unit Obligations:**

Fund	Due to	Due from
Primary Government:		
General Fund	\$ 2,163,043	\$ 930,754
County Construction Fund	107,001	-
Internal Service Fund	120,882	-
Component Units:		
IDA	500,000	-
PSA	202,871	-
School Fund	-	2,163,043
Total	<u>\$ 3,093,797</u>	<u>\$ 3,093,797</u>

	Transfers in	Transfers out
Primary Government:		
General Fund	\$ -	\$ 1,417,656
School Construction Fund	246,659	-
County Construction Fund	911,135	-
Internal Service Fund	259,862	-
Total	<u>\$ 1,417,656</u>	<u>\$ 1,417,656</u>

Details of due from component unit amounts are as follows:

Pulaski County Public Service Authority:

Advances to the Authority amounted to \$202,871 at June 30, 2011 as follows:

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

The remaining loan balance of \$73,272 is an interest free loan receivable in 360 monthly payments of \$1,667 through October 1985 beginning on July 1, 1984 then, increasing to \$1,879 in the following month, due to the additional advance, and continuing for the remaining term until the loan is repaid in full.

**COUNTY OF PULASKI, VIRGINIA**

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 7- Long-Term Debt:**

Primary Government- Governmental Activity Indebtedness:

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2011:

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>		<u>June 30, 2011</u>
General obligation bonds	\$ 16,931,703	\$ -	\$ (960,029)	\$	15,971,674
Literary loans	4,125,000	-	(375,000)		3,750,000
Lease revenue note	11,949,704	-	(676,950)		11,272,754
Lease purchase	82,732	-	(82,732)		-
Unamortized bond premiums	888,499	-	(58,699)		829,800
Landfill post-closure monitoring costs	237,308	4,983	-		242,291
Net OPEB obligation	149,929	64,376	-		214,305
Compensated absences	728,393	32,581	-		760,974
<b>Total</b>	<b>\$ 35,093,268</b>	<b>\$ 101,940</b>	<b>\$ (2,153,410)</b>	<b>\$</b>	<b>33,041,798</b>

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
2012	\$ 1,005,625	\$ 644,474	\$ 375,000	\$ 112,500	\$ 685,255	\$ 534,484
2013	1,016,635	604,765	375,000	101,250	727,499	507,493
2014	1,032,883	561,846	375,000	90,000	470,000	480,752
2015	1,049,375	516,308	375,000	78,750	490,000	460,307
2016	1,066,125	470,184	375,000	67,500	510,000	438,253
2017-2021	5,413,211	1,639,624	1,875,000	168,750	2,945,000	1,798,650
2022-2026	3,178,803	679,835	-	-	3,770,000	963,353
2027-2031	1,986,531	209,565	-	-	1,675,000	111,670
2032-2036	51,026	40,894	-	-	-	-
2037-2041	62,692	29,228	-	-	-	-
2042-2046	77,025	14,895	-	-	-	-
2047-2048	31,743	1,246	-	-	-	-
<b>Totals</b>	<b>\$ 15,971,674</b>	<b>\$ 5,412,864</b>	<b>\$ 3,750,000</b>	<b>\$ 618,750</b>	<b>\$ 11,272,754</b>	<b>\$ 5,294,962</b>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 7- Long-Term Debt: (continued)**

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 409,879	\$ 37,887
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	6,540,000	545,000
GO bond	3.75%	1/13/2010	2030	7,465,000	7,225,000	280,000

GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	7,225,000	280,000
GO bond	4.13%	5/30/2008	2048	352,000	347,727	4,118
Subtotal GO bonds					\$ 15,971,675	\$ 1,005,625
Unamortized bond premium	n/a	11/7/2002	2023	436,841	262,105	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	37,125	1,003
Total GO bonds					\$ 16,270,905	\$ 1,028,470

Lease revenue note:						
Lease revenue note	3.5-5.25%	1/1/2007	2007	11,000,000	5,705,000	555,000

COUNTY OF PULASKI, VIRGINIA

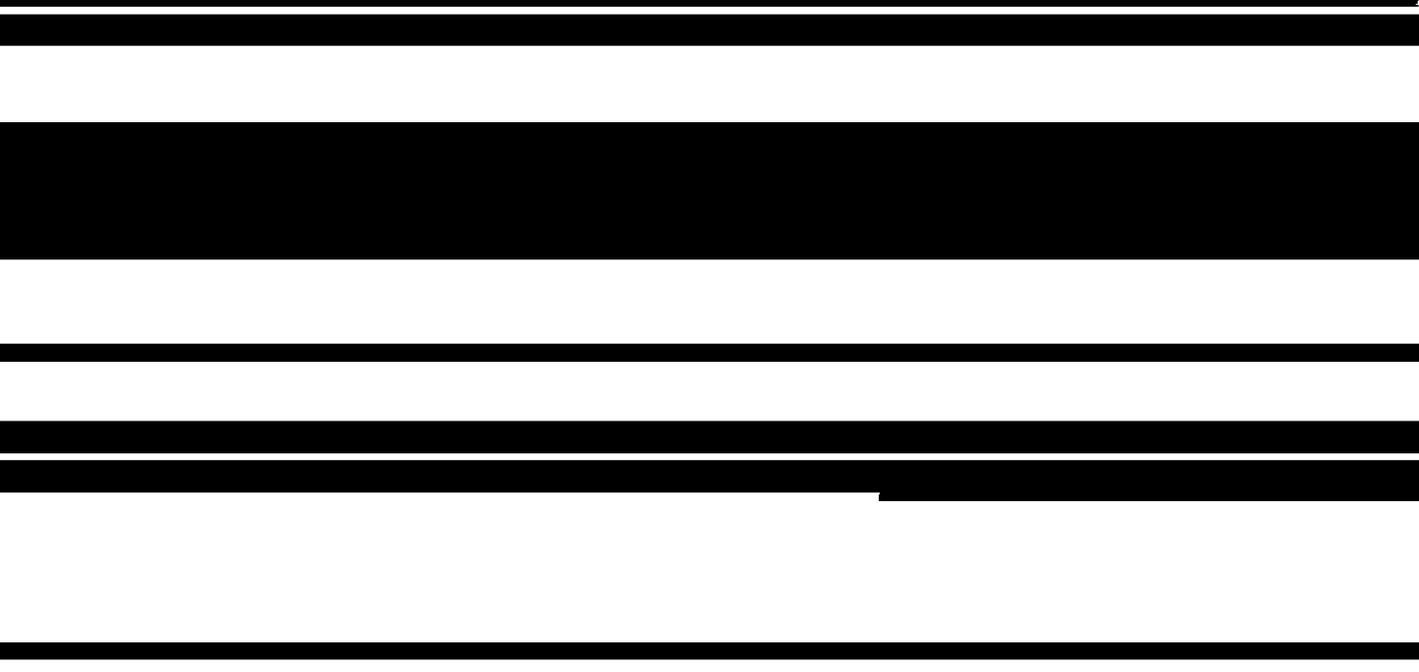
Notes to the Financial Statements (Continued)  
June 30, 2011

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**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:



year ended June 30, 2011.

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Net OPEB obligation	\$ 366,648	\$ 420,600	\$ (230,848)	\$ 556,400
Compensated absences	<u>1,522,726</u>	<u>-</u>	<u>(113,913)</u>	<u>1,408,813</u>
Total	\$ <u>1,889,374</u>	\$ <u>420,600</u>	\$ <u>(344,761)</u>	\$ <u>1,965,213</u>

Details of Long-Term Indebtedness:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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**Note 9- Employee Retirement System and Pension Plan: (continued)**

A. Plan Description: (continued)

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 20 years of service credit. They may retire with a reduced benefit and

age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.

- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Members are eligible for an unreduced

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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**Note 9- 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 compensation toward their retirement. All or part of the 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 2011 was 8.77% of annual covered payroll.

