

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012

County of Pulaski, Virginia
Annual Financial Report
Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Charles R. Bopp Ranny E. O'Dell	Joseph L. Sheffey, Chair Gena Hanks, Clerk	Andy McCreedy Dean K. Pratt
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County School Board

Jeff Bain, Vice Chair Linda F. Hill	Michael Barbour, Chair Heather Freeman, Clerk	Joseph W. Guthrie Frances P. Viars
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Social Services Board

Charles Bopp Joseph L. Sheffey	Rev. Vicki Houk, Chair Faith Chumbley, Clerk	Rev. Randy Winn Faye Powell
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Library Board

John Freeman Joseph Slaughter Margaret Spardlin Martha Jackson	Laura Walters, Chair Sally Warburton, Librarian	Nancy Hudson Parks Lanier, Jr. Thomas Brewster
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COUNTY OF PULASKI, VIRGINIA

Other Officials

Judge of the Circuit Court.....C. R. Gibb
Judge of the Circuit Court.....Josiah T. Showalter, Jr
Judge of the Circuit Court.....Brett L. Geisler
Judge of the Circuit Court.....Robert M.D. Turk
Clerk of the Circuit Court.....Maetta H. Crewe
Judge of the General District Court.....R. G. Lookabill
Judge of the General District Court.....Edward M. Turner, III
Judge of the General District Court.....Randal J. Duncan
Judge of the General District Court.....J.D. Bolt
Judge of the General District Court.....Gino W. Williams
Judge of the Juvenile and Domestic Relations Court.....Howard L. Chitwood
Judge of the Juvenile and Domestic Relations Court.....Robert C. Viar, Jr
Judge of the Juvenile and Domestic Relations Court 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

information, supporting schedules, 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 supplementary information, supporting 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 underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Robinson, Fauser, Cox Associates

Blacksburg, Virginia
January 11, 2013

COUNTY OF PULASKI, VIRGINIA
Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2012 (FY12) 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 2011-12

- Total net assets value of the primary government was \$36.1 million at the end of FY 12 based on total assets of \$71.0 million and total liabilities of \$34.9 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 12 combined program and general expenditures of \$50.0 million exceeded general revenues of \$45.1 million by approximately \$4.9 million (Exhibit 2). The decrease 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 \$2.2 million or 5% less than the budgeted \$46.9 million revenue estimate while expenditures were \$3.0 million, or 10% less than the \$46.1 million budgeted expenditures (including transfers). The net change in fund balance was a decrease of \$5.7 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences and landfill monitoring decreased by \$1.7 million from \$33 million on July 1, 2011 to \$31.3 million on June 30, 2012 (Note 7).
- As described in Note 18, the unassigned fund balance as of June 30, 2012 for the primary government/component unit combined was \$6.4 million, or 6.7% of budgeted FY 13 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$95.3 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 governmental funds balance decreased by approximately \$5.7 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.

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

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's

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

The County's combined net assets decreased from \$37.6 million to \$36.1 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 \$18.5 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 \$40.3 million. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. Seized asset funds are restricted so that they can be used for specific law enforcement purposes. Component unit (School Board) net assets increased by \$1.2 million, from \$5.1 million in FY11 to \$6.3 million in FY 12.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2012, as well as the change in capital assets for FY 11 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	2012	2011	2012	2011
Non-Depreciable Assets:				
Land	\$ 2.4	\$ 2.4	\$ 0.6	\$ 0.6
Construction in Progress	0.4	0.6	1.1	0.0
Other Capital Assets:				
Buildings and systems	52.9	52.6	19.4	19.0
Machinery and Equipment	11.3	10.5	7.4	6.7
Accumulated Depreciation	(20.8)	(19.0)	(20.8)	(20.1)
Totals	\$ 46.2	\$ 47.1	\$ 7.7	\$ 6.2

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

	Balance, June 30, 2011	Additions	Deletions	Balance, June 30, 2012
	Non-Depreciable Assets:			
Land	\$ 2.4	\$ 0.0	\$ 0.0	\$ 2.4
Construction in Progress	0.6	0.1	(0.3)	0.4
Other Capital Assets:				
Buildings and systems	52.6	0.3	0.0	52.9
Machinery and Equipment	10.5	0.9	(0.1)	11.3
Accumulated Depreciation	(19.0)	(1.9)	0.1	(20.8)
Totals	\$ 47.1	\$ (0.6)	\$ (0.3)	\$ 46.2

**Component Unit-School Board:
Changes in Capital Assets:**

	Balance, June 30, 2011	Additions	Deletions	Balance, June 30, 2012
	Non-Depreciable Assets:			
Land	\$ 0.6	\$ 0.0	\$ 0.0	\$ 0.6
Construction in Progress	0.0	1.1	0.0	1.1
Other Capital Assets:				
Buildings and systems	19.0	0.4	0.0	19.4
Machinery and Equipment	6.7	0.9	(0.2)	7.4
Accumulated Depreciation	(20.1)	(0.9)	0.2	(20.8)
Totals	\$ 6.2	\$ 1.5	\$ 0.0	\$ 7.7

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

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, 2012, in millions of dollars:

	Primary Government		Component Unit School Board	
	2012	2011	2012	2011
General Obligation Bonds	\$ 15.0	\$ 16.0	\$ 0.0	\$ 0.0
Literary Loans	3.4	3.7	0.0	0.0
Lease Revenue Note	10.6	11.3	0.0	0.0
Notes Payable	0.4	0.0	0.0	0.0
Unamortized Bond Premium	0.8	0.8	0.0	0.0
Landfill Post Closure Liability	0.2	0.2	0.0	0.0
Net OPEB Obligation	0.2	0.2	0.7	0.4
Compensated Absences	0.7	0.8	1.6	1.5
Total	\$ 31.3	\$ 33.0	\$ 2.3	\$ 1.9

Long-term debt obligations decreased by \$1.3 million in FY12. 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 12 and the fiscal year ended June 30, 2011(FY11) (in millions) as show in Exhibit 2:

Summary of Activities:

	Total Primary Government		Component Unit School Board	
	2012	2011	2012	2011
Revenues:				
Program Revenues:				
Charges for services	\$ 0.7	\$ 1.3	\$ 1.1	\$ 1.1
Operating grants and contributions	12.5	11.9	32.2	31.0
Capital grants and contributions	0.1	1.8	0.0	0.0
General Revenues:				
General property taxes	22.0	21.6	0.0	0.0
Other local taxes	6.5	5.6	0.0	0.0
Other	3.3	1.7	0.1	0.2
Payments from County	0.0	0.0	11.6	11.1
Total Revenues	\$ 45.1	\$ 43.9	\$ 45.0	\$ 43.4
Expenses:				
General government	\$ 2.7	\$ 2.4	\$ -	\$ -
Judicial administration	1.6	1.6	-	-
Public safety	8.1	7.8	-	-
Public works	1.7	1.6	-	-
Health and welfare	11.0	10.6	-	-
Education	14.7	12.5	43.8	43.5
Parks, recreation and cultural	1.5	1.5	-	-
Community development	7.5	4.7	-	-
Interest on long term debt	1.2	0.9	-	-
Total Expenses	\$ 50.0	\$ 43.6	\$ 43.8	\$ 43.5
Changes in Net Assets:				
Transfers	(4.9)	0.3	1.2	(0.1)
Net Assets, Beginning of Year	0.0	0.0	0.0	0.0
Net Assets, Beginning of Year	41.0	40.7	5.1	5.2
Net Assets, End of Year	\$ 36.1	\$ 41.0	\$ 6.3	\$ 5.1

Revenues

For FY 12, revenues from governmental funds totaled \$45.1 million. General property tax revenues, the County's largest revenue source, were \$22.0 million, an increase of \$0.2 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes and meals tax) were \$6.5 million, an increase of approximately \$0.9 million over FY11.

Component unit (School Board) revenues totaled \$45 million for FY12, an increase of \$1.6 million from June 30, 2011 to June 30, 2012. Component Unit State revenues increased by \$0.7 million and Component Unit Federal Revenues increased by \$0.4 million along with and an increase of local government transfers of \$0.5 million.

Expenses

For FY 12, expenses for primary governmental activities totaled \$50 million an increase of \$6.4 million over the prior year as shown in Exhibit 2.

Education is a very high priority in the Pulaski County; consequently the Board of Supervisors contributed \$11.6 million to the operation of the Pulaski County schools excluding debt service costs. This accounts for 24% of the County's total budgeted expenditures. It should also be noted that the Board of

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

Supervisors has carried over any unused portion of the FY 11 contribution to FY 12 to use towards School operations.

Financial Analysis of the County's Funds

For FY12, the general fund reflects a fund balance of \$19.5 million, a decrease of \$5.7 million from FY11. The following table shows a comparison between the fiscal year ended June 30, 2011 amounts to the

fiscal year ended June 30, 2012 amounts for the General Fund as shown in Exhibit 5.

Statement of Revenues, Expenditures and Changes in Fund Balance

	General Fund		
	2012	2011	Change
Revenues:			
General Property Taxes	\$ 21.7	\$ 21.7	\$ 0.0
Other Local Taxes	6.5	5.6	0.9
Permits, Privilege Fees and Regulatory Licenses	0.2	0.7	(0.5)
Fines and Forfeitures	0.0	0.0	0.0
Revenue from Use of Money and Property	0.4	0.3	0.1
Charges for Services	0.6	0.5	0.1
Miscellaneous	0.1	0.1	0.0
Recovered Costs	0.6	0.7	(0.1)
Revenue from the Commonwealth	11.5	11.2	0.3
Revenue from the Federal Government	3.2	3.4	(0.2)
Total Revenues	\$ 44.8	\$ 44.2	\$ 0.6
Expenditures:			
General Government Administration	\$ 2.1	\$ 2.1	\$ 0.0
Judicial Administration	1.6	1.6	0.0
Public Safety	7.4	7.4	0.0
Public Works	1.7	1.5	0.2
Health and Welfare	10.6	10.8	(0.2)
Education	11.6	11.1	0.5
Parks, Recreation and Cultural	1.3	1.3	0.0
Community Development	6.4	4.5	1.9
Principal	2.1	2.1	0.0
Interest	1.3	1.0	0.3
Total Expenditures	\$ 46.1	\$ 43.4	\$ 2.7
Excess	(1.3)	0.8	(2.1)
Other Financing Sources (Uses)	(4.3)	(1.4)	(2.9)
Net Change in Fund Balance	(5.6)	(0.6)	(5.0)
Fund Balance, Beginning of Year	25.1	25.9	(0.8)
Fund Balance End of Year	\$ 19.5	\$ 25.3	\$ (5.8)

The General Fund revenues remained fairly constant from FY 11 to FY 12 with a slight increase of \$0.6 million overall including an increase of \$0.9 million in Other Local Taxes and a reduction of \$0.5 million in Permits, Fees and Licenses. Other increases included \$0.3 million in State revenues, \$0.1 million each in Fines & Forfeitures and Charges for Services which were offset by reductions in Recovered Costs and Federal Revenues.

The general fund education expenditure was increased by \$0.5 million. Community Development expenditures increased by \$1.9 million due to a transfer to the IDA at June 30, 2012 for the Phoenix Packaging Expansion. Plans to work out a loan with the bank for \$2 million loan for Phoenix Packaging were not approved until July 2012 and the funds were promptly returned to the General Fund once the bank loan became available. Overall, all other expenditure categories remained fairly consistent with FY11 figures.