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

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Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 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 rate for the fiscal year ended 2011 was 7.12% of annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2011, the County of Pulaski, Virginia's annual pension cost of \$785,837 and \$155,664 was equal to the County of Pulaski, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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**Note 9- Employee Retirement System and Pension Plan: (continued)**

C. Annual Pension Cost: (continued)

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 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 year. 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 the 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 the 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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

Primary Government:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 82.52% funded. The actuarial accrued liability for benefits was \$42,536,604, and the actuarial value of assets was \$35,102,012, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,434,592. The covered payroll (annual payroll of active employees covered by the plan) was \$9,076,705, and ratio of the UAAL to the covered payroll was 81.91%.

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

As of June 30, 2010, the most recent actuarial valuation date, the plan was 84.48% funded. The actuarial accrued liability for benefits was \$8,850,581, and the actuarial value of assets was \$7,477,351, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,373,230. The covered payroll (annual payroll of active employees covered by the plan) was \$16,158,000, and ratio of the UAAL to the covered payroll was 8.50%.

## COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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### **Note 9- Employee Retirement System and Pension Plan: (continued)**

#### 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 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/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

##### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All of part of the 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 was \$1,860,887, \$1,398,761, and \$1,987,019, for the fiscal years ended 2011, 2010, and 2009, respectively. Employer contributions represented 3.93% for the entire fiscal year 2011, 8.81% from July 2009 through March 2010 and 0.00% from April to June 2010, and 8.81% for the entire fiscal year 2009.

### **Note 10 – 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 a

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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**Note 10 – Other Post-Employment Benefits: (continued)**

B. Funding Policy

The County establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year.

The required contribution is based on projected payee year of financing requirements with an

additional amount to prefund benefits as determined annually by the County. For fiscal year 2011, the County and School Board contributed \$22,000 and \$230,848, 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 is provided

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 10-Other Postemployment Benefits: (continued)**

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

	County	School Board	Total
Annual required contribution	\$ 107,500	\$ 421,500	\$ 529,000
Interest on net OPEB obligation	5,997	15,700	21,697
Adjustment to annual required contribution	(27,121)	(16,600)	(43,721)
Annual OPEB cost (expense)	86,376	420,600	506,976
Actual contributions	(22,000)	(230,848)	(252,848)
Increase in net OPEB obligation	64,376	189,752	254,128
Net OPEB obligation - beginning of year	149,929	366,648	516,577
Net OPEB obligation - end of year	\$ 214,305	\$ 556,400	\$ 770,705

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	\$ 452,872	27%	\$ 665,601
6/30/2010	368,277	33%	516,577
6/30/2011	506,976	50%	770,705

D. Funded Status and Funding Progress

The funded status of the Plan (County and School Board combined) as of July 1, 2010, the most

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

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**Note 10-Other Postemployment Benefits: (continued)**

D. Funded Status and Funding Progress (continued)

and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2010, 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 each year until an ultimate rate of 2 percent is reached. The actuarial

**COUNTY OF PULASKI, VIRGINIA**

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 11-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 is 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's contribution rate was 0.23% of covered payroll.

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 2011, the County's contribution of \$25,089 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

	Annual OPEB Cost	Percentage of ARC	Net OPEB
County:			
June 30, 2010	\$ 21,150	100%	-
June 30, 2011	25,089	100%	-

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 11-VRS Health Insurance Credit – Other Postemployment Benefits: (continued)**

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

	<u>County</u>
	\$ 105,484

Actuarial value of plan assets	\$ 112,486
Unfunded actuarial accrued liability (UAAL)	\$ 82,998
Funded ratio (actuarial value of plan assets/AAL)	57.54%
Covered payroll (active plan members)	\$ 9,076,705
UAAL as a percentage of covered payroll	0.91%

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 employer and plan members) 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 included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 12- Capital Assets:**

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,434,720	\$ -	\$ -	\$ 2,434,720
Construction in progress	21,148,610	401,609	(20,998,992)	551,227
Total capital assets not being depreciated	\$ 23,583,330	\$ 401,609	\$ (20,998,992)	\$ 2,985,947
Capital assets, being depreciated:				
Buildings and systems	\$ 31,501,390	\$ 21,049,387	\$ -	\$ 52,550,777
Machinery and equipment	10,388,674	212,488	(100,525)	10,500,637
Total capital assets being depreciated	\$ 41,890,064	\$ 21,261,875	\$ (100,525)	\$ 63,051,414
Accumulated depreciation for:				
Buildings and systems	\$ (8,620,274)	\$ (1,248,809)	\$ -	\$ (9,869,083)
Machinery and equipment	(8,411,598)	(764,979)	100,525	(9,076,052)
Total accumulated depreciation	\$ (17,031,872)	\$ (2,013,788)	\$ 100,525	\$ (18,945,135)
Total capital assets being depreciated, net	\$ 24,858,192	\$ 19,248,087	\$ (100,525)	\$ 44,106,754

Governmental activities capital assets, net	\$ 48,441,522	\$ 19,649,696	\$ (20,998,992)	\$ 47,092,226
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Primary government administration	\$ 52,051



COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2011

**Note 14- Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

**COUNTY OF PULASKI, VIRGINIA**

Notes to the Financial Statements (Continued)  
June 30, 2011

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**Note 17 – 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. Deferred revenue totaling \$1,935,434 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$194,214 at June 30, 2011.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2011, less amounts received 60 days after the period end totaled \$1,741,220 at June 30, 2011.

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)  
June 30, 2011

**Note 18 – Fund Balance Classifications:**

	<u>General Fund</u>
Restricted For:	
Clerk of Circuit Court	\$ 27,677
Commonwealth Attorney Seized Assets	9,937
Sheriff Seized Assets	4,475
Community Corrections	29,993
Virginia Tourism Grants	5,593
Beans & Rice Micro Solution Grant	17,498
Total Restricted	<u>\$ 95,173</u>
Committed For:	
VDEM Generator Hookup Grant Match	\$ 103,181
CDBG Baskerville Grant Match	48,700
VDOT New River Trail Extension Grant Match	10,094
VDOT T21 Newbern Grant Match	64,231
Phoenix Packaging Economic Development	2,000,000
Communications Fiber Grant Match	600,000
VDOT Round House Road Match	192,500
Total Committed	<u>\$ 3,018,706</u>
Assigned For:	
Sheriff Communications	\$ 277
Building Inspections	4,187
Code Enforcement	2,993
Landfill Agricultural Supplies	704
Office on Youth	1,763
Economic Development	44
Emergency Management HazMat	461
Beans & Rice	10,600
Travis Carty Memorial Funds	1,512
Claytor Lake	39,234
Round the Mountain	2,500
Library	6,895
School Fund Carryover	309,128
VPA Carryover	40,647
Capital Improvements	1,370,996
Miscellaneous	4,488,424

Recreation Facility	5,000,000
New Sheriff's Office	400,000



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**Required Supplementary Information**

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**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, 2011**

	<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>		
<b>REVENUES</b>				
General Property Taxes	\$ 20,797,575	\$ 21,347,193	\$ 21,658,330	\$ 311,137
Other Local Taxes	5,464,000	5,464,000	5,617,664	153,664
Permits, Privilege Fees and Regulatory Licenses	665,000	665,000	692,279	27,279
Fines and Forfeitures	29,400	29,400	37,738	8,338
Revenue from Use of Money and Property	245,000	246,200	327,685	81,485
Charges for Services	443,170	489,775	526,973	37,198
Miscellaneous	62,500	70,032	65,192	(4,840)
Recovered Costs	450,706	616,285	742,203	125,918
Intergovernmental Revenues :				
Commonwealth	10,406,868	10,453,473	11,149,743	696,270
Federal Government	4,247,391	7,979,484	3,422,780	(4,556,704)
Total Revenues	<u>\$ 42,811,610</u>	<u>\$ 47,360,842</u>	<u>\$ 44,240,587</u>	<u>\$ (3,120,255)</u>
<b>EXPENDITURES:</b>				
General Government Administration	\$ 1,980,934	\$ 2,186,041	\$ 2,099,804	\$ 86,237
Judicial Administration	1,629,018	1,723,171	1,581,628	141,543
Public Safety	7,344,123	7,825,691	7,368,014	457,677
Public Works	1,443,711	1,652,613	1,541,965	110,648
Health and Welfare	11,602,479	11,729,452	10,776,432	953,020
Education	11,861,041	12,124,365	11,141,317	983,048
Parks, Recreation and Cultural	1,234,125	1,397,941	1,295,867	102,074
Community Development	749,441	7,127,104	4,575,491	2,551,613
Debt Service:				
Principal Retirement	2,746,557	2,746,557	2,094,711	651,846
Interest and Other Fiscal Charges	1,430,817	1,430,817	1,091,238	339,579
Total Expenditures	<u>\$ 42,022,246</u>	<u>\$ 49,943,752</u>	<u>\$ 43,566,467</u>	<u>\$ 6,377,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 789,364</u>	<u>\$ (2,582,910)</u>	<u>\$ 674,120</u>	<u>\$ 3,257,030</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	\$ (1,275,780)	\$ (5,281,820)	\$ (1,417,656)	\$ 3,864,164
Total Other Financing Sources (Uses)	<u>\$ (1,275,780)</u>	<u>\$ (5,281,820)</u>	<u>\$ (1,417,656)</u>	<u>\$ 3,864,164</u>
Net Change in Fund Balance	\$ (486,416)	\$ (7,864,730)	\$ (743,536)	\$ 7,121,194
Fund Balance - Beginning	-	-	25,859,859	25,859,859
Fund Balance - Ending	<u>\$ (486,416)</u>	<u>\$ (7,864,730)</u>	<u>\$ 25,116,323</u>	<u>\$ 32,981,053</u>

**County of Pulaski, Virginia  
Required Supplementary Information  
Schedules of Funding Progress  
For the Fiscal Year Ended June 30, 2011**

**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, 2010 \$	35,102,012 \$	42,536,604 \$	7,434,592	82.52% \$	9,076,705	81.91%
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%

Discretely Presented Component Unit:

**School Board Non-professional Retirement Plan**

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2010 \$	7,477,351 \$	8,850,581 \$	1,373,230	84.48% \$	2,324,815	59.07%

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**Other Supplementary Information**

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County of Pulaski, Virginia  
Non-Major Funds  
Combining Balance Sheet  
June 30, 2011

	<u>Special Revenue Fund</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Tornado Relief Fund</u>		<u>School CIP Fund</u>	<u>County CIP Fund</u>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 262,929	\$	10,424	\$ -	\$ 273,353
Investments	-		427,398	-	427,398
Receivables (Net of Allowance for Uncollectibles):					-
Donations	7,003		-	-	7,003
Due from Other Governmental Units	-		-	114,630	114,630
<b>Total Assets</b>	<b>\$ 269,932</b>	<b>\$</b>	<b>437,822</b>	<b>\$ 114,630</b>	<b>\$ 822,384</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 21,795	\$	-	7,629	\$ 29,424
Due to Other Funds	-		-	107,001	107,001
<b>Total Liabilities</b>	<b>\$ 21,795</b>	<b>\$</b>	<b>-</b>	<b>\$ 114,630</b>	<b>\$ 136,425</b>
<b>Fund Balances:</b>					
Restricted for:					
Construction	\$ -	\$	437,822	\$ -	\$ 437,822
Committed for:					
Tomado cleanup and assistance	248,137		-	-	248,137
<b>Total Fund Balances</b>	<b>\$ 248,137</b>	<b>\$</b>	<b>437,822</b>	<b>\$ -</b>	<b>\$ 685,959</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 269,932</b>	<b>\$</b>	<b>437,822</b>	<b>\$ 114,630</b>	<b>\$ 822,384</b>

County of Pulaski, Virginia  
Non-Major Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2011

	<u>Special Revenue Fund</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Tornado Relief Fund</u>		<u>School CIP Fund</u>	<u>County CIP Fund</u>	
<b>REVENUES</b>					
Revenue from Use of Money and Property	\$ -	\$ 1,878	\$ -	\$ -	\$ 1,878
Miscellaneous	327,848	-	-	1,250	329,098
Intergovernmental Revenues:					
Commonwealth	-	-	-	77,551	77,551
Total Revenues	<u>\$ 327,848</u>	<u>\$ 1,878</u>	<u>\$ -</u>	<u>\$ 78,801</u>	<u>\$ 408,527</u>
<b>EXPENDITURES:</b>					
Current:					
General Government Administration	\$ -	\$ -	\$ -	\$ 28,152	\$ 28,152
Public Safety	-	-	-	407,661	407,661
Public Works	-	-	-	389	389
Health and Welfare	79,711	-	-	3,407	83,118
Education	-	-	-	2,002	2,002
Parks, Recreation and Cultural	-	-	-	251,585	251,585
Community Development	-	-	-	296,740	296,740
Capital Projects	-	264,503	-	-	264,503
	<u>\$ 79,711</u>	<u>\$ 264,503</u>	<u>\$ -</u>	<u>\$ 989,936</u>	<u>\$ 1,334,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 248,137</u>	<u>\$ (262,625)</u>	<u>\$ -</u>	<u>\$ (911,135)</u>	<u>\$ (925,623)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ -	\$ 246,659	\$ -	\$ 911,135	\$ 1,157,794
Transfers Out	-	-	-	-	-
Proceeds of Indebtedness	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 246,659</u>	<u>\$ -</u>	<u>\$ 911,135</u>	<u>\$ 1,157,794</u>
Net Change in Fund Balance	\$ 248,137	\$ (15,966)	\$ -	\$ -	\$ 232,171
Fund Balance - Beginning	-	453,788	-	-	453,788
Fund Balance - Ending	<u>\$ 248,137</u>	<u>\$ 437,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,959</u>

County of Pulaski, Virginia  
 Non-Major Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2011

	<u>Tornado Relief Fund</u>			
	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	327,848	\$ 327,848
Total Revenues	\$ -	\$ -	327,848	\$ 327,848
<b>EXPENDITURES:</b>				
Current:				
Health and Welfare	\$ -	\$ -	79,711	\$ (79,711)
	\$ -	\$ -	79,711	\$ (79,711)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	248,137	\$ 248,137
Net Change in Fund Balance	\$ -	\$ -	248,137	\$ 248,137
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	248,137	\$ 248,137

County of Pulaski, Virginia  
 Non-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, 2011

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ -	\$ -	\$ 1,878	\$ 1,878
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,878</u>	<u>\$ 1,878</u>
<b>EXPENDITURES:</b>				
Capital Projects	\$ 352,000	\$ 1,391,291	\$ 264,503	\$ 1,126,788
	<u>\$ 352,000</u>	<u>\$ 1,391,291</u>	<u>\$ 264,503</u>	<u>\$ 1,126,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (352,000)</u>	<u>\$ (1,391,291)</u>	<u>\$ (262,625)</u>	<u>\$ 1,128,666</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 352,000	\$ 352,000	\$ 246,659	\$ (105,341)
Total Other Financing Sources (Uses)	<u>\$ 352,000</u>	<u>\$ 352,000</u>	<u>\$ 246,659</u>	<u>\$ (105,341)</u>
Net Change in Fund Balance	\$ -	\$ (1,039,291)	\$ (15,966)	\$ 1,023,325
Fund Balance - Beginning	-	1,039,291	453,788	(585,503)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,822</u>	<u>\$ 437,822</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, 2011**