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

All available school board unused appropriations from the 2011 fiscal year were carried over by the

Board of Supervisors for use in FY 2012.

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 12 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 21.1	\$ 21.8	\$ 21.7	(0.1)
Other Local Taxes	6.2	6.4	6.5	0.1
Permits, Fees and Licenses	0.2	0.2	0.1	(0.1)
Fines and Forfeitures	0.1	0.1	0.1	-
Revenue from Use of Money and Property	0.3	0.4	0.4	-
Charges for Services	0.5	0.5	0.6	0.1
Miscellaneous	0.1	0.1	0.1	-
Recovered Costs	0.4	0.6	0.6	-
Intergovernmental	14.9	16.8	14.7	(2.1)
Total	\$ 43.8	\$ 46.9	\$ 44.8	(2.1)
Expenditures and transfers:				
General Government Administration	\$ 2.5	\$ 2.5	\$ 2.1	0.4

State Revenues - Currently, state funding is projected to account for 38%, or \$36.4 million, of the County and Component Unit (Schools) FY 2013 total budget, while local real estate taxes account for 38% percent of total County general fund revenue, increasing by 5% in FY13. A one percent change in state revenue results in a \$0.4 million change in the local budget, or the equivalent of a \$0.014 cent change on the real estate tax rate. Thus, changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Other factors that are expected to impact future budgets include:

1. Anticipated GASB Statement #45 increases for other post employment benefits.
2. Funding for the Capital Improvement Plan will need to address office space needs, funding of joint services, and replacement of leased network connections between buildings.
3. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing needed community

services through joint services and other innovations.

4. Funding of the 5% Virginia Retirement System employee pension requirement and healthcare requirements in future budgets with the Affordable Care Act.
5. 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.
6. 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.
7. The condition of the local, regional, state and national economies and a resulting increase in demand for services should economic conditions not improve soon.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the County Administrator, or the Finance Director, at 143 Third Street, NW, Pulaski, Virginia 24301, telephone (540) 980-7705. The County's website address is www.pulaskicounty.org. We welcome the opportunity to present the financial status of the County to

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Assets
June 30, 2012

	Component Units			
	Primary Government Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
ASSETS				
Cash and Cash Equivalents	\$ 18,918,599	\$ 610,784	\$ 2,686,676	\$ -
Investments	160,794	-	-	-
Receivables (Net of Allowance for Uncollectibles):				
Taxes	2,153,581	-	-	-
Accounts Receivable	395,179	-	646,327	64,542
Other Local Taxes and Fees	299,928	-	-	-
Note Receivable	-	-	-	17,530,170
Rent Receivable	-	-	-	15,508
Interest Receivable	-	-	-	110,545
Prepaid Expenses	-	607,419	-	-
Due from Primary Government	-	2,177,255	-	-
Due from Other Governmental Units	2,182,852	1,440,033	-	-
Advances to Component Units	507,858	-	-	-
Restricted Assets:				
Temporarily Restricted:				
Cash and Cash Equivalents	153,387	-	-	-
Cash and Cash Equivalents (in Custody of Others)	76,159	-	165,480	-
Organization Expense (Net of Accumulated Amortization)	-	-	3,354	-
Capital Assets:				
Land	2,473,257	564,527	127,700	1,057,134
Building and Improvements	41,718,237	3,693,273	-	8,623,692
Machinery and Equipment	1,567,856	2,254,994	1,235,919	-
Infrastructure	-	-	17,557,189	-
Construction in Progress	377,120	1,153,434	6,947,251	251,718
Total Assets	<u>\$ 71,084,807</u>	<u>\$ 12,501,719</u>	<u>\$ 29,369,896</u>	<u>\$ 27,653,309</u>
LIABILITIES				
Accounts Payable	\$ 804,835	\$ 263,331	\$ 779,950	\$ 65,046
Accrued Wages	-	3,600,307	-	-
Customer Deposits	-	-	125,889	-
Accrued Interest Payable	489,779	-	77,418	110,545
Due to Component Units	2,177,255	-	-	-
Advances Due to Primary Government	-	-	-	507,858
Unearned Revenue	160,588	-	-	-
Long-term Liabilities:				
Due Within One Year	2,299,807	162,453	505,255	1,194,606
Due in More Than One Year	29,015,517	2,141,276	113,79,784	8,265,978

County of Pulaski, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Component Units Public Service Authority Industrial Development Authority
100 \$	33,026 \$	273,757 \$	- \$	(2,426,777)	- \$	- \$
9	40,954	940,145	-	(613,500)	-	-
7	223,843	3,479,812	-	(4,388,892)	-	-
6	56,609	10,082	-	(1,634,595)	-	-
2	-	7,686,764	-	(3,389,998)	-	-
8	-	119,122	-	(14,686,128)	-	-
9	361,999	-	72,633	(976,048)	-	-
5	9,284	-	-	(7,421,259)	-	-
1	-	-	-	(1,145,941)	-	-
8 \$	725,715 \$	12,511,682 \$	72,633 \$	(36,663,138)	- \$	- \$
4 \$	1,145,900 \$	32,173,646 \$	- \$	-	(10,477,388) \$	- \$
2	6,996,318	1,995,200	-	-	-	1,037,946
1	737,658	351,420	172,600	-	-	-
7 \$	8,879,876 \$	34,520,266 \$	172,600 \$	-	(10,477,388) \$	1,037,946 \$
						341,337
						341,337
Taxes						
Use Taxes				21,993,777		
Utility Taxes				2,888,609		
Real Estate Taxes				655,511		
Professional Services				574,753		
Licenses				102,204		
Other				556,608		
Printing and Writings				37,578		
Hotel Room Taxes				145,501		
Other Taxes				284,064		
Revenues from Use of Money and Property				1,279,096		
				379,141	19,844	22,808
				391,985	38,090	-
Primary Governmental Revenues not Restricted to Specific Programs				2,514,364		
				31,803,191	11,665,334	157,196
Is				\$	1,207,946	\$
ig				\$	5,126,406	\$
				\$	6,334,352	\$
					16,501,600	6,363,543
					17,509,276	6,424,172
					1,195,142	6,765,509
					15,306,458	10,743,767
					16,501,600	17,509,276

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Other</u> <u>Governmental</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,232,663	\$ 195,740	\$ 19,428,403
Investments	107,701	53,093	160,794
Receivables (Net of Allowance for Uncollectibles):		-	
Taxes	2,153,581	-	2,153,581
Other Local Taxes and Fees	299,928	-	299,928
Due from Other Funds	157,127	67,767	224,894
Due from Other Governmental Units	2,008,230	174,622	2,182,852
Advances to Component Units	506,758	1,100	507,858
Total Assets	<u>\$ 24,465,988</u>	<u>\$ 492,322</u>	<u>\$ 24,958,310</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 568,648	\$ 150,636	\$ 719,284
Due to Other Funds	159,279	36,245	195,524
Due to Component Units	2,177,255	-	2,177,255
Deferred Revenue	2,107,481	-	2,107,481
Total Liabilities	<u>\$ 5,012,663</u>	<u>\$ 186,881</u>	<u>\$ 5,199,544</u>
Fund Balances:			
Nonspendable	\$ 506,758	\$ -	\$ 506,758
Restricted	76,159	153,387	229,546
Committed	1,153,620	152,054	1,305,674
Assigned	11,833,472	-	11,833,472
Unassigned	5,883,316	-	5,883,316
Total Fund Balances	<u>\$ 19,453,325</u>	<u>\$ 305,441</u>	<u>\$ 19,758,766</u>
Total Liabilities and Fund Balances	<u>\$ 24,465,988</u>	<u>\$ 492,322</u>	<u>\$ 24,958,310</u>

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

County of Pulaski, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	19,758,766
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		46,236,470
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,946,893
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds		<u>(31,805,103)</u>
Net Assets of Governmental Activities	\$	<u>36,137,026</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, 2012

	<u>General Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
REVENUES			
General Property Taxes	\$ 21,788,104	\$ -	\$ 21,788,104
Other Local Taxes	6,523,924	-	6,523,924
Permits, Privilege Fees and Regulatory Licenses	129,393	-	129,393
Fines and Forfeitures	35,874	-	35,874
Revenue from Use of Money and Property	378,845	296	379,141
Charges for Services	560,448	-	560,448
Miscellaneous	26,869	365,116	391,985
Recovered Costs	646,622	-	646,622
Intergovernmental Revenues:			
Commonwealth	11,468,207	329,264	11,797,471
Federal Government	3,200,381	100,827	3,301,208
Total Revenues	<u>\$ 44,758,667</u>	<u>\$ 795,503</u>	<u>\$ 45,554,170</u>
EXPENDITURES:			
Current:			
General Government Administration	\$ 2,084,448	\$ 205,998	\$ 2,290,446
Judicial Administration	1,620,149	-	1,620,149
Public Safety	7,403,785	625,976	8,029,761
Public Works	1,662,917	149,230	1,812,147
Health and Welfare	10,613,478	746,583	11,360,061
Education	11,642,692	216,717	11,859,409
Parks, Recreation and Cultural	1,339,035	265,768	1,604,803
Community Development	6,417,449	1,218,294	7,635,743
Capital Projects	-	1,841,662	1,841,662
Debt Service:			
Principal Retirement	2,074,988	-	2,074,988
Interest and Other Fiscal Charges	1,291,818	-	1,291,818
Total Expenditures	<u>\$ 46,150,759</u>	<u>\$ 5,270,228</u>	<u>\$ 51,420,987</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>\$ (1,392,092)</u>	<u>\$ (4,474,725)</u>	<u>\$ (5,866,817)</u>
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 4,094,207	\$ 4,094,207
Transfers Out	(4,690,906)	-	(4,690,906)
Issuance of Note Payable	420,000	-	420,000
Total Other Financing Sources (Uses)	<u>\$ (4,270,906)</u>	<u>\$ 4,094,207</u>	<u>\$ (176,699)</u>
Net Change in Fund Balance	\$ (5,662,998)	\$ (380,518)	\$ (6,043,516)
Fund Balance - Beginning	25,116,323	685,959	25,802,282
Fund Balance - Ending	<u>\$ 19,453,325</u>	<u>\$ 305,441</u>	<u>\$ 19,758,766</u>

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

County of Pulaski, Virginia
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

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

Net changes in fund balance - total governmental funds	\$ (6,043,516)
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 depreciation exceeded capital outlays in the current period.	(855,756)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	205,673
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligation consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.	1,707,872
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>105,780</u>
Change in net assets of governmental activities	<u>\$ (4,879,947)</u>

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

County of Pulaski, Virginia
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
ASSETS		
Current Assets:		
Receivables (Net of Allowance for Uncollectibles):		
Accounts Receivable	\$ 280,258	\$ 114,921
Total Assets	<u>\$ 280,258</u>	<u>\$ 114,921</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ -	\$ 85,551
Due to Other funds	-	29,370
Reconciled Overdraft	280,258	-
Total Liabilities	<u>\$ 280,258</u>	<u>\$ 114,921</u>
NET ASSETS		
Unrestricted	\$ -	\$ -
Total Net Assets	<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, 2012