	<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>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 17,500	\$ 1,250	\$ (16,250)
Intergovernmental Revenues:				
Commonwealth	-	423,967	77,551	(346,416)
Total Revenues	<u>\$ -</u>	<u>\$ 441,467</u>	<u>\$ 78,801</u>	<u>\$ (362,666)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 145,000	\$ 838,157	\$ 28,152	\$ 810,005
Public Safety	213,500	895,017	407,661	487,356
Public Works	-	2,600	389	2,211
Health and Welfare	-	20,455	3,407	17,048
Education	-	1,576	2,002	(426)
Parks, Recreation and Cultural	2,500	615,103	251,585	363,518
Community Development	202,000	2,637,599	296,740	2,340,859
Total Expenditures	<u>\$ 563,000</u>	<u>\$ 5,010,507</u>	<u>\$ 989,936</u>	<u>\$ 4,020,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (563,000)</u>	<u>\$ (4,569,040)</u>	<u>\$ (911,135)</u>	<u>\$ 3,657,905</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 563,000	\$ 4,569,040	\$ 911,135	\$ (3,657,905)
Total Other Financing Sources (Uses)	<u>\$ 563,000</u>	<u>\$ 4,569,040</u>	<u>\$ 911,135</u>	<u>\$ (3,657,905)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**County of Pulaski, Virginia**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bonds</u>	<u>Employee Flexible Benefits</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 40,721	\$ 51,634	\$ 77,231	\$ 169,586
Total Assets	<u>\$ 40,721</u>	<u>\$ 51,634</u>	<u>\$ 77,231</u>	<u>\$ 169,586</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Amounts Held for Others:				
Social Services Clients	\$ 40,721	\$ -	\$ -	\$ 40,721
Contractors	-	51,634	-	51,634
County Employees	-	-	77,231	77,231
Total amounts held for others	<u>\$ 40,721</u>	<u>\$ 51,634</u>	<u>\$ 77,231</u>	<u>\$ 169,586</u>
Total Liabilities	<u>\$ 40,721</u>	<u>\$ 51,634</u>	<u>\$ 77,231</u>	<u>\$ 169,586</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, 2011**

		<b>School Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$	543,082
Prepaid expenses		332,670
Due from Primary Government		2,163,043
Due from Other Governmental Units		1,604,254
Total Assets	\$	<u>4,643,049</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	\$	213,251
Contracts Payable		3,543,987
Total Liabilities	\$	<u>3,757,238</u>
Fund Balances:		
Committed	\$	885,811
Total Fund Balances	\$	885,811
Total Liabilities and Fund Balances	\$	<u>4,643,049</u>
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:		
Total fund balances - per above	\$	885,811
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,205,808
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds		(1,965,213)
Net assets of governmental activities - component unit school board	\$	<u>5,126,406</u>

**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, 2011**

	<u>School Fund</u>
<b>REVENUES</b>	
Revenue from Use of Money and Property	\$ 18,314
Charges for Services	1,068,015
Miscellaneous	151,135
Recovered Costs	1,111,556
Intergovernmental Revenues:	
Local Government	11,125,872
Commonwealth	24,581,837
Federal Government	6,487,374
Total Revenues	<u>\$ 44,544,103</u>
<b>EXPENDITURES:</b>	
Current:	
Education	\$ 44,551,091
Total Expenditures	<u>\$ 44,551,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,988)</u>
Net Change in Fund Balance	\$ (6,988)
Fund Balance - Beginning	892,799
Fund Balance - Ending	<u>\$ 885,811</u>

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)

are different because:

Net change in fund balance - total governmental funds - per above	\$ (6,988)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of

**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, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ 18,000	\$ 18,000	\$ 18,314	\$ 314
Charges for Services	1,147,000	1,147,000	1,068,015	(78,985)
Miscellaneous	5,000	13,599	151,135	137,536
Recovered Costs	904,845	1,198,989	1,111,556	(87,433)
Intergovernmental Revenues:				
Local Government	11,845,596	12,108,920	11,125,872	(983,048)
Commonwealth	24,143,145	23,337,516	24,581,837	1,244,321
Federal Government	8,409,193	9,400,248	6,487,374	(2,912,874)
Total Revenues	\$ 46,472,779	\$ 47,224,272	\$ 44,544,103	\$ (2,680,169)
<b>EXPENDITURES:</b>				
Current:				
Education	\$ 46,472,779	\$ 48,063,367	\$ 44,551,091	\$ 3,512,276
Total Expenditures	\$ 46,472,779	\$ 48,063,367	\$ 44,551,091	\$ 3,512,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (839,095)	\$ (6,988)	\$ 832,107
Net Change in Fund Balance	\$ -	\$ (839,095)	\$ (6,988)	\$ 832,107
Fund Balance - Beginning	-	-	892,799	892,799
Fund Balance - Ending	\$ -	\$ (839,095)	\$ 885,811	\$ 1,724,906

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## Supporting Schedules

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**County of Pulaski, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

<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	\$ 13,866,200	\$ 14,066,200	\$ 14,080,746	\$ 14,546
Real and personal public service corporation taxes	702,000	702,000	727,484	25,484
Personal property taxes	3,425,000	3,725,000	3,724,323	(677)
Mobile home taxes	-	-	37,345	37,345
Machinery and tools taxes	2,544,375	2,544,375	2,640,561	96,186
Merchant's capital taxes	-	-	948	948
Penalties	125,000	149,809	201,442	51,633
Interest	125,000	149,809	203,803	53,994
Collection fees	10,000	10,000	41,678	31,678
Total General Property Taxes	<u>\$ 20,797,575</u>	<u>\$ 21,347,193</u>	<u>\$ 21,658,330</u>	<u>\$ 311,137</u>
Other Local Taxes:				
Local sales and use taxes	\$ 2,700,000	\$ 2,700,000	\$ 2,663,145	\$ (36,855)
Consumers' utility taxes	657,000	657,000	665,641	8,641
E-911 telephone taxes	-	-	10,000	10,000
Consumption taxes	77,000	77,000	105,328	28,328
Motor vehicle licenses	470,000	470,000	544,472	74,472
Bank stock taxes	20,000	20,000	40,734	20,734
Taxes on recordation and wills	180,000	180,000	174,891	(5,109)
Hotel and motel room taxes	310,000	310,000	280,430	(29,570)
Restaurant food taxes	1,050,000	1,050,000	1,133,023	83,023
Total Other Local Taxes	<u>\$ 5,464,000</u>	<u>\$ 5,464,000</u>	<u>\$ 5,617,664</u>	<u>\$ 153,864</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 27,926	\$ 12,926
Business licenses	530,000	530,000	532,017	2,017
Land use application fees	1,000	1,000	413	(587)
Transfer fees	2,500	2,500	972	(1,528)
Zoning and subdivision permits	5,000	5,000	7,370	2,370
Erosion and sediment control permits	2,500	2,500	2,900	400
Building permits	109,000	109,000	120,681	11,681
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 665,000</u>	<u>\$ 665,000</u>	<u>\$ 692,279</u>	<u>\$ 27,279</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 26,400	\$ 26,400	\$ 35,055	\$ 8,655
Interest on local fines	3,000	3,000	2,683	(317)
Total Fines and Forfeitures	<u>\$ 29,400</u>	<u>\$ 29,400</u>	<u>\$ 37,738</u>	<u>\$ 8,338</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 225,000	\$ 225,000	\$ 302,755	\$ 77,755
Revenue from use of property	20,000	21,200	24,930	3,730
Total Revenue from Use of Money and Property	<u>\$ 245,000</u>	<u>\$ 246,200</u>	<u>\$ 327,685</u>	<u>\$ 81,485</u>
Charges for Services:				
Charges for clerk copies	\$ 8,000	\$ 8,000	\$ 8,293	\$ 293
Charges for courthouse maintenance	18,000	18,000	18,585	585
Charges for courthouse security	73,000	73,000	76,928	3,928
Fees of Sheriff	2,500	2,655	5,125	2,470
Share of seized property	-	3,295	3,665	370
Charges for Commonwealth's Attorney	2,000	2,000	2,754	754
Miscellaneous jail and inmate fees	4,800	4,800	4,799	(1)
Concealed handgun permits	6,000	6,000	5,700	(300)
Sale of maps and publications	600	600	790	190
Town tax book preparation	470	470	-	(470)
Charges for parks and recreation	258,700	299,757	323,271	23,514
Charges for animal pound	7,000	7,000	11,071	4,071

**County of Pulaski, Virginia**  
**Schedule of Revenues-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

<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	\$ 40,000	\$ 40,145	\$ 40,532	\$ 387
Charges for library	22,100	24,053	25,480	1,407
Total Charges for Services	<u>\$ 443,170</u>	<u>\$ 489,775</u>	<u>\$ 526,973</u>	<u>\$ 37,198</u>
Miscellaneous:				
Miscellaneous	\$ 62,500	\$ 70,032	\$ 65,192	\$ (4,840)
Recovered Costs:				
Administrative fees	\$ 88,000	\$ 115,966	\$ 91,926	\$ (24,040)
Airport recoveries	166,196	170,334	170,822	488
Juror costs	6,500	6,500	4,860	(1,640)
Circuit court secretary	12,788	12,788	12,250	(538)
Town reimbursement-fire works	10,000	10,000	-	(10,000)
CSA recoveries	10,000	10,000	224,390	214,390
Insurance recoveries	-	-	3,702	3,702
Parks and recreation	-	37,976	45,396	7,420
Public safety recoveries	146,222	212,586	121,402	(91,184)
Public works recoveries	-	25,000	25,000	-
Health department recoveries	9,000	9,000	33,655	24,655
Welfare recoveries	2,000	2,000	7,175	5,175
Hazardous material response	-	4,135	1,625	(2,510)
Total Recovered Costs	<u>\$ 450,706</u>	<u>\$ 616,285</u>	<u>\$ 742,203</u>	<u>\$ 125,918</u>
Total Revenue from Local Sources	<u>\$ 28,157,351</u>	<u>\$ 28,927,885</u>	<u>\$ 29,668,064</u>	<u>\$ 740,179</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical Aid:				
Motor vehicle carriers' tax	\$ 38,000	\$ 40,944	\$ 37,963	\$ (2,981)
Mobile home titling tax	35,000	35,000	27,613	(7,387)
Motor vehicle rental tax	23,000	23,000	1,909	(21,091)
Grantor's tax	104,000	104,000	87,718	(16,282)
Telecommunication taxes	800,000	800,000	858,183	58,183
Personal property tax relief funds	1,275,623	1,275,623	1,594,529	318,906
Total Non-categorical Aid	<u>\$ 2,275,623</u>	<u>\$ 2,278,567</u>	<u>\$ 2,607,915</u>	<u>\$ 329,348</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 553,536	\$ 553,536	\$ 548,627	\$ (4,909)
Sheriff	1,676,643	1,676,643	1,633,219	(43,424)
Commissioner of the Revenue	123,084	123,084	122,392	(692)
Treasurer	100,538	100,538	100,655	117
Medical Examiner	1,800	1,800	-	(1,800)
Registrar/Electoral Board	44,004	44,004	40,766	(3,238)
Clerk of the Circuit Court	323,422	331,777	352,275	20,498
Total Shared Expenses	<u>\$ 2,823,027</u>	<u>\$ 2,831,382</u>	<u>\$ 2,797,934</u>	<u>\$ (33,448)</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 1,545,910	\$ 1,574,716	\$ 2,174,210	\$ 599,494
Comprehensive Services Act (CSA)	2,529,969	2,529,969	2,436,603	(93,366)
Victim's assistance grant	120,405	120,405	120,405	-
Litter control grant	10,367	10,367	11,955	1,588
DMV animal friendly plates	-	-	517	517
Library grant	119,100	119,600	113,089	(6,511)

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

<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	\$ 795,416	\$ 795,416	\$ 731,629	\$ (63,787)
Commission on the arts	5,000	5,000	100	(4,900)
Fire programs	65,000	65,000	67,467	2,467
Virginia Juvenile Commission Crime Control	29,051	29,051	20,030	(9,021)
Domestic violence DCJS grant	40,000	40,000	40,000	-
Public safety answer grant	48,000	48,000	26,607	(21,393)
DEQ grant	-	-	1,282	1,282
VA Tourism Corp Grants	-	6,000	-	(6,000)
Total Other Categorical Aid	\$ 5,308,218	\$ 5,343,524	\$ 5,743,894	\$ 400,370
Total Revenue from the Commonwealth	\$ 10,406,868	\$ 10,453,473	\$ 11,149,743	\$ 696,270
Revenue from the Federal Government:				
Non-categorical Aid:				
Payment in lieu of taxes	\$ 12,000	\$ 12,000	\$ 17,193	\$ 5,193
Categorical Aid:				
Public assistance and welfare administration	\$ 4,081,891	\$ 4,109,976	\$ 3,211,472	\$ (898,504)
CDBG grants	-	717,893	105,277	(612,616)
Emergency management preparedness grant	-	19,850	34,460	14,610
State and community highway safety	-	26,548	20,915	(5,633)
Citizen's alerting grant	6,500	21,125	6,500	(14,625)
Hazardous materials plan update	-	17,570	-	(17,570)
USDA rural development central utilities grant	-	2,702,213	-	(2,702,213)
Local law enforcement block grant	-	5,684	2,519	(3,165)
DMV regional crash team grant	-	25,000	24,444	(556)
VDOT TEA 21 Newbern Project	147,000	147,000	-	(147,000)
Regional radio communications grant	-	14,625	-	(14,625)
VDEM 2011 regional information sharing	-	135,000	-	(135,000)
VDEM domestic preparedness grant	-	2,000	-	(2,000)
2008 SHSP security grant	-	23,000	-	(23,000)
Total Categorical Aid	\$ 4,235,391	\$ 7,967,484	\$ 3,405,587	\$ (4,561,897)
Total Revenue from the Federal Government	\$ 4,247,391	\$ 7,979,484	\$ 3,422,780	\$ (4,556,704)
Total General Fund	\$ 42,811,610	\$ 47,360,842	\$ 44,240,587	\$ (3,120,255)
Non-major Special Revenue Funds:				
Tornado Relief Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Donations	\$ -	\$ -	\$ 327,848	\$ 327,848
Total Tornado Relief Fund	\$ -	\$ -	\$ 327,848	\$ 327,848
Non-Major Capital Projects Funds:				
School Construction Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 1,878	\$ 1,878
Total School Construction Fund	\$ -	\$ -	\$ 1,878	\$ 1,878

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

<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>
County CIP Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 17,500	\$ 1,250	\$ (16,250)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 423,967	\$ 77,551	\$ (346,416)
Total County CIP Fund	\$ -	\$ 441,467	\$ 78,801	\$ (362,666)
Total Primary Government	\$ 42,811,610	\$ 47,802,309	\$ 44,649,114	\$ (3,153,195)
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	\$ 3,000	\$ 3,000	\$ 3,764	\$ 764
Revenue from use of property	15,000	15,000	14,550	(450)

County of Pulaski, Virginia  
Schedule of Revenues-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

Fund - Major and Minor Revenue Sources	Original Budget	Final Budget	Actual	Variance with Final Budget- Pos / (Neg)
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Major Special Revenue Fund: (continued)

School Operating Fund: (continued)

Intergovernmental Revenues: (continued)

Revenue from the Commonwealth: (continued)

Categorical Aid: (continued)

Mentor teaching program	\$ 4,579	\$ 4,579	\$ 3,915	\$ (664)
ISAEF	15,717	15,717	15,717	-
Special education jail	-	-	803	803
National board certified teacher bonus	-	-	7,500	7,500
Preschool social services	-	2,326	11,512	9,186
Primary class size	456,621	456,621	459,177	2,556
Project graduation	-	-	4,821	4,821
Remedial education	417,964	417,964	424,476	6,512
Remedial summer education	136,173	136,173	121,805	(14,368)
Retirement	497,124	497,124	504,870	7,746
School food	39,024	39,024	36,582	(2,442)
Share of state sales tax	4,365,633	4,365,633	4,520,071	154,438
Social security	839,095	-	852,168	852,168
Special education	1,795,347	1,795,347	1,823,319	27,972
Special education - foster care	-	-	36,990	36,990
Standards of learning algebra readiness	51,120	51,120	51,013	(107)
Textbook payment	166,362	166,362	168,954	2,592
Vocational education-equipment	-	-	12,060	12,060
Vocational occupational preparedness	-	-	26,836	26,836
Vocational standards of quality payments	449,628	449,628	456,634	7,006
VPSA technology grant	304,127	304,127	299,842	(4,285)