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
OPERATING REVENUES		
Charges for Services:		
Information Technology Charges	\$ -	\$ 206,563
Garage Charges	-	1,046,496
Communication Charges	-	103,328
Other Revenues:		
Miscellaneous	-	578
Insurance premiums	5,066,192	-
Total Operating Revenues	<u>\$ 5,066,192</u>	<u>\$ 1,356,965</u>
OPERATING EXPENSES		
Information Technology	\$ -	\$ 501,378
Central Garage	-	1,301,206
Communications	-	151,080
Insurance claims and expenses	5,066,192	-
Total Operating Expenses	<u>\$ 5,066,192</u>	<u>\$ 1,953,664</u>
Operating Income (Loss)	<u>\$ -</u>	<u>\$ (596,699)</u>
Transfer In	<u>\$ -</u>	<u>\$ 596,699</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, 2012

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges to County Department and other organizations	\$ -	\$ 1,403,726
Other Receipts (Payments)	-	578
Payments to suppliers for goods and services	-	(1,443,225)
Payments to employees for services	-	(557,778)
Receipts for insurance premiums	5,030,877	-
Payments for insurance premiums	(5,030,877)	-
Total cash provided by (used for) operating activities	\$ -	\$ (596,699)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	\$ -	\$ 596,699
Net Increase (Decrease) in Cash and Cash Equivalents	\$ -	\$ -
Cash and Cash Equivalents - Beginning	\$ -	\$ -
Cash and Cash Equivalents - Ending	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ -	\$ (596,699)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	\$ (35,315)	\$ 47,339
Increase (Decrease) in Accounts Payable	35,315	44,173
Increase (Decrease) in Due to Other Funds	-	(91,512)
Total Adjustments	\$ -	\$ -
Net Cash Provided By (Used For) Operating Activities	\$ -	\$ (596,699)

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, 2012

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 160,785</u>
LIABILITIES	
Amounts Held for Others:	
Social Services Clients	\$ 25,682
Contractors	57,406
County Employees	<u>77,697</u>
Total amounts held for others	<u>\$ 160,785</u>
Total Liabilities	<u>\$ 160,785</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$666,358 at June 30, 2012 and is comprised solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

5. Use of Estimates

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

6. Capital Assets

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

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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

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

6. Capital Assets (continued)

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

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

7. Compensated Absences

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

8. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuances costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2012

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

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

9. Fund Equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This standard (implemented in 2011) has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The County of Pulaski, Virginia evaluated its funds at June 30, 2012 and classified fund balance into the following five categories:

Non-spendable – amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

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

Committed - amounts that have been committed (establish, modify, or recind) 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 - amounts 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 this level of authority to be the Board of Directors or any Committee granted such authority by the Board of Directors.

Unassigned -this category is for any balances that have no restrictions placed upon them; positive amount are only reported in the general fund.

The County's highest decision making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2012

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 (\$31,805,103) and (\$2,203,729) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
General obligation bonds	\$ (14,964,031)	\$ -
General obligation bond premium	(275,382)	-
Lease revenue notes	(10,580,409)	-
Lease revenue premium	(495,719)	-
Literary loans	(3,375,000)	-
Note payable	(420,000)	-
Accrued interest payable	(489,779)	-
Landfill post-closure monitoring costs	(248,106)	-
Net OPEB obligation	(243,900)	(679,200)
Compensated absences	(712,777)	(1,624,529)
	<hr/>	<hr/>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets - governmental activities	\$ (31,805,103)	\$ (2,303,729)

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2012

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 (\$855,756) and \$1,460,420 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
Capital outlays	\$ 1,103,547	\$ 2,357,672
Net book value of asset disposals	-	(16,024)
Depreciation expenses	<u>(1,959,303)</u>	<u>(881,228)</u>
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>(855,756)</u>	\$ <u>1,460,420</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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 obligations (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,707,872 difference in the primary government are as follows:

	<u>Primary Government</u>
Debt issued or incurred:	
Note payable	\$ (420,000)
Landfill post-closure monitoring costs	(5,815)
Principal payments	
General obligation bonds	1,007,642
Literary loans	375,000
Lease revenue notes	692,346
Amortization of premium	<u>58,699</u>
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 1,707,872</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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 \$105,780 and (\$338,516) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
(Increase) decrease in compensated absences	\$ 48,197	\$ (215,716)
(Increase) decrease in net OPEB obligation	(29,595)	(122,800)
(Increase) decrease in accrued interest payable	<u>87,178</u>	<u>-</u>
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 105,780</u>	<u>\$ (338,516)</u>

Note 3- Stewardship, Compliance, and Accountability:

- A. Budgetary Information:

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

B. Excess of Expenditures Over Appropriations:

On the cash basis, Community Development had an excess of expenditures over appropriations totaling (\$36,271), for fiscal year 2012.

C. Deficit Fund Equity:

At June 30, 2012, 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 public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 4- Deposits and Investments: (continued)

External Investment Pools: (continued)

The fair values of the positions in the external investment pool, Local Government Investment Pool (LGIP), 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:

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
Commonwealth of Virginia:		
State sales tax	\$ 503,811	\$ 754,584
Communication sales tax	214,814	-
Categorical aid-shared expense	258,974	-
Categorical aid-other	115,470	19,362
Categorical aid-VPA funds	140,302	-
Categorical aid-CSA funds	656,206	-
Federal Government:		
Categorical aid-VPA funds	190,471	-
Categorical aid-other	102,804	666,087
Totals	\$ 2,182,852	\$ 1,440,033

Note 6- Component-Unit Obligations:

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
Primary Government:		
General Fund	\$ 2,177,255	\$ 506,757
County Construction Fund	-	1,100
Component Units:		
IDA	507,857	-
School Fund	-	2,177,255
Total	\$ 2,685,112	\$ 2,685,112
	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government:		
General Fund	\$ -	\$ 4,690,906
School Construction Fund	1,456,675	-
County Construction Fund	2,637,532	-
Internal Service Fund	596,699	-
Total	\$ 4,690,906	\$ 4,690,906

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 7- Long-Term Obligations: (continued)

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

Year Ending June 30,	General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2013	\$ 1,017,779	\$ 603,621	\$ 375,000	\$ 101,250
2014	1,033,016	561,714	375,000	90,000
2015	1,049,514	516,170	375,000	78,750
2016	1,066,269	470,040	375,000	67,500
2017	1,083,290	423,314	375,000	56,250
2018-2022	5,267,140	1,408,444	1,500,000	112,500
2023-2027	2,711,272	564,215	-	-
2028-2032	1,529,564	138,715	-	-
2033-2037	54,753	37,167	-	-
2038-2042	67,270	24,650	-	-
2043-2047	84,164	9,270	-	-
2048	-	-	-	-
Totals	\$ 14,964,031	\$ 4,757,320	\$ 3,375,000	\$ 506,250

Year Ending June 30,	Lease Revenue Notes		Note Payable	
	Principal	Interest	Principal	Interest
2013	\$ 720,409	\$ 507,493	\$ 56,642	\$ 7,578
2014	470,000	480,753	57,726	6,494
2015	490,000	460,308	58,831	5,390
2016	510,000	438,253	59,957	4,264
2017	530,000	415,288	61,105	2,816
2018-2022	3,095,000	1,649,050	62,273	1,947
2023-2027	3,965,000	771,100	63,466	755
2028-2032	800,000	38,235	-	-
Totals	\$ 10,580,409	\$ 4,760,480	\$ 420,000	\$ 29,244

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 7- Long-Term Obligations: (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	\$ 371,992	\$ 38,485
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	5,995,000	545,000
GO bond	3.78%	4/29/2005	2020	2,000,000	1,310,449	143,860
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	6,945,000	285,000
GO bond	4.13%	5/30/2008	2048	352,000	341,590	5,434
Subtotal GO bonds					\$ 14,964,031	\$ 1,017,779
Unamortized bond premium	n/a	11/7/2002	2023	436,841	\$ 240,263	\$ 21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	35,119	2,007
Total general obligation bonds					\$ 15,239,413	\$ 1,041,628
Lease revenue notes:						
IDA lease revenue note	3.5-5.25%	2/8/2007	2027	\$ 14,000,000	\$ 5,540,000	\$ 265,000
School lease revenue note	2.92%	5/2/2008	2013	1,300,000	275,409	275,409
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	4,765,000	180,000
Subtotal lease revenue notes					\$ 10,580,409	\$ 720,409
Unamortized bond premium	n/a	2/8/2007	2027	348,249	\$ 216,717	\$ 17,412
Unamortized bond premium	n/a	5/15/2008	2029	348,754	279,002	17,438
Total lease revenue notes					\$ 11,076,128	\$ 755,259
Literary loans:						
State literary fund loan	3%	12/15/2000	2021	\$ 2,500,000	\$ 1,125,000	\$ 125,000
State literary fund loan	3%	12/15/2000	2021	5,000,000	2,250,000	250,000
Total literary loans					\$ 3,375,000	\$ 375,000
Note Payable						
Note Payable	1.900%	4/30/2012	2019	\$ 420,000	\$ 420,000	\$ 56,642
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 248,106	\$ -
Net OPEB obligation	n/a	n/a	n/a	n/a	243,900	-
Compensated absences	n/a	n/a	n/a	n/a	712,777	71,278
Total other obligations					\$ 1,204,783	\$ 71,278
Totals					\$ 31,315,324	\$ 2,299,807

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 8- Long-Term Obligations- Component Unit School Board:

Discretely Presented Component Unit- School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2012.

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Net OPEB obligation	\$ 556,400	\$ 406,800	\$ (284,000)	\$ 679,200
Compensated absences	1,408,813	215,716	-	1,624,529
Total	\$ 1,965,213	\$ 622,516	\$ (284,000)	\$ 2,303,729

Details of Long-Term Indebtedness:

Interest Term Maturity Original Governmental Due Within

18

Other obligations:

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 9. Employee Retirement System and Defined Benefit Pension Plans (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 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

- Members hired or rehired on or after July 1, 2010 and who have no service credits

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 9- Employee Retirement System and Defined Benefit 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 2012 was 8.77% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their 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 2012 was 7.12% of annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2012, the County of Pulaski, Virginia's and School Board's annual pension costs of \$811,865 and \$163,544 were equal to the County of Pulaski, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information

	<u>Year Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)(1)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
Primary Government:				
County	2010	\$ 682,315	100%	\$ -
	2011	785,837	100%	-
	2012	811,865	100%	-
Component Unit - School Board:				
School Board Non-professional	2010	145,695	100%	-
	2011	155,664	100%	-
	2012	163,544	100%	-

(1) Excludes member contribution

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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

C. Annual Pension Cost: (continued)

The FY 2012 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 2.75% to 5.00% 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 at a level percentage of projected revenues on a straight-line basis. The remaining amortization period at

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 9- Employee Retirement System and Defined Benefit 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 the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or 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 \$1,342,616, \$818,957, and \$1,398,761, for the fiscal years ended 2012, 2011, and 2010, respectively and equaled the required contributions for the year. Employer contributions represented 6.33% for the entire fiscal year 2012, 3.93% for the entire fiscal year 2011, and 8.81% from July 2009 through March 2010 and 0.00% from April to June 2010 of annual covered

payroll.

Note 10 – Other Post Employment Benefits – Health Insurance:

A. Plan Description

The Pulaski Post-Retirement Medical Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the County. The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and

employee contributions, are governed by the County and can be amended through County action. The Plan does not issue a publicly available financial report.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2012

Note 10 – Other Post Employment Benefits – Health Insurance: (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 pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2012, the County and School Board contributed \$68,395 and \$408,200, respectively, for current costs of the Plan.