**County of Pulaski, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

<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	\$ 111,802	\$ 199,206	\$ 201,512	\$ (2,306)
General and Financial Administration:				
County Administrator	\$ 215,702	\$ 252,132	\$ 321,705	\$ (69,573)
Assistant County Administrator	162,159	164,783	164,911	(128)
County Attorney	56,120	56,120	46,444	9,676
Operations	85,405	90,070	90,977	(907)
Independent Auditor	48,700	48,700	41,817	6,883
Commissioner of the Revenue	437,575	448,108	397,744	50,364
Treasurer	465,927	479,748	424,866	54,882
Management Services	117,323	118,489	92,190	26,299
Director of Finance	115,171	129,332	129,861	(529)
Grants Writer	-	-	204	(204)
Other General and Financial Administration	22,350	38,991	36,490	2,501
Total General and Financial Administration	\$ 1,726,432	\$ 1,826,473	\$ 1,747,209	\$ 79,264
Board of Elections:				
Electoral Board	\$ 51,912	\$ 64,325	\$ 59,356	\$ 4,969
Registrar	90,788	96,037	91,727	4,310
Total Board of Elections	\$ 142,700	\$ 160,362	\$ 151,083	\$ 9,279
Total General Government Administration	\$ 1,980,934	\$ 2,186,041	\$ 2,099,804	\$ 86,237
Judicial Administration:				
Courts:				
Circuit Court	\$ 57,689	\$ 67,889	\$ 55,732	\$ 12,157
General District Court	2,890	3,684	3,440	244
Magistrate	150	150	-	150
Juvenile and Domestic Relations Court	2,790	2,790	6,370	(3,580)
Clerk of the Circuit Court	534,268	585,181	528,413	56,768
Law Library	11,400	12,400	11,088	1,312
Victim's Witness Assistance	126,312	135,169	134,458	711
Domestic Relations Legal Services	40,000	40,000	40,000	-
Womens Resource Victims Assistance	22,332	22,332	22,332	-
Total Courts	\$ 797,831	\$ 869,595	\$ 801,833	\$ 67,762
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 831,187	\$ 853,576	\$ 779,795	\$ 73,781
Total Judicial Administration	\$ 1,629,018	\$ 1,723,171	\$ 1,581,628	\$ 141,543
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,213,887	\$ 3,416,303	\$ 3,392,970	\$ 23,333
Fire and Rescue Services:				
E-911	\$ 167,893	\$ 169,089	\$ 132,142	\$ 36,947
Wireless E-911	48,000	48,000	6,781	41,219
Forest Fire Protection	7,000	7,793	7,793	-
Volunteer Fire Departments	290,494	300,286	269,968	30,318
Western Virginia EMS	7,352	7,352	7,352	-
Contribution to REMSI	100,000	100,000	100,000	-
Total Fire and Rescue Services	\$ 620,739	\$ 632,520	\$ 524,036	\$ 108,484
Correction and Detention:				
Regional Jail Payments	\$ 1,960,232	\$ 1,960,232	\$ 1,943,472	\$ 16,760
Court Services	5,400	7,893	5,440	2,453

**County of Pulaski, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

<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	\$ 300,902	\$ 304,399	\$ 277,076	\$ 27,323
NRV Juvenile Detention Home	169,643	169,643	169,643	-
Community Corrections	503,209	527,089	471,430	55,659
Community Corrections Administration	-	31,228	1,235	29,993
Total Correction and Detention	<u>\$ 2,939,386</u>	<u>\$ 3,000,484</u>	<u>\$ 2,868,296</u>	<u>\$ 132,188</u>
Inspections:				
Building Inspections	\$ 155,293	\$ 164,224	\$ 162,341	\$ 1,883
Code Enforcement	49,125	54,991	51,554	3,437
Total Inspections	<u>\$ 204,418</u>	<u>\$ 219,215</u>	<u>\$ 213,895</u>	<u>\$ 5,320</u>
Other Protection:				
Animal Control	\$ 268,662	\$ 273,616	\$ 246,837	\$ 26,779
Medical Examiner	500	600	580	20
Emergency Management	90,031	93,281	93,433	(152)
Emergency Services Grants	6,500	189,672	27,967	161,705
Total Other Protection	<u>\$ 365,693</u>	<u>\$ 557,169</u>	<u>\$ 368,817</u>	<u>\$ 188,352</u>
Total Public Safety	<u>\$ 7,344,123</u>	<u>\$ 7,825,691</u>	<u>\$ 7,368,014</u>	<u>\$ 457,677</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 127,714	\$ 141,880	\$ 134,098	\$ 7,782
Landfill	71,363	81,881	73,332	8,549
Clean Community Council	32,883	45,883	30,425	15,458
Total Sanitation and Waste Removal	<u>\$ 231,960</u>	<u>\$ 269,644</u>	<u>\$ 237,855</u>	<u>\$ 31,789</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 800,250	\$ 827,407	\$ 759,891	\$ 67,516
Cleaning Services	165,175	174,198	161,199	12,999
NRV Salaries and Benefits Reimbursement	242,826	246,964	168,449	78,515
NRV Airport Maintenance Contribution	-	-	74,424	(74,424)
Natural disaster cleanup	-	52,400	63,352	(10,952)
Property cleanup	3,500	82,000	76,795	5,205
Total Maintenance of General Buildings and Grounds	<u>\$ 1,211,751</u>	<u>\$ 1,382,969</u>	<u>\$ 1,304,110</u>	<u>\$ 78,859</u>
Total Public Works	<u>\$ 1,443,711</u>	<u>\$ 1,652,613</u>	<u>\$ 1,541,965</u>	<u>\$ 110,648</u>
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 279,768	\$ 279,768	\$ 255,875	\$ 23,893
Mental health and mental Retardation:				
Community Services Board	\$ 87,853	\$ 87,853	\$ 87,853	-
Welfare:				
Public Assistance	\$ 6,549,858	\$ 6,656,093	\$ 5,901,136	\$ 754,957
Welfare Administration	115,422	116,270	116,270	17

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

<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	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
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	2,825	2,825	2,825	-
Goodwill Industries	9,928	9,928	-	9,928
Total Welfare	\$ 11,234,858	\$ 11,361,831	\$ 10,432,704	\$ 929,127
Total Health and Welfare	\$ 11,602,479	\$ 11,729,452	\$ 10,776,432	\$ 953,020
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,445	\$ 15,445	\$ 15,445	\$ -
Contribution to Pulaski County School Board	11,845,596	12,108,920	11,125,872	983,048
Total Education	\$ 11,861,041	\$ 12,124,365	\$ 11,141,317	\$ 983,048
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 21,927	\$ 21,927	\$ 22,033	\$ (106)
Recreation	308,999	329,818	326,251	3,567
Friends of Claytor Lake	26,898	51,898	51,549	349
Randolph Park	266,902	287,459	296,479	(9,020)
County Celebration - Fire works	5,000	5,000	-	5,000
Claytor Lake Aquatic Restoration	-	50,000	12,540	37,460
Claytor Lake Celebration	2,500	17,463	14,895	2,568
Total Parks and Recreation	\$ 632,226	\$ 763,565	\$ 723,747	\$ 39,818
Cultural Enrichment:				
Fine Arts Center	\$ 16,160	\$ 16,160	\$ 13,660	\$ 2,500
Historical Landmarks	6,000	6,000	6,000	-
Friends of the Pulaski Theater	2,500	3,287	2,500	787
Round the Mountain	2,500	5,000	350	4,650
Return to Roots	-	1,000	1,000	-
Crooked Road	2,500	2,500	2,500	-
Jamestown 2007 Celebration	50	50	46	4
Total Cultural Enrichment	\$ 29,710	\$ 33,997	\$ 26,056	\$ 7,941
Library:				
Library Administration	\$ 453,089	\$ 481,279	\$ 435,247	\$ 46,032
Library State Aid	119,100	119,100	110,817	8,283
Total Library	\$ 572,189	\$ 600,379	\$ 546,064	\$ 54,315

Total Parks, Recreation and Cultural \$ 1,234,125 \$ 1,397,941 \$ 1,295,867 \$ 102,074