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

	County			School Board		
	POS	PPO	Dental	POS	PPO	Dental
Employee Only	\$ 589	\$ 431	\$ 27	\$ 589	\$ 431	\$ 27
Employee and Spouse	1,187	866	51	1,187	866	51
Employee and Child	1,154	841	44	1,154	841	44
Family	1,655	1,208	81	1,655	1,208	81

C. Annual OPEB Cost and Net OPEB Obligation

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

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COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 10-Other Postemployment Benefits – Health Insurance: (continued)

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

	County	School Board	Total
Annual required contribution	\$ 68,395	\$ 408,200	\$ 476,595
Interest on net OPEB obligation	8,000	21,200	29,200
Adjustment to annual required contribution	(8,500)	(22,600)	(31,100)
Annual OPEB cost (expense)	67,895	406,800	474,695
Contributions made	(38,300)	(284,000)	(322,300)
Net OPEB obligation - beginning of year	214,305	556,400	770,705
Net OPEB obligation - end of year	\$ 243,900	\$ 679,200	\$ 923,100

Net OPEB obligation - beginning of year	214,305	556,400	770,705
Net OPEB obligation - end of year	\$ 243,900	\$ 679,200	\$ 923,100

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 for 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2010	\$ 88,429	25%	\$ 149,929
6/30/2011	86,376	25%	214,305
6/30/2012	67,895	56%	243,900
School Board:			
6/30/2010	\$ 281,848	35%	\$ 366,648
6/30/2011	420,600	55%	556,400
6/30/2012	406,800	70%	679,200

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 10-Other Postemployment Benefits – Health Insurance: (continued)

D. Funded Status and Funding Progress

The funded status of the Plan (County and School Board combined) as of July 1, 2010, the most recent actuarial valuation date, was as follows:

	County	School Board	Total
Actuarial accrued liability (AAL)	\$ 1,557,770	\$ 4,338,412	\$ 5,896,182
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,557,770	\$ 4,338,412	\$ 5,896,182
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 8,082,191	\$ 22,509,012	\$ 30,591,203
UAAL as a percentage of covered payroll	19.27%	19.27%	19.27%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

For 2012, the County's contribution of \$26,018 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 2012 and the two preceding years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
County:			
June 30, 2010	\$ 21,150	100%	-
June 30, 2011	25,089	100%	-
June 30, 2012	26,018	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

	<u>County</u>
Actuarial accrued liability (AAL)	\$ 209,518
Actuarial value of plan assets	\$ 133,533
Unfunded actuarial accrued liability (UAAL)	\$ 75,985
Funded ratio (actuarial value of plan assets/AAL)	63.73%
Covered payroll (active plan members)	\$ 3,871,836
UAAL as a percentage of covered payroll	1.96%

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.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

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

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.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being

period at June 30, 2012 was 25 years.

F. Professional Employees – Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 12- Capital Assets:

Capital asset activity for the year ended June 30, 2012 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	\$ 38,537	\$ -	\$ 2,473,257
Construction in progress	<u>551,227</u>	<u>149,823</u>	<u>(323,930)</u>	<u>377,120</u>
Total capital assets not being depreciated	\$ <u>2,985,947</u>	\$ <u>188,360</u>	\$ <u>(323,930)</u>	\$ <u>2,850,377</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 52,550,777	\$ 336,485	\$ -	\$ 52,887,262
Machinery and equipment	<u>10,500,637</u>	<u>902,632</u>	<u>(107,049)</u>	<u>11,296,220</u>
Total capital assets being depreciated	\$ <u>63,051,414</u>	\$ <u>1,239,117</u>	\$ <u>(107,049)</u>	\$ <u>64,183,482</u>
Accumulated depreciation for:				
Buildings and improvements	\$ (9,869,083)	\$ (1,299,942)	\$ -	\$ (11,169,025)
Machinery and equipment	<u>(9,076,052)</u>	<u>(659,361)</u>	<u>107,049</u>	<u>(9,628,364)</u>
Total accumulated depreciation	\$ <u>(18,945,135)</u>	\$ <u>(1,959,303)</u>	\$ <u>107,049</u>	\$ <u>(20,797,389)</u>
Total capital assets being depreciated, net	\$ <u>44,106,279</u>	\$ <u>(720,186)</u>	\$ -	\$ <u>43,386,093</u>
Governmental activities capital assets, net	\$ <u><u>47,092,226</u></u>	\$ <u><u>(531,826)</u></u>	\$ <u><u>(323,930)</u></u>	\$ <u><u>46,236,470</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 12- Capital Assets: (continued)

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

Governmental activities:	
General government administration	\$ 23,577
Judicial administration	9,732
Public safety	639,253
Public works	167,797
Health and welfare	11,269
Education	985,057
Parks, recreation and cultural	96,237
Community development	<u>26,381</u>
 Total depreciation expense-governmental activities	 \$ <u>1,959,303</u>

Capital asset activity for the School Board for the year ended June 30, 2012 was as follows:

	<u>Beginning</u>				<u>Ending</u>
	Balance	Increases	Decreases		Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 564,527	\$ -	\$ -	\$ -	\$ 564,527
Construction in progress	<u>-</u>	<u>1,153,434</u>	<u>-</u>	<u>-</u>	<u>1,153,434</u>
Total capital assets not being depreciated	<u>\$ 564,527</u>	<u>\$ 1,153,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,717,961</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 19,069,673	\$ 368,411	\$ (50,267)	\$ -	\$ 19,387,817
Machinery and equipment	<u>6,686,530</u>	<u>835,827</u>	<u>(165,660)</u>	<u>-</u>	<u>7,356,697</u>
Total capital assets being depreciated	<u>\$ 25,756,203</u>	<u>\$ 1,204,238</u>	<u>\$ (215,927)</u>	<u>\$ -</u>	<u>\$ 26,744,514</u>
Accumulated depreciation for:					
Buildings and improvements	\$ (15,336,868)	\$ (407,943)	\$ 50,267	\$ -	\$ (15,694,544)
Machinery and equipment	<u>(4,778,054)</u>	<u>(473,285)</u>	<u>149,636</u>	<u>-</u>	<u>(5,101,703)</u>
Total accumulated depreciation	<u>\$ (20,114,922)</u>	<u>\$ (881,228)</u>	<u>\$ 199,903</u>	<u>\$ -</u>	<u>\$ (20,796,247)</u>
Total capital assets being depreciated, net	<u>\$ 5,641,281</u>	<u>\$ 323,010</u>	<u>\$ (16,024)</u>	<u>\$ -</u>	<u>\$ 5,948,267</u>
Governmental activities capital assets, net	<u>\$ 6,205,808</u>	<u>\$ 1,476,444</u>	<u>\$ (16,024)</u>	<u>\$ -</u>	<u>\$ 7,666,228</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 15- Surety Bonds:

Primary Government:

Fidelity and Deposit Company of Maryland-Surety

Maetta H. Crewe, Clerk of the Circuit Court	\$	145,000
Melinda Worrell, Treasurer		500,000
Trina Rupe, Commissioner of the Revenue		3,000
James A. Davis, Sheriff		30,000
The above constitutional officers' employees - blanket bond		50,000
All Social Services employees - blanket bond		100,000

VACo Risk Management Programs

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

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

VACo Risk Management Programs

All School Board employees - blanket bond	\$	250,000
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Note 16- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2012, the total post-closure care liability (which represents the 7 years remaining) was \$248,106 representing what it would cost to perform all post-closure care in fiscal year 2012. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County demonstrated financial assurance requirements for closure, post-closure care through the submission of a Local Government Financial Test to the Virginia Department of environmental Quality in accordance with section 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 17 – Deferred/Unearned Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which

Deferred revenue totaling \$0,407,404 is reported of the

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
 June 30, 2012

Note 18 – Fund Balance Classifications:

	<u>General Fund</u>
Restricted:	
Clerk of Circuit Court	\$ 4,983
Commonwealth Attorney Seized Assets	5,451
Sheriff Seized Assets	2,847
Community Corrections	48,938
Beans & Rice Mico Solution Grant	13,940
Total Restricted	<u>\$ 76,159</u>
Committed:	
VDEM Generator Hookup Grant Match	\$ 96,491
CDBG Baskerville Grant Match	48,700
VDOT New River Trail Extension Grant Match	50,000
VDOT T21 Newbern Grant Match	42,728
NRV Airshow Grant Match	10,000
Communications Fiber Grant Match	600,000
VDOT Round House Road Match	305,701
Total Committed	<u>\$ 1,153,620</u>
Assigned:	
Outstanding Encumbrances 06/30/12 - Various Departments	\$ 16,845
Electoral Board Equipment Funding	7,566
Clerk of Circuit Court Equipment Funding	7,210
Clerk of Circuit Court Records Preservation Grant	4,983
E-911 GIS Mapping Equipment	15,000
Court Services Unit CE Richardson Grant	1,777
Emergency Management HazMat Reimbursements Carryover	3,615
Clean Community Council Grant	750
Property Cleanup	4,293
Beans & Rice IDA Program	2,300
Travis Carty Memorial Funds	1,446
Claytor Lake Celebration	868
Library Programs & Equipment	4,977
Cooperative Extension Vista Program Grant Match	1,500
Transfer to Pulaski County Public Schools	541,536
Transfer to School Debt Fund	157,000
Transfer to Capital Improvements Fund:	3,355,215
Transfer to IDA Fund for Maple Shade Renovations	1,593,728
Transfer to CIP Fund Recreation Facility	5,000,000
Transfer to Internal Service Fund Auction Proceeds	10,150
Transfer to Internal Service Fund for 6/30/12 PO's	26,943
10% Contingency Funds on Above Projects	1,075,770
Total Assigned	<u>\$ 11,833,472</u>
Unassigned	<u>\$ 6,390,074</u>
Total Fund Balance	<u>\$ 19,453,325</u>

COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)
June 30, 2012

Note 18 – Fund Balance Classifications: (continued)

	Other Governmental Funds
Restricted:	
School Construction	\$ 53,131
County Construction	100,256
Total Restricted Fund Balance	<u>153,387</u>
Committed For:	
Tornado Clean up and assistance	<u>152,054</u>
Total Fund Balance	<u>\$ 458,828</u>

Required Supplementary Information

County of Pulaski, Virginia
Required Supplementary Information
Schedules of Pension and OPEB Funding Progress
For the Fiscal Year Ended June 30, 2012

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, 2011 \$	35,363,975 \$	43,826,661 \$	8,462,686	80.69% \$	9,058,892	93.42%
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%

Discontinuation of Coverage 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, 2011 \$	7,607,630 \$	9,114,867 \$	1,507,237	83.46% \$	2,151,682	70.05%
June 30, 2010	7,477,351	8,850,581	1,373,230	84.48%	2,324,815	59.07%
June 30, 2009	7,511,549	8,197,116	685,567	91.64%	2,344,318	29.24%

Primary Government: Post-Retirement Medical Plan

Actuarial Valuation Date* (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
July 1, 2010	-	\$ 1,557,770	\$ 1,557,770	0.00%	\$ 8,082,191	19.27%
July 1, 2008	-	909,733	909,733	0.00%	5,744,151	15.84%

School Board: Post-Retirement Medical Plan

Actuarial Valuation Date* (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
July 1, 2010	-	\$ 4,338,412	\$ 4,338,412	0.00%	\$ 22,509,012	19.27%
July 1, 2008	-	3,023,800	3,023,800	0.00%	24,910,406	12.14%

Primary Government: Virginia Retirement System - Health Insurance Credit:

Actuarial	Actuarial	Actuarial	Unfunded AAL	Funded Ratio	Annual	UAAL as a
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Other Supplementary Information

County of Pulaski, Virginia
Non-Major Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue Fund		Capital Projects Funds		Total
	Tornado Relief Fund		School CIP Fund	County CIP Fund	
ASSETS					
Cash and Cash Equivalents	\$ 195,702	\$	38	\$ -	\$ 195,740
Investments	-		53,093	-	53,093
Due from Other Funds	-		67,767	-	67,767
Due from Other Governmental Units	-		-	174,622	174,622
Advances to Component Units	-		-	1,100	1,100
Total Assets	\$ 195,702	\$	120,898	\$ 175,722	\$ 492,322
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 43,648	\$	67,767	39,221	\$ 150,636
Due to Other Funds	-		-	36,245	36,245
Total Liabilities	\$ 43,648	\$	67,767	\$ 75,466	\$ 186,881
Fund Balances:					
Restricted:					
Construction	\$ -	\$	53,131	100,256	\$ 153,387
Committed:					
Tornado cleanup and assistance	152,054		-	-	152,054
Total Fund Balances	\$ 152,054	\$	53,131	\$ 100,256	\$ 305,441
Total Liabilities and Fund Balances	\$ 195,702	\$	120,898	\$ 175,722	\$ 492,322

County of Pulaski, Virginia
Non-Major Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	Special Revenue Fund		Capital Projects Funds		Total
	Tornado Relief Fund	School CIP Fund	County CIP Fund		
REVENUES					
Revenue from Use of Money and Property	\$	\$	\$	\$	296
Miscellaneous	365,116	-	-	-	365,116
Intergovernmental Revenues:					
Commonwealth	285,384	-	43,880		329,264
Federal Government	-	-	100,827		100,827
Total Revenues	\$ 650,500	\$ 296	\$ 144,707	\$	795,503
EXPENDITURES:					
General Government Administration	\$	\$	\$	\$	205,998
Public Safety	-	-	625,976		625,976
Public Works	-	-	149,230		149,230
Health and Welfare	746,583	-	-		746,583
Education	-	-	216,717		216,717
Parks, Recreation and Cultural	-	-	265,768		265,768
Community Development	-	-	1,218,294		1,218,294
Capital Projects	-	1,841,662	-		1,841,662
Total Expenditures	\$ 746,583	\$ 1,841,662	\$ 2,681,983	\$	5,270,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (96,083)	\$ (1,841,366)	\$ (2,537,276)	\$	(4,474,725)
Other Financing Sources (Uses)					
Transfers In	\$	\$	\$	\$	4,094,207
Total Other Financing Sources (Uses)	\$ -	\$ 1,456,675	\$ 2,637,532	\$	4,094,207
Net Change in Fund Balance	\$ (96,083)	\$ (384,691)	\$ 100,256	\$	(380,518)
Fund Balance - Beginning	248,137	437,822	-		685,959
Fund Balance - Ending	\$ 152,054	\$ 53,131	\$ 100,256	\$	305,441

County of Pulaski, Virginia
 Non-Major Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	365,116	365,116
Commonwealth	-	-	285,384	285,384
Total Revenues	\$ -	\$ -	650,500	650,500
EXPENDITURES:				
Current:				
Health and Welfare	\$ -	\$ -	746,583	(746,583)
	\$ -	\$ -	746,583	(746,583)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ -	(96,083)	(96,083)
Net Change in Fund Balance	\$ -	\$ -	(96,083)	(96,083)
Fund Balance - Beginning	-	-	248,137	248,137
Fund Balance - Ending	\$ -	\$ -	152,054	152,054

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, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Revenue from Use of Money and Property	\$ -	\$ -	\$ 296	\$ 296
Miscellaneous	-	418,550	-	(418,550)
Total Revenues	\$ -	\$ 418,550	\$ 296	\$ (418,254)
EXPENDITURES:				
Capital Projects	\$ -	\$ 1,945,098	\$ 1,841,662	\$ 103,436
	\$ -	\$ 1,945,098	\$ 1,841,662	\$ 103,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (1,526,548)	\$ (1,841,366)	\$ (314,818)
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 1,526,548	\$ 1,456,675	\$ (69,873)
Total Other Financing Sources (Uses)	\$ -	\$ 1,526,548	\$ 1,456,675	\$ (69,873)
Net Change in Fund Balance	\$ -	\$ -	\$ (384,691)	\$ (384,691)
Fund Balance - Beginning	-	-	437,822	437,822
Fund Balance - Ending	\$ -	\$ -	\$ 53,131	\$ 53,131

County of Pulaski, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Funds			<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bonds</u>	<u>Employee Flexible Benefits</u>	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 25,682	\$ 57,406	\$ 77,697	\$ 160,785
Total Assets	<u>\$ 25,682</u>	<u>\$ 57,406</u>	<u>\$ 77,697</u>	<u>\$ 160,785</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Social Services Clients	\$ 25,682	\$ -	\$ -	\$ 25,682
Contractors	-	57,406	-	57,406
County Employees	-	-	77,697	77,697
Total amounts held for others	<u>\$ 25,682</u>	<u>\$ 57,406</u>	<u>\$ 77,697</u>	<u>\$ 160,785</u>
Total Liabilities	<u>\$ 25,682</u>	<u>\$ 57,406</u>	<u>\$ 77,697</u>	<u>\$ 160,785</u>

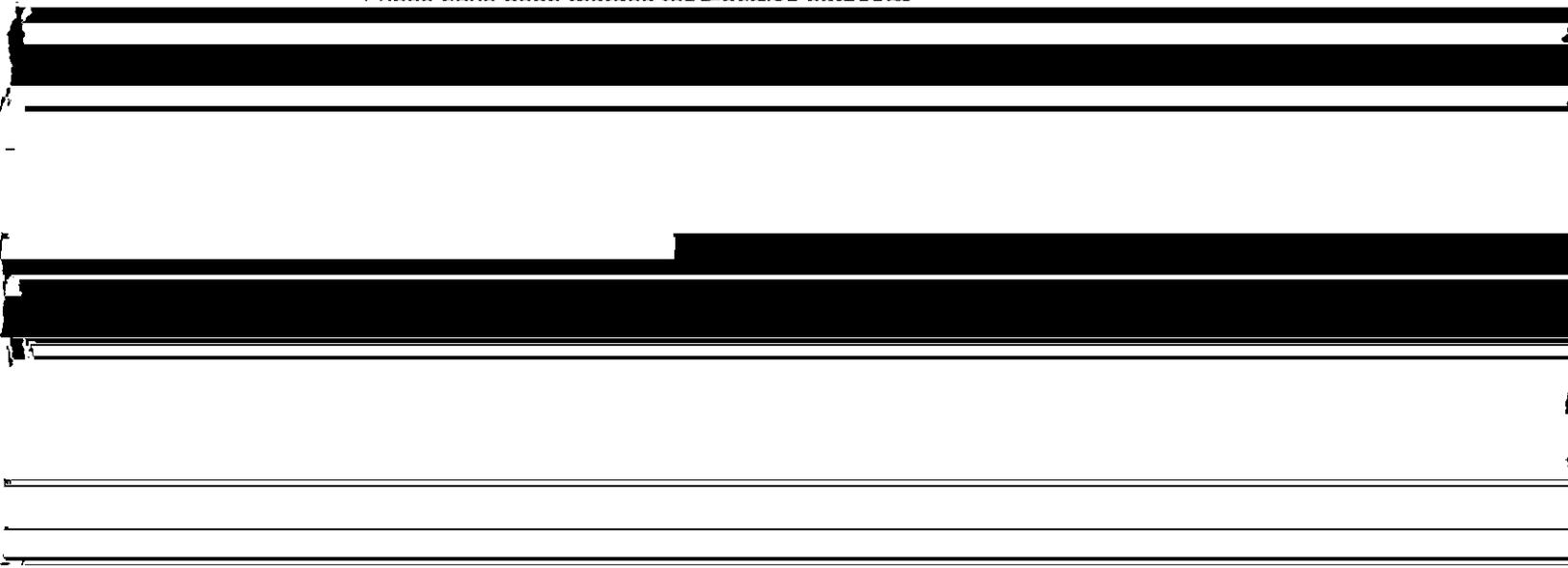
County of Pulaski, Virginia
Combining Statement of Changes in Fiduciary Net Assets
Agency Funds
June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 40,721	\$ 75,081	\$ 90,120	\$ 25,682
Performance Bond Fund	51,634	5,772	-	57,406
Employee Flexible Benefits Fund	77,231	60,619	60,153	77,697
Total cash and cash equivalents	<u>\$ 169,586</u>	<u>\$ 141,472</u>	<u>\$ 150,273</u>	<u>\$ 160,785</u>
Total Assets	<u>\$ 169,586</u>	<u>\$ 141,472</u>	<u>\$ 150,273</u>	<u>\$ 160,785</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 40,721	\$ 75,081	\$ 90,120	\$ 25,682
Performance Bond Fund	51,634	5,772	-	57,406
Employee Flexible Benefits Fund	77,231	60,619	60,153	77,697
Total amounts held for others	<u>\$ 169,586</u>	<u>\$ 141,472</u>	<u>\$ 150,273</u>	<u>\$ 160,785</u>
Total Liabilities	<u>\$ 169,586</u>	<u>\$ 141,472</u>	<u>\$ 150,273</u>	<u>\$ 160,785</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

MAJOR GOVERNMENTAL FUND

School Operating Fund - The School Operating Fund 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.

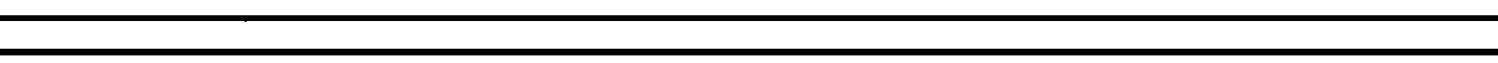


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County of Pulaski, Virginia
 Discretely Presented Component Unit - School Board
 Balance Sheet
 June 30, 2012

	<u>School Operating Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 610,784
Prepaid expenses	607,419
Due from Primary Government	2,177,255
Due from Other Governmental Units	1,440,033
Total Assets	<u>\$ 4,835,491</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 263,331
Accrued Wages	3,600,307
Total Liabilities	<u>\$ 3,863,638</u>
Fund Balances:	
Committed	\$ 971,853
Total Fund Balances	<u>\$ 971,853</u>
Total Liabilities and Fund Balances	<u>\$ 4,835,491</u>

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1)



are different because:

Total fund balances - per above	\$ 971,853
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,666,228
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County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	<u>School Operating Fund</u>
REVENUES	
Revenue from Use of Money and Property	\$ 19,844
Charges for Services	1,145,900
Miscellaneous	38,090
Recovered Costs	1,183,260
Intergovernmental Revenues:	
Local Government	11,627,400
Commonwealth	25,288,858
Federal Government	6,884,788
Total Revenues	<u>\$ 46,188,140</u>
EXPENDITURES:	
Current:	
Education	<u>\$ 46,102,098</u>
Total Expenditures	<u>\$ 46,102,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 86,042</u>
Net Change in Fund Balance	\$ 86,042
Fund Balance - Beginning	885,811
Fund Balance - Ending	<u><u>\$ 971,853</u></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	\$ 86,042
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.	1,476,444
In the statement of activities, only the loss on the sale of capital assets is reported, However, in the governemtnal funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	(16,024)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.	(338,516)
Change in net assets of governmental funds - component unit school board	<u><u>\$ 1,207,946</u></u>

County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 18,202	\$ 18,800	\$ 19,844	\$ 1,044
Charges for Services	894,301	1,071,555	1,145,900	74,345
Miscellaneous	14,850	41,310	38,090	(3,220)
Recovered Costs	875,158	1,257,911	1,183,260	(74,651)
Intergovernmental Revenues:				
Local Government	11,845,596	12,154,724	11,627,400	(527,324)
Commonwealth	25,677,961	25,677,961	25,288,858	(389,103)
Federal Government	8,352,364	8,542,852	6,884,788	(1,658,064)
Total Revenues	<u>\$ 47,678,432</u>	<u>\$ 48,765,113</u>	<u>\$ 46,188,140</u>	<u>\$ (2,576,973)</u>
EXPENDITURES:				
Education	\$ 47,678,431	\$ 48,765,101	\$ 46,102,098	\$ 2,663,003
Total Expenditures	<u>\$ 47,678,431</u>	<u>\$ 48,765,101</u>	<u>\$ 46,102,098</u>	<u>\$ 2,663,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1</u>	<u>\$ 12</u>	<u>\$ 86,042</u>	<u>\$ 86,030</u>
Net Change in Fund Balance	\$ 1	\$ 12	\$ 86,042	\$ 86,030
Fund Balance - Beginning	-	-	885,811	885,811
Fund Balance - Ending	<u>\$ 1</u>	<u>\$ 12</u>	<u>\$ 971,853</u>	<u>\$ 971,841</u>

Supporting Schedules

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<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	\$ 13,904,000	\$ 14,166,726	\$ 14,239,400	\$ 72,674
Real and personal public service corporation taxes	740,000	740,000	716,694	(23,306)
Personal property taxes	3,443,000	3,800,000	3,791,618	(8,382)
Mobile home taxes	-	-	36,608	36,608
Machinery and tools taxes	2,650,000	2,650,000	2,622,207	(27,793)
Merchant's capital taxes	-	-	2,260	2,260
Penalties	160,000	160,000	152,231	(7,769)
Interest	125,000	161,000	167,158	6,158
Collection fees	10,000	53,691	59,928	6,237
Total General Property Taxes	<u>\$ 21,032,000</u>	<u>\$ 21,731,417</u>	<u>\$ 21,788,104</u>	<u>\$ 56,687</u>
Other Local Taxes:				
Local sales and use taxes	\$ 2,750,000	\$ 2,750,000	\$ 2,888,609	\$ 138,609
Consumers' utility taxes	638,000	638,000	655,511	17,511
Business licenses	535,000	575,000	574,753	(247)
Consumption taxes	76,600	76,600	102,204	25,604
Motor vehicle licenses	466,300	546,300	556,608	10,308
Bank stock taxes	30,000	37,578	37,578	-
Taxes on recordation and wills	195,000	195,000	145,501	(49,499)
Hotel and motel room taxes	335,000	335,000	284,064	(50,936)
Restaurant food taxes	1,180,000	1,230,000	1,279,096	49,096
Total Other Local Taxes	<u>\$ 6,205,900</u>	<u>\$ 6,383,478</u>	<u>\$ 6,523,924</u>	<u>\$ 140,446</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 23,000	\$ 26,200	\$ 27,762	\$ 1,562
Land use application fees	500	500	404	(96)
Transfer fees	1,200	1,200	878	(322)
Zoning and subdivision permits	11,000	11,000	7,602	(3,398)
Erosion and sediment control permits	2,500	2,500	400	(2,100)
Building permits	140,000	140,000	92,347	(47,653)
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 178,200</u>	<u>\$ 181,400</u>	<u>\$ 129,393</u>	<u>\$ (52,007)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 37,000	\$ 37,000	\$ 33,085	\$ (3,915)
Interest on local fines	2,300	2,300	2,789	489
Total Fines and Forfeitures	<u>\$ 39,300</u>	<u>\$ 39,300</u>	<u>\$ 35,874</u>	<u>\$ (3,426)</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 249,400	\$ 342,400	\$ 319,263	\$ (23,137)
Revenue from use of property	31,600	59,600	59,582	(18)
Total Revenue from Use of Money and Property	<u>\$ 281,000</u>	<u>\$ 402,000</u>	<u>\$ 378,845</u>	<u>\$ (23,155)</u>
Charges for Services:				
Charges for clerk copies	\$ 7,200	\$ 7,290	\$ 32,465	\$ 25,175
Excess fees of Clerk	0	0	389	389
Total Charges for Services	<u>\$ 7,200</u>	<u>\$ 7,290</u>	<u>\$ 32,854</u>	<u>\$ 25,564</u>
Charges for courthouse maintenance	21,000	21,000	17,989	(3,011)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<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	\$ 40,145	\$ 40,145	\$ 38,620	\$ (1,525)
Charges for library	22,530	22,778	25,548	2,770
Total Charges for Services	<u>\$ 549,645</u>	<u>\$ 569,253</u>	<u>\$ 560,448</u>	<u>\$ (8,805)</u>
Miscellaneous:				
Miscellaneous	\$ 74,865	\$ 111,203	\$ 26,869	\$ (84,334)
Recovered Costs:				
Administrative fees	\$ 88,000	\$ 115,100	\$ 83,576	\$ (31,524)
Airport recoveries	166,196	175,152	160,931	(14,221)
Juror costs	7,020	7,020	5,670	(1,350)
Circuit court secretary	12,788	12,788	26,736	13,948
CSA recoveries	10,000	10,000	192,445	182,445
Insurance recoveries	-	2,099	8,091	5,992
Parks and recreation	-	42,726	29,785	(12,941)
Public safety recoveries	146,916	146,916	115,651	(31,265)
Health department recoveries	-	-	7,444	7,444
Hazardous material response	-	5,919	6,113	194
Other recoveries	-	73,150	10,180	(62,970)
Total Recovered Costs	<u>\$ 430,920</u>	<u>\$ 590,870</u>	<u>\$ 646,622</u>	<u>\$ 55,752</u>
Total Revenue from Local Sources	<u>\$ 28,791,830</u>	<u>\$ 30,008,921</u>	<u>\$ 30,090,079</u>	<u>\$ 81,158</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical Aid:				
Motor vehicle carriers' tax	\$ 40,944	\$ 40,944	\$ 41,995	\$ 1,051
Mobile home titling tax	40,000	40,000	77,439	37,439
Motor vehicle rental tax	25,000	25,000	1,855	(23,145)
Grantor's tax	103,000	103,000	48,710	(54,290)
State recordation tax	-	-	63,559	63,559
Telecommunication taxes	883,000	883,000	911,969	28,969
Personal property tax relief funds	1,594,000	1,594,000	1,594,529	529
Funds returned to Commonwealth	-	-	(346,939)	(346,939)
Total Non-categorical Aid	<u>\$ 2,685,944</u>	<u>\$ 2,685,944</u>	<u>\$ 2,393,117</u>	<u>\$ (292,827)</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 577,527	\$ 577,527	\$ 573,911	\$ (3,616)
Sheriff	1,694,636	1,694,636	1,715,514	20,878
Commissioner of the Revenue	125,086	125,086	124,390	(696)
Treasurer	100,661	100,661	100,376	(285)
Medical Examiner	1,800	1,800	-	(1,800)
Registrar/Electoral Board	44,004	51,554	48,991	(2,563)
Clerk of the Circuit Court	331,306	353,910	366,234	12,324
Total Shared Expenses	<u>\$ 2,875,020</u>	<u>\$ 2,905,174</u>	<u>\$ 2,929,416</u>	<u>\$ 24,242</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 1,522,207	\$ 1,522,207	\$ 2,064,148	\$ 541,941
Comprehensive Services Act (CSA)	2,909,890	2,909,890	2,825,926	(83,964)
Victim's assistance grant	120,405	125,221	30,703	(94,518)
Litter control grant	11,955	11,955	10,082	(1,873)
DMV animal friendly plates	100	100	727	627
Library	114,122	107,402	114,122	6,720
Total Other Categorical Aid	<u>\$ 4,678,579</u>	<u>\$ 4,678,579</u>	<u>\$ 5,045,686</u>	<u>\$ 367,107</u>
Total Revenue from Intergovernmental Sources	<u>\$ 7,363,823</u>	<u>\$ 7,363,823</u>	<u>\$ 7,363,823</u>	<u>\$ -</u>
Total Revenue from All Sources	<u>\$ 36,156,483</u>	<u>\$ 37,377,744</u>	<u>\$ 37,443,977</u>	<u>\$ 66,233</u>
Total Expenditures	<u>\$ 36,156,483</u>	<u>\$ 37,377,744</u>	<u>\$ 37,443,977</u>	<u>\$ 66,233</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<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>
Non-major Capital Projects Fund: (continued)				
County CIP Fund:				
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 694,052	\$ 43,880	\$ (650,172)
Revenue from the Federal Government:				
Categorical Aid:				
Department of mines, minerals, and energy	\$ -	492,001	\$ 100,827	\$ (391,174)
Total County CIP Fund	\$ -	\$ 1,186,053	\$ 144,707	\$ (1,041,346)
Total Primary Government	\$ 43,797,875	\$ 48,536,494	\$ 45,554,170	\$ (2,982,324)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 3,202	\$ 3,800	\$ 9,307	\$ 5,507
Revenue from use of property	15,000	15,000	10,537	(4,463)
Total Revenue from Use of Money and Property	\$ 18,202	\$ 18,800	\$ 19,844	\$ 1,044
Charges for Services:				
Charges for education	\$ 125,306	\$ 172,253	\$ 136,026	\$ (36,227)
Cafeteria sales	768,995	899,302	1,009,874	110,572
Total Charges for Services	\$ 894,301	\$ 1,071,555	\$ 1,145,900	\$ 74,345
Miscellaneous:				
Miscellaneous	\$ 14,850	\$ 41,310	\$ 38,090	\$ (3,220)
Recovered Costs:				
Medicaid reimbursements	\$ -	\$ -	\$ 153,843	\$ 153,843
Insurance recoveries	-	22,000	29,305	7,305
Salary reimbursements	-	-	44,896	44,896
School activity reimbursements	-	-	87,928	87,928
Title I indirect costs	-	-	100,021	100,021
Governor's school reimbursements	439,008	439,008	405,803	(33,205)
Other recoveries	436,150	796,903	361,464	(435,439)
Total Recovered Costs	\$ 875,158	\$ 1,257,911	\$ 1,183,260	\$ (74,651)
Total Revenue from Local Sources	\$ 1,802,511	\$ 2,389,576	\$ 2,387,094	\$ (2,482)
Intergovernmental Revenues:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 11,845,596	\$ 12,154,724	\$ 11,627,400	\$ (527,324)

Revenue from the Commonwealth:

Categorical Aid:				
At risk four-year olds	\$ 316,572	\$ 316,572	\$ 316,572	\$ -
At risk payments	377,492	377,492	372,165	(5,327)
Adult Education	6,164	6,164	30,000	23,836
Basic school aid	13,701,422	13,701,422	13,441,646	(259,776)
Career technology education	50,335	50,335	12,319	(38,016)
Early reading intervention	71,491	71,491	84,489	12,998
English as a second language	430,507	430,507	251,251	(179,256)
Gifted and talented	144,143	144,143	142,027	(2,116)
GLI instructional	32,032	32,032	31,562	(470)
Governor's School	369,089	369,089	325,320	(43,769)
Homebound education	49,391	49,391	46,947	(2,444)
ISAEF	15,717	15,717	15,717	-
Montessori program	4,570	4,570	3,277	(1,293)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Special education jail	\$ 24,312	\$ 24,312	\$ 2,025	\$ (22,287)
National board certified teacher bonus	-	-	5,000	5,000
Preschool social services	-	-	29,495	29,495
Primary class size	464,572	464,572	472,107	7,535
Project graduation	-	-	8,839	8,839
Remedial education	422,821	422,821	416,613	(6,208)
Remedial summer education	121,805	121,805	102,211	(19,594)
Retirement	768,765	768,765	757,478	(11,287)
School food	40,340	40,340	40,169	(171)
Share of state sales tax	4,270,470	4,270,470	4,324,700	54,230
Social security	848,845	848,845	836,382	(12,463)
Special education	1,816,208	1,816,208	1,789,542	(26,666)
Special education - foster care	48,301	48,301	15,268	(33,033)
Standards of learning algebra readiness	48,846	48,846	55,453	6,807
State lottery payments	-	-	168,449	168,449
Textbook payment	129,922	129,922	128,014	(1,908)
Vocational education-equipment	-	-	12,307	12,307
Vocational occupational preparedness	-	-	29,993	29,993
Vocational standards of quality payments	454,853	454,853	448,175	(6,678)
VPSA technology grant	270,450	270,450	304,127	33,677
Link team	160,411	160,411	164,203	3,792
Readiness and emergency management	162,942	162,942	30,718	(132,224)
VTSF Virginia tobacco settlement	55,164	55,164	74,198	19,034
Total Categorical Aid	<u>\$ 25,677,961</u>	<u>\$ 25,677,961</u>	<u>\$ 25,288,858</u>	<u>\$ (389,103)</u>
Total Revenue from the Commonwealth	<u>\$ 25,677,961</u>	<u>\$ 25,677,961</u>	<u>\$ 25,288,858</u>	<u>\$ (389,103)</u>
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 23,183	\$ 23,183
Gear up access Virginia	21,820	21,820	40,941	19,121
Enhancing education through technology	109,667	109,667	2	(109,665)
Title I	1,780,825	1,749,320	1,278,683	(470,637)
Title I - ARRA	-	-	1,416	1,416
Title VI-B, special education flow-through - ARRA	125,523	125,523	420,098	294,575
Title VI-B, special education	1,854,357	2,003,711	929,161	(1,074,550)
Title VI-B, pre-school - ARRA	39,599	38,561	36,859	(1,702)
Vocational education	92,278	85,239	81,535	(3,704)
Drug free schools	-	-	84,997	84,997
Fresh fruits and vegetables	32,941	29,765	29,219	(546)
Title III, LEP	-	2,686	-	(2,686)
Title II, Part A-Teacher quality grant	454,330	406,780	211,096	(195,684)
Title II, Part D	-	-	18,820	18,820
Title II, Part D - ARRA	283,394	283,394	311,276	27,882
Technology literacy challenge grant	19,936	10,638	116,330	105,692
School Improvement	97,021	178,321	149,916	(28,405)
Response to intervention	358,333	358,333	188,482	(169,851)
Title IV, Part 21	621,379	613,379	174,837	(438,542)
School food	1,276,825	1,322,913	1,581,101	258,188
School food-Summer program	50,000	52,000	56,034	4,034
Education jobs fund - ARRA	1,115,617	1,132,283	1,132,283	-
State fiscal stabilization - ARRA	18,519	18,519	18,519	-
Total Categorical Aid	<u>\$ 8,352,364</u>	<u>\$ 8,542,852</u>	<u>\$ 6,884,788</u>	<u>\$ (1,658,064)</u>
Total Revenue from the Federal Government	<u>\$ 8,352,364</u>	<u>\$ 8,542,852</u>	<u>\$ 6,884,788</u>	<u>\$ (1,658,064)</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 47,678,432</u>	<u>\$ 48,765,113</u>	<u>\$ 48,188,140</u>	<u>\$ (2,576,973)</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<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)				
Inspections:				
Building Inspections	\$ 154,209	\$ 167,110	\$ 162,664	\$ 4,446
Code Enforcement	48,338	59,112	58,888	224
Total Inspections	<u>\$ 202,547</u>	<u>\$ 226,222</u>	<u>\$ 221,552</u>	<u>\$ 4,670</u>
Other Protection:				
Animal Control	\$ 235,381	\$ 255,934	\$ 256,787	\$ (853)
Medical Examiner	500	640	640	-
Emergency Management	94,235	111,806	107,092	4,714
Emergency Services Grants	-	568,752	250,011	318,741
Total Other Protection	<u>\$ 330,116</u>	<u>\$ 937,132</u>	<u>\$ 614,530</u>	<u>\$ 322,602</u>
Total Public Safety	<u>\$ 7,185,351</u>	<u>\$ 8,161,530</u>	<u>\$ 7,403,785</u>	<u>\$ 757,745</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 116,219	\$ 116,519	\$ 116,075	\$ 444
Landfill	71,652	95,792	75,261	20,531
Clean Community Council	29,096	40,811	38,537	2,274
Total Sanitation and Waste Removal	<u>\$ 216,967</u>	<u>\$ 253,122</u>	<u>\$ 229,873</u>	<u>\$ 23,249</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 759,588	\$ 799,674	\$ 766,540	\$ 33,134
Cleaning Services	165,309	165,309	153,767	11,542
NRV Salaries and Benefits Reimbursement	252,526	261,482	175,416	86,066
NRV Airport Maintenance Contribution	-	-	84,124	(84,124)
Natural disaster cleanup	-	248,000	213,207	34,793
Property cleanup	50,000	50,000	39,990	10,010
Total Maintenance of General Buildings and Grounds	<u>\$ 1,227,423</u>	<u>\$ 1,524,465</u>	<u>\$ 1,433,044</u>	<u>\$ 91,421</u>
Total Public Works	<u>\$ 1,444,390</u>	<u>\$ 1,777,587</u>	<u>\$ 1,662,917</u>	<u>\$ 114,670</u>
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 279,768	\$ 279,768	\$ 279,768	\$ -
Mental health and mental Retardation:				
Community Services Board	\$ 89,353	\$ 89,353	\$ 89,353	\$ -
Welfare:				
Public Assistance	\$ 6,266,064	\$ 6,306,711	\$ 5,614,465	\$ 692,246
Welfare Administration	46,800	46,800	27,556	19,244
Comprehensive Services Act-Administration	171,069	171,069	43,653	127,416
Comprehensive Services Act	4,180,766	4,180,766	4,091,768	88,998
Area Agency on Aging	15,758	15,758	15,758	-
Office on Youth	97,968	109,697	118,389	(8,692)
Pulaski Area Transit	55,000	58,750	55,000	3,750
New River Community Action	52,757	52,757	52,757	-
NRV Disability Services	10,598	10,598	10,598	-
Virginia Juvenile Commission on Crime	51,268	54,207	54,283	(76)
Fairview District Home	87,616	87,616	87,616	-
Brain Injury Services of SWVa	5,000	5,000	5,000	-

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<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)				
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,292	\$ 15,292	\$ 15,292	\$ -
Contribution to Pulaski County School Board	11,845,596	12,154,724	11,627,400	527,324
Total Education	<u>\$ 11,860,888</u>	<u>\$ 12,170,016</u>	<u>\$ 11,642,692</u>	<u>\$ 527,324</u>
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 20,908	\$ 22,542	\$ 19,794	\$ 2,748
Recreation	314,561	366,681	336,419	30,262
Friends of Claytor Lake	26,898	56,898	55,346	1,552
Randolph Park	274,231	313,531	316,273	(2,742)
Claytor Lake Aquatic Restoration	50,000	87,460	15,296	72,164
Claytor Lake Celebration	2,500	17,000	5,000	12,000
Total Parks and Recreation	<u>\$ 689,098</u>	<u>\$ 864,112</u>	<u>\$ 748,128</u>	<u>\$ 115,984</u>
Cultural Enrichment:				
Fine Arts Center	\$ 19,500	\$ 32,000	\$ 39,000	\$ (7,000)
Historical Landmarks	6,000	6,000	6,000	-
Friends of the Pulaski Theater	2,500	5,000	5,000	-
Round the Mountain	10,000	12,500	10,000	2,500
Return to Roots	1,000	1,000	1,000	-
Jamestown 2007 Celebration	-	50	31	19
Total Cultural Enrichment	<u>\$ 39,000</u>	<u>\$ 56,550</u>	<u>\$ 61,031</u>	<u>\$ (4,481)</u>
Library:				
Library Administration	\$ 452,989	\$ 460,132	\$ 437,067	\$ 23,065
Library State Aid	114,122	107,492	92,809	14,683
Total Library	<u>\$ 567,111</u>	<u>\$ 567,624</u>	<u>\$ 529,876</u>	<u>\$ 37,748</u>
Total Parks, Recreation and Cultural	<u>\$ 1,295,209</u>	<u>\$ 1,488,286</u>	<u>\$ 1,339,035</u>	<u>\$ 149,251</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 97,473	\$ 107,403	\$ 104,951	\$ 2,452
Economic Development	545,144	557,458	302,218	255,240
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	700	700	623	77
Visitors' Center	91,867	114,040	88,352	25,688
Planning and Zoning	117,234	118,934	117,277	1,657
NRV Planning District Commission	32,068	32,068	32,068	-
Baskerville Housing Project	741,313	1,325,680	241,279	1,084,401
NR Highland	700	700	700	-
NRV Competitiveness Center	37,224	57,224	25,578	31,646
Tourism	-	71,488	5,158	66,330
Contributions to other entities	46,000	46,000	41,000	5,000
Contribution to Pulaski County IDA	673,163	2,974,534	5,216,637	(2,242,103)
Contribution to Pulaski County PSA	134,389	853,597	134,388	719,209
Total Planning and Community Development	<u>\$ 2,527,275</u>	<u>\$ 6,269,826</u>	<u>\$ 6,320,229</u>	<u>\$ (50,403)</u>
Environmental Management:				
Contribution to Soil and Water District	\$ 12,269	\$ 12,269	\$ 12,269	\$ -

Cooperative Extension Program:

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2012

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-Major Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Cultural Enrichment:				
Library	\$ -	\$ 145,875	\$ 83,253	\$ 62,622
Total Parks, Recreation and Cultural	\$ 100,500	\$ 593,238	\$ 265,768	\$ 327,470
Community Development:				
Planning and Community Development:				
Planning and Zoning	\$ 5,000	\$ 19,500	\$ 6,676	\$ 12,824
County building improvements	-	10,500	19,712	(9,212)
Contribution to REMSI	85,000	140,000	45,000	95,000
Contribution to IDA	-	1,540,634	1,146,906	393,728
Total Community Development	\$ 90,000	\$ 1,710,634	\$ 1,218,294	\$ 492,340
Total County CIP Fund	\$ 983,500	\$ 6,450,511	\$ 2,681,983	\$ 3,768,528
Total Primary Government	\$ 44,385,930	\$ 57,547,783	\$ 51,420,987	\$ 6,126,796
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 3,590,880	\$ 2,099,077	\$ 1,790,201	\$ 308,876
Instructional:				
Instruction	\$ 32,553,310	\$ 34,396,694	\$ 31,911,915	\$ 2,484,779
Other operating costs				
Pupil transportation	\$ 2,168,275	\$ 2,249,275	\$ 2,253,977	\$ (4,702)
Operation and maintenance of school plant	4,963,459	5,103,046	5,009,287	93,759
Food services	2,172,303	2,348,120	2,659,937	(311,817)
Technical resources	2,230,204	2,568,889	2,476,781	92,108
Total other operating costs	\$ 11,534,241	\$ 12,280,330	\$ 12,399,982	\$ (130,652)
Total Discretely Presented Component Unit-School Board	\$ 47,678,431	\$ 48,765,101	\$ 46,102,098	\$ 2,663,003