Community Development:				
Planning and Community Development:				
Community Development	\$ 92,488	\$ 102,654	\$ 99,262	\$ 3,392
Economic Development	50,677	54,677	232,974	(178,297)
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	700	800	623	177
Visitors' Center	80,368	105,273	85,322	19,951
Planning and Zoning	109,919	122,299	122,549	(250)
NRV Planning District Commission	31,554	34,554	31,554	3,000
Baskerville Housing Project	-	634,700	52,164	582,536
NR Highland	700	700	700	-
NRV Competitiveness Center	5,750	10,708	9,697	1,011
Contribution to Wireless Authority	-	29,280	25,180	4,100
Contribution to Pulaski County IDA	252,506	3,204,467	3,667,190	(462,723)
Contribution to Pulaski County PSA	-	2,702,213	134,388	2,567,825
Total Planning and Community Development	\$ 634,662	\$ 7,012,325	\$ 4,471,603	\$ 2,540,722

**County of Pulaski, Virginia**  
**Schedule of Expenditures-Budget and Actual**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

<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	\$ 102,510	\$ 102,510	\$ 91,619	\$ 10,891
Total Community Development	\$ 749,441	\$ 7,127,104	\$ 4,575,491	\$ 2,551,613
Debt Service:				
Principal Retirement	\$ 2,746,557	\$ 2,746,557	\$ 2,094,711	\$ 651,846
Interest and Other Fiscal Charges	1,430,817	1,430,817	1,091,238	339,579
Total Debt Service	\$ 4,177,374	\$ 4,177,374	\$ 3,185,949	\$ 991,425
Total General Fund	\$ 42,022,246	\$ 49,943,752	\$ 43,566,467	\$ 6,377,285
Non-Major Special Revenue Funds:				
Tornado Relief Fund				
Health and Welfare:				
Welfare:				
Tornado relief cleanup	\$ -	\$ -	\$ 79,711	\$ (79,711)
Total VPA Fund	\$ -	\$ -	\$ 79,711	\$ (79,711)
Non-Major Capital Project Funds:				
School Construction Fund:				
Capital Projects:				
Pulaski County High School	\$ 352,000	\$ 502,000	\$ 247,026	\$ 254,974
Riverlawn Elementary School	-	889,291	17,477	871,814
Total Capital Projects	\$ 352,000	\$ 1,391,291	\$ 264,503	\$ 1,126,788
Total School Construction Fund	\$ 352,000	\$ 1,391,291	\$ 264,503	\$ 1,126,788
County CIP Fund:				
General Government Administration:				
General and Financial Administration:				
Information Technology	\$ 145,000	\$ 177,283	\$ 10,934	\$ 166,349
Communications	-	660,874	17,218	643,656
Total General and Financial Administration	\$ 145,000	\$ 838,157	\$ 28,152	\$ 810,005
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 108,500	\$ 335,505	\$ 119,908	\$ 215,597
Fire and Rescue Services:				
Volunteer Fire Departments	\$ 105,000	\$ 559,512	\$ 287,753	\$ 271,759
Total Public Safety	\$ 213,500	\$ 895,017	\$ 407,661	\$ 487,356
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ -	\$ 2,600	\$ 389	\$ 2,211
Health and Welfare:				
Health:				
Health department roof	\$ -	\$ 20,455	\$ 3,407	\$ 17,048
Education:				
Other Instructional Costs:				
Contribution to NR Community College	\$ -	\$ 1,576	\$ 2,002	\$ (426)

County of Pulaski, Virginia  
Schedule of Expenditures-Budget and Actual  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

<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>
County CIP Fund: (continued)				
Parks, Recreational and Cultural:				
Recreation	\$ -	\$ -	\$ 91,497	\$ (91,497)
Swimming pools	-	-	130,800	(130,800)
Loving field	-	-	18,360	(18,360)
NRV Fair	2,500	559,503	3,653	555,850
Total Parks and Recreation	\$ 2,500	\$ 559,503	\$ 244,310	\$ 315,193
Cultural Enrichment:				
Library	\$ -	\$ 55,600	\$ 7,275	\$ 48,325
Total Parks, Recreation and Cultural	\$ 2,500	\$ 615,103	\$ 251,585	\$ 363,518

County CIP Fund: (continued)				
Community Development:				
Planning and Community Development:				
Planning and Zoning	\$ -	\$ -	\$ 6,104	\$ (6,104)
County building improvements	152,000	628,483	34,050	594,433
Other community development	-	73,267	16,355	56,912
Contribution to REMSI	-	-	-	-
Contribution to IDA	50,000	1,935,849	240,231	1,695,618
Total Planning and Community Development	\$ 202,000	\$ 2,637,599	\$ 296,740	\$ 2,340,859
Total County CIP Fund	\$ 563,000	\$ 5,010,507	\$ 989,936	\$ 4,020,571
Total Primary Government	\$ 42,937,246	\$ 56,345,550	\$ 44,900,617	\$ 11,444,933

Discretely Presented Component Unit-School Board:				
Major Special Revenue Fund:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 2,996,930	\$ 3,447,924	\$ 2,943,778	\$ 504,146
Instructional:				
Instruction	\$ 31,729,148	\$ 32,456,379	\$ 29,998,886	\$ 2,457,493
Other operating costs				
Pupil transportation	\$ 2,082,652	\$ 2,323,392	\$ 2,214,333	\$ 109,059
Operation and maintenance of school plant	4,921,365	5,006,941	4,928,894	78,047
Food services	2,239,024	2,271,965	2,334,320	(62,355)
Technical resources	2,503,660	2,556,766	2,130,880	425,886
Facilities	-	-	-	-
Total other operating costs	\$ 11,746,701	\$ 12,158,064	\$ 11,608,127	\$ 550,637

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## Other Statistical Section

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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
2010-11	\$ 2,354,362	\$ 1,598,836	\$ 7,757,882	\$ 1,631,480	\$ 10,646,521	\$ 12,492,540	\$ 1,461,399	\$ 4,730,543	\$ 938,678	\$ 43,622,241
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	993,542	764,711	33,593,494

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			
2010-11	\$ 1,256,990	\$ 11,842,138	\$ 1,766,976	\$ 21,623,192	\$ 5,617,664	\$ 329,563	\$ 394,290	\$ 1,040,960	\$ 43,871,773	
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	

Table 3

**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
2010-11	\$ 2,127,956	\$ 1,581,628	\$ 7,775,675	\$ 1,542,354	\$ 10,859,550	\$ 44,568,538	\$ 1,547,452	\$ 4,840,124	\$ -	\$ 3,185,949	\$ 78,029,228
2009-10	1,952,852	1,547,625	7,370,735	1,408,091	11,192,888	47,643,617	1,397,066	5,571,584	-	11,032,436	89,146,884
2008-09	2,593,215	1,479,867	7,241,921	1,469,888	10,394,049	48,062,018	1,547,452	4,872,231	-	3,293,977	80,943,718
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,389,957	1,596,685	-	2,634,931	73,688,115
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	-	2,003,983	70,112,516
2005-06	1,760,809	1,123,284	6,704,828	1,098,401	8,386,534	42,441,587	1,425,356	4,371,013	7,818	2,295,970	69,616,418
2004-05	1,574,073	1,080,946	5,960,193	952,694	7,707,076	41,485,801	1,281,964	474,394	-	2,452,233	62,668,374
2003-04	1,553,617	982,095	5,193,199	861,974	7,203,941	36,749,954	1,237,532	448,950	-	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	977,660	4,813,502	807,739	5,441,584	34,183,893	961,513	372,413	-	2,164,414	51,264,685

(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**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2010-11	\$ 21,658,330	\$ 5,617,664	\$ 692,279	\$ 37,738	\$ 340,570	\$ 1,594,988	\$ 529,614	\$ 1,853,759	\$ 45,719,285	\$ 78,044,227
2009-10	20,836,110	5,171,842	664,789	31,439	311,542	1,528,819	222,348	1,947,692	52,633,326	83,647,907
2008-09	20,112,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,558,694	49,182,768	80,803,971
2007-08	19,158,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
2006-07	18,762,559	6,580,583	125,564	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403
2005-06	18,162,045	5,972,264	131,295	41,858	443,408	1,546,531	248,459	1,087,512	41,256,945	68,890,317
2004-05	18,104,757	5,393,167	128,038	42,290	132,667	1,451,416	324,965	988,947	39,864,833	66,431,080
2003-04	16,938,019	5,281,449	125,966	42,329	82,074	1,882,954	392,137	1,113,046	34,960,933	60,818,909
2002-03	15,197,779	5,091,930	110,761	41,060	123,122	1,454,088	510,807	1,046,559	33,061,944	56,638,050
2001-02	14,656,188	4,736,025	107,427	48,290	182,732	2,325,279	310,985	604,413	32,720,051	55,691,390

(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.