Statistical Section

County of Pulaski, Virginia
Government-wide Expenses by Function
Last Six 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
2011-12	\$ 2,733,560	\$ 1,594,599	\$ 8,092,547	\$ 1,701,286	\$ 11,078,762	\$ 14,686,128	\$ 1,457,169	\$ 7,503,176	\$ 1,145,941	\$ 49,993,168
2010-11	2,354,362	1,598,836	7,767,882	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	1,252,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130
2006-07	2,103,757	1,238,375	7,335,947	682,855	8,562,139	10,531,127	1,411,041	963,542	764,711	33,593,494

Table 2

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

Fiscal Year	General Revenues					Grants and Contributions Not Restricted to Specific Programs	Total
	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous			
2003	\$ 21,993,777	\$ 6,523,924	\$ 379,141	\$ 391,985	\$ 2,514,364	\$ 45,113,221	
2004	21,623,192	5,617,664	329,563	394,290	1,040,960	43,871,773	
2005	21,173,271	5,171,842	297,227	208,630	2,631,288	46,387,726	
2006	20,175,233	6,565,919	540,453	526,812	2,143,390	43,266,070	
2007	19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045	
2008	18,839,172	6,580,583	1,167,434	57,658	1,868,491	39,547,185	

**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
2011-12	\$ 2,290,446	\$ 1,620,149	\$ 8,029,761	\$ 1,812,147	\$ 11,360,061	\$ 46,334,107	\$ 1,604,803	\$ 7,635,743	\$ -	\$ 3,366,806	\$ 84,054,023
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	-	3,165,949	78,029,226
2009-10	1,962,852	1,547,625	7,370,735	1,408,091	11,192,888	47,643,617	1,397,056	5,571,584	-	11,032,436	89,146,884
2008-09	2,593,215	1,479,967	7,241,921	1,458,888	10,394,049	48,062,018	1,604,803	7,635,743	-	3,293,977	83,764,581
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,399,957	1,596,685	-	2,634,931	73,668,115
2006-07	2,102,862	1,270,573	7,521,231	1,142,631	8,532,401	45,176,749	1,336,274	1,025,802	-	2,003,993	70,112,516
2005-06	1,760,809	1,123,294	6,704,826	1,099,401	8,386,534	42,441,597	1,425,356	4,371,013	7,818	2,295,970	69,616,418
2004-05	1,674,073	1,080,946	5,560,193	952,694	7,707,076	41,485,801	1,281,964	474,394	-	2,452,233	62,669,374
2003-04	1,563,617	982,095	5,193,199	861,974	7,203,941	36,749,954	1,237,552	449,950	-	2,563,189	56,805,451
2002-03	1,803,091	986,582	5,574,657	837,842	5,600,114	36,281,301	1,177,918	2,072,037	-	1,286,574	55,600,116

(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.

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

Party	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
88,104	\$ 6,523,924	\$ 129,393	\$ 35,874	\$ 398,689	\$ 1,706,348	\$ 430,075	\$ 1,829,882	\$ 47,272,325	\$ 80,114,614
58,330	5,617,664	692,279	37,738	340,570	1,594,988	529,614	1,853,759	45,719,285	78,044,227
36,110	5,171,842	664,789	31,439	311,542	1,528,819	222,348	1,947,692	52,933,326	83,647,907
12,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,558,694	49,182,768	80,803,971
58,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
62,559	6,580,583	125,564	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403
62,045	5,972,264	131,295	41,858	443,408	1,546,531	248,459	1,087,512	41,256,945	68,890,317
04,757	5,393,167	128,038	42,290	132,667	1,451,416	324,965	988,947	39,864,833	66,431,080
38,019	5,281,449	125,968	42,329	82,074	1,882,954	392,137	1,113,046	34,960,933	60,818,909
97,779	5,091,930	110,761	41,060	123,122	1,454,088	510,807	1,046,559	33,061,944	56,638,050

Government (excluding School Construction) and its Discretely Presented Component Unit-School Board.
 on 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
2011-12	\$ 24,009,139	\$ 22,561,415	93.97%	\$ 761,290	\$ 23,322,705	97.14%	\$ 2,612,718	10.88%
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%

(1) Includes penalty and interest.

Table 6

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

Machinery and Tools	Merchants' Capital	Public Service (2)	Total
173,603,157	\$ -	\$ 132,152,095	\$ 3,338,064,909
186,011,482	-	132,610,234	3,203,389,711
182,554,833	-	129,791,012	3,225,183,793
127,627,258	-	91,287,377	2,817,068,574
174,231,700	5,330,647	95,857,158	2,548,425,287
177,909,011	5,089,159	104,176,431	2,474,426,378
153,283,772	5,202,461	104,039,526	2,365,443,021
170,603,751	6,246,179	123,962,648	2,330,218,078
190,311,291	7,619,766	80,403,745	2,059,098,404
193,718,350	6,053,385	83,318,494	1,822,671,177

Commission.

Table 7

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

Real Estate	Personal Property	Machinery and Tools	Merchants' Capital	Mobile Homes
0.54 \$	2.14 \$	1.50 \$	- \$	0.54
0.54	2.14	1.50	-	0.54
0.54	2.14	1.50	-	0.50
0.50	2.14	1.50	-	0.50
0.62	2.00	1.50	4.80	0.62
0.62	2.00	1.50	4.80	0.62
0.62	2.00	1.50	4.80	0.62
0.62	2.00	1.50	4.80	0.62
0.62	2.00	1.50	4.80	0.66/0.62
0.66	2.00	1.50	4.80	0.66

used value.

home rates decreased from \$0.66 to \$0.62 beginning with the first half 2004.
increased from \$0.62 to \$0.50 beginning with the first half 2009.
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
2011-12	34,872	3,338,065	\$ 28,919,439	\$ 28,919,439	0.87%	\$ 829
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 monitoring, capital lease and compensated absences.

Table 9

Debt to Total General

Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
83,932,254	4.01%
78,029,226	4.08%
89,146,884	12.38%
83,764,581	3.93%
73,698,115	3.58%
70,112,516	2.86%
69,616,418	3.30%
62,669,374	3.91%
56,805,451	4.51%
55,600,116	2.31%

Component Unit-

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2012, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated January 11, 2013. 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

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Pulaski, Virginia in a separate letter dated January 11, 2013.

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, Faamer, Co. Associates

Blacksburg, Virginia
January 11, 2013

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, Faimer, Cox Associates

Blacksburg, Virginia
January 11, 2013

County of Pulaski, Virginia
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2012

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	\$ 59,421
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	115,792
Promoting Safe and Stable Families	93.556	90249, 90360	23,731
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90228, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	460,638
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	778
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	44,977
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	1,582
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	869,701
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	118,107
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	321,711
Chafee Foster Care Independence Program	93.674	90254	13,171
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	13,612
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	284,595
Chafee Education and Training Vouchers Program	93.599	90353	<u>4,643</u>
Total Department of Health and Human Services			<u>\$ 2,332,459</u>
Department of Agriculture:			
Pass-through Payments:			
Department of Agriculture and Consumer Affairs:			
Child Nutrition Discretionary Grants Limited Availability	10.579	40623	\$ 1,887
Child Nutrition Cluster:			
Department of Agriculture:			
Summer Food Service Program for Children	10.559	N/A	56,034
Food Distribution (Note 3)	10.555	40623	\$ 119,882
Department of Education:			
School Breakfast Program	10.553	40591	359,021
National School Lunch Program	10.555	40623	1,100,311
Fresh Fruit and Vegetable Program	10.582	40599	29,219
Schools and Roads - Grants to States	10.655	43841	<u>23,183</u>
Department of Social Services:			

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

For the Fiscal Year Ended June 30, 2012

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice: Pass-through Payments: Department of Criminal Justice Services: Crime Victims Assistance	16.575	09VAGX0007	\$ 92,110
Department of Transportation: Pass-through payments: Department of Motor Vehicles: Alcohol Open Container Requirements State and Community Highway Safety	20.607 20.600	SC-2010 50357 3977 RS - 2011 51382 4324	\$ 24,428 14,510
Total Department of Transportation			\$ 38,938
Department of Education: Pass-through Payments: Department of Education: <i>Title I, Part A Cluster:</i> Title I: Grants to Local Education Agencies ARRA - Title I: Grants to Local Education Agencies <i>Special Education Cluster:</i> Special Education - Grants to States ARRA - Special Education - Grants to States Special Education - Preschool Grants <i>Education Technology State Grants Cluster:</i> Education Technology State Grants ARRA - Education Technology State Grants Career and Technical Education - Basic Grants to States Safe and Drug Free Schools and Communities - State Grants Twenty-first Century Community Learning Centers Gaining Early Awareness and Readiness for Undergraduate Programs International Education - Technological Innovation and Cooperation for Foreign Information Access ARRA - School Improvement Grants ARRA - State Fiscal Stabilization Fund - Education State Grants Improving Teacher Quality State Grants	84.010 84.389 84.027 84.391 84.173 84.318 84.386 84.048 84.185 84.287 84.334 84.337 84.368 84.394 84.367	42892, 42901 42913 43071 61245 62521 61600 60897 61095 65011 60565 N/A 43040 42990 62532 61480	\$ 1,278,683 1,416 929,161 420,098 36,859 18,822 311,276 81,535 84,997 291,167 40,941 149,916 168,482 1,150,802 211,096
Total Department of Education			\$ 5,195,251
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Community development block grants/State's Program and non-entitlement Grants in Hawaii HOME Investment Partnerships Program	14.228 14.239	50797	\$ 72,633 5,905
Total Department of Housing and Urban Development			\$ 78,538
Department Energy Direct Payments: Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 520,827
Department of Homeland Security: Pass-through Payments: Department of Emergency Management: Emergency Management Performance Grant State Homeland Security Program	97.042 97.073	52749 52707	\$ 35,328 136,357

Total Federal Expenditures

\$ 10,585,576

Note 1 -- Basis of Presentation

For each of the years ended June 30, 2012 and 2011, the County of Pulaski, Virginia, under agreement of the federal government for

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2012

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2012, the County had no food commodities in inventory.

Note 4 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:	
General Fund total	\$ 3,200,381
Add: Note Payable proceeds - County CIP Fund	420,000
County CIP Fund	100,827
Less: Payments in Lieu of Taxes	<u>(20,420)</u>

Total Primary Government	<u>\$ 3,700,788</u>
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Component Unit School Board:	
School Operating Fund total	<u>\$ 6,884,788</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 10,585,576</u>
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County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies?	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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010/84.389	Title I Cluster
84.027/84.173/84.391	Special Education - IDEA Cluster
84.318/84.386	Education Technology State Grants
81.128	Energy Efficiency and Conservation Block Grant Program
84.388	ARRA - School Improvement Grants
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$317,567
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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, 2012

Section II - Financial Statement Findings

There are no financial statement findings to report.

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 resolved in the current year.