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
2010-11	\$ 23,286,597	\$ 22,070,924	94.78%	\$ 540,891	\$ 22,611,815	97.10%	\$ 2,970,797	12.76%
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%

(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
2010-11	\$ 2,607,713,654	\$ 277,054,341	\$ 186,011,482	\$ -	\$ 132,610,234	\$ 3,203,389,711
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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchants' Capital	Mobile Homes
2010-11	\$ 0.54	2.14	1.50	\$ -	0.54
2009-10 (5)	0.50/0.54	2.14	1.50	-	0.50
2008-09 (4)	0.62/0.50	2.14	1.50	-	0.50
2007-08	0.62	2.00	1.50	4.80	0.62
2006-07	0.62	2.00	1.50	4.80	0.62
2005-06	0.62	2.00	1.50	4.80	0.62
2004-05	0.62	2.00	1.50	4.80	0.62
2003-04 (3)	0.66/0.62	2.00	1.50	4.80	0.66/0.62
2002-03	0.66	2.00	1.50	4.80	0.66
2001-02 (2)	0.62/0.66	2.00	1.50	4.80	0.62/0.66

(1) Per \$100 of assessed value.

(2) Real estate/mobile home rates increased from \$0.62 to \$0.66 beginning with the first half 2002.

(3) Real estate/mobile home rates decreased from \$0.66 to \$0.62 beginning with the first half 2004.

(4) Real estate rates decreased from \$0.62 to \$0.50 beginning with the first half 2009.

(5) Real estate rates increased from \$0.50 to \$0.54 beginning with the first half 2010.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010-11	34,872	\$ 3,203,390	\$ 30,994,428	\$ 30,994,428	0.97%	\$ 889
2009-10	35,127	3,225,184	33,006,407	33,006,407	1.02%	940
2008-09	35,127	2,817,069	35,315,701	35,315,701	1.25%	1,005
2007-08	35,127	2,548,425	36,984,070	36,984,070	1.45%	1,053
2006-07	35,127	2,474,426	30,478,933	30,478,933	1.23%	868
2005-06	35,127	2,365,443	15,478,557	15,478,557	0.65%	441
2004-05	35,127	2,330,218	16,917,563	16,917,563	0.73%	482
2003-04	35,127	2,059,098	18,451,174	18,451,174	0.90%	525
2002-03	35,127	1,822,671	19,941,066	19,941,066	1.09%	568
2001-02	35,127	1,786,389	9,954,240	9,954,240	0.56%	283

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill post-closure care liability, capital lease and compensated absences.

Table 9

Debt to Total General

Capital General Expenditures	Ratio of Debt Service to General Governmental Expenditures
1,029,226	4.08%
1,146,884	12.38%
1,943,718	4.07%
1,698,115	3.58%
1,112,516	2.86%
1,616,418	3.30%
1,669,374	3.91%
1,805,451	4.51%
1,600,116	2.31%
1,264,695	5.75%

per Component Unit-

## COMPLIANCE SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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*

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To the Board of Supervisors  
County of Pulaski  
Pulaski, Virginia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated November 30, 2011. 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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. *reference 2011-1*

Pulaski County, 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 of Pulaski, Virginia's response and, accordingly, we express no opinion on it.

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

*Robinson, Faener, & Associates*

Blacksburg, Virginia  
November 30, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' 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

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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, 2011. The County of Pulaski, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express an opinion on the County of Pulaski, Virginia's compliance based on our audit.

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

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the 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, 2011.

### Internal Control Over Compliance

Management of the County of Pulaski, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Pulaski, Virginia's internal control over compliance with the requirements that could have a direct and

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assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Robinson, Fauser, Co. Associates*

Blacksburg, Virginia  
November 30, 2011

County of Pulaski, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2011

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	\$ 110,068
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	133,171
ARRA - Child Care and Development Block Grant	93.713	90116, 90117, 90118, 90236 90237, 90238, 90378	10,364
Promoting Safe and Stable Families	93.556	90249, 90360	26,709
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90229, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	853,441
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	898
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	37,249
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	90251	1,905
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253	\$ 820,088
ARRA - Foster Care - Title IV-E	93.658	90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	54,197
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90806, 90708	\$ 79,158
ARRA - Adoption Assistance	93.659	90606	5,106
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	311,063
Chafee Foster Care Independence Program	93.674	90264	14,532
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	13,439
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	271,456
Chafee Education and Training Vouchers Program	93.599	90353	4,225
<b>Total Department of Health and Human Services</b>			<b>\$ 2,747,069</b>
Department of Agriculture:			
Pass-through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution (Note 3)	10.555	40623	\$ 148,326
Department of Education:			
Child Nutrition Cluster: National School Lunch Program	10.555	40623	895,885
Department of Agriculture:			
Summer Food Service Program for Children	10.559		46,089
Department of Education:			
Child Nutrition Cluster: National School Breakfast Program	10.553	40591	301,999
Fresh Fruit and Vegetable Program	10.582	40599	29,719
Schools and Roads - Grants to States	10.665	43841	25,038
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703	\$ 454,265
ARRA State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		10,138
<b>Total Department of Agriculture</b>			<b>\$ 1,911,459</b>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	Not applicable	\$ 17,193

County of Pulaski, Virginia  
Schedule of Expenditures of Federal Awards (continued)

For the Fiscal Year Ended June 30, 2011

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass-through payments:			
Department of Motor Vehicles:			
State and Community Highway Safety - Open Container	20.607	SC-2010 50357 3977	\$ 20,915
State and Community Highway Safety - Roadway Safety	20.600	RS - 2011 51382 4324	<u>24,444</u>
Total Department of Transportation			<u>\$ 45,359</u>
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I: Grants to Local Education Agencies	84.010	42892, 42901	\$ 1,641,636
ARRA - Title I: Grants to Local Education Agencies	84.389	42913	362,282
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	900,129
ARRA - Special Education - Grants to States	84.391	61245	371,073
Special Education - Preschool Grants	84.173	62521	34,785
ARRA - Special Education - Preschool Grants	84.392	62521	8,547
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	61600	7,068
ARRA - Education Technology State Grants	84.386	60897	257,446
Career and Technical Education - Basic Grants to States	84.048	61095	92,230
Twenty-first Century Community Learning Centers	84.287	60565	313,958
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		1,385
International Education - Technological Innovation and Cooperation for Foreign Information Access	84.337	43040	87,778
English Language Acquisition Grants	84.365	60512	3,315
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	651,544
Readiness and Emergency Management	84.184E		2,849
Link Team	84.215M		69,196
Improving Teacher Quality State Grants	84.367	61480	<u>235,097</u>
Total Department of Education			<u>\$ 5,040,318</u>
Appalachian Region Commission:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grant	14.228	50797	<u>\$ 105,277</u>
Department of Homeland Security:			
Pass-through Payments:			

**County of Pulaski, Virginia**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.658	Foster Care-Title IV E
10.561	SNAP - Cluster
84.010/84.389	Title I Part A Cluster
84.027/84.173/84.391/84.392	Special Education - IDEA Cluster
84.318/84.386	Education Technology Formula Grant
84.394	ARRA - State Fiscal Stabilization Funds - Education State Grants
93.575/93.596/93.713	Child Care and Development Funds Cluster
84.287	Twenty First Century Community Learning Centers
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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**County of Pulaski, Virginia**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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**Section II - Financial Statement Findings**

**2011-1**

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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 2011 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.

Recommendation:

Management should continue to implement and follow review procedures in order to make adjustments in a timely manner.

Management's  
Response:

Management is dedicated to complying with the concepts set forth by auditing standards and will make efforts in the future to eliminate material errors from its adjusted trial balance.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

**Section IV - Status of Prior Audit Findings and Questioned Costs**

Financial statement finding 2011-1 was recurring this year.