

**COUNTY OF PULASKI, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2010**

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

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## **INTRODUCTORY SECTION**

## COUNTY OF PULASKI, VIRGINIA

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### Board of Supervisors

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Frank R. Conner  
Charles R. Bopp

Joseph L. Sheffey, Chair

Ranny L. Akers  
Dean K. Pratt

Gena Hanks, Clerk

### County School Board

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John Wenrich  
Jeff Bain

Paul Phillips, Chair

Rodell Cruise  
Pamela Chitwood

Heather Freeman, Clerk

### Social Services Board

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Jack White  
Joseph L. Sheffey

Ronald Chaffin, Chair

Jeanne Whitman  
Rev. Vicki Houk

Faith Chumbley, Clerk

### Library Board

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Judy Barr  
Angie Hall  
Mason Vaughan, Jr.  
Sandy Smith

Jill Sandidge, Chair

Phillip Baker  
Marva Hickman  
Don Fariss  
Donald Stowers

Dorothy Ogburn, Librarian

## COUNTY OF PULASKI, VIRGINIA

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### Other Officials

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Judge of the Circuit Court..... R. W. Grubbs  
Judge of the Circuit Court..... C. R. Gibb  
Judge of the Circuit Court..... Josiah T. Showalter, Jr  
Judge of the Circuit Court..... Brett L. Geisler  
Judge of the Circuit Court..... Robert M.D. Turk  
Clerk of the Circuit Court..... Maetta H. Crewe  
Judge of the General District Court..... R. G. Lookabill  
Judge of the General District Court..... Edward M. Turner, III  
Judge of the General District Court..... Randal J. Duncan  
Judge of the General District Court..... J.D. Bolt  
Judge of the General District Court..... Gino W. Williams  
Judge of the Juvenile and Domestic Relations Court..... Howard L. Chitwood  
Judge of the Juvenile and Domestic Relations Court..... Robert C. Viar, Jr  
Judge of the Juvenile and Domestic Relations Court..... M. Keith Blankenship  
Judge of the Juvenile and Domestic Relations Court..... Marcus H. Long, Jr  
Commonwealth's Attorney..... K. Mike Fleenor  
Commissioner of the Revenue..... Trina Rupe  
Treasurer..... Melinda Worrell  
Sheriff..... James A. Davis  
Superintendent of Schools (Interim)..... Dr. Thomas Brewster  
Director of Social Services..... James C. Wallis  
County Administrator..... Peter M. Huber  
County Attorney..... Thomas J. McCarthy, Jr

## FINANCIAL SECTION



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010, on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Pulaski, Virginia. The combining and individual statements and schedules, supporting schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Turner, Co. Associates*

Christiansburg, Virginia  
December 8, 2010

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

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The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2010 (FY10) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. By GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors, Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA) and the Industrial Development Authority of Pulaski County (IDA).

**Financial Highlights for Fiscal Year 2009-10**

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

The County has three kinds of funds:

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

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

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

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The County's fiduciary funds include Special Welfare, Performance Bond, the Employee Flexible Benefits and Local Sales Tax Funds.

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

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

**Financial Analysis of the County as a Whole**

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

**Summary of Net Assets:**

Details in the government-wide financial statements for FY 10 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Assets (in millions) comparing FY 10 to FY 09.

**Summary of Net Assets:**

	Total Primary Government		Component Unit School Board	
	2010	2009	2010	2009
Current and other assets	\$ 32.3	\$ 32.1	\$ 4.9	\$ 5.2
Capital assets, net	48.7	48.1	5.3	6.4
Total assets	<u>\$ 81.0</u>	<u>\$ 80.2</u>	<u>\$ 10.2</u>	<u>\$ 11.6</u>
Other liabilities	\$ 4.9	\$ 6.0	\$ 4.0	\$ 4.2
Long term liabilities	35.1	36.7	1.9	1.9
Total liabilities	<u>\$ 40.0</u>	<u>\$ 42.7</u>	<u>\$ 5.9</u>	<u>\$ 6.1</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 16.3	\$ 34.9	\$ 5.3	\$ 6.5
Restricted	0.8	(19.5)	0.0	0.0
Unrestricted	23.9	22.1	(1.0)	(1.0)
Total net assets	<u>\$ 41.0</u>	<u>\$ 37.5</u>	<u>\$ 4.3</u>	<u>\$ 5.5</u>

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

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The County's combined net assets increased from \$37.5 million to \$41.0 million as explained in the Statement of Activities section below. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County, totaled \$23.9 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County and Component Units total \$41.0 million. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. Seized asset funds are restricted so that they can be used for specific law enforcement purposes. Component unit (School Board) net assets decreased by \$1.2 million, from 5.5 million in FY09 to 4.3 million in FY 10.

**Capital Assets**

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

**Capital Assets:**

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

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

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

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

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

	Balance, June 30, 2009	Additions	Deletions	Balance, June 30, 2010
Non-Depreciable Assets:				
Land	\$ 0.6	\$ 0.0	\$ 0.0	\$ 0.6
Construction in Progress	0.0	0.0	0.0	0.0
Other Capital Assets:				
Buildings and systems	18.3	0.0	0.0	18.3
Machinery and Equipment	6.0	0.2	0.0	6.2
Accumulated Depreciation	(18.5)	(1.3)	0.0	(19.8)
Totals	<u>\$ 6.4</u>	<u>\$ (1.1)</u>	<u>\$ 0.0</u>	<u>\$ 5.3</u>

These amounts are part of the Primary Government's capital assets because long-term debt financed these additions.

Additional detailed capital asset information can be found in Note 13 in the "Notes to Financial Statements" section of the report.

**Long-Term Debt**

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2010, in millions of dollars:

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

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

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

**Statement of Activities:**

The following comparative table shows the revenues and expenses of the governmental activities for FY 10 and the fiscal year ended June 30, 2009(FY 09) (in millions):

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

**Revenues**

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

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



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

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**Expenses**

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

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

**Financial Analysis of the County's Funds**

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

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

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

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

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

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

**General Fund Budgetary Highlights**

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

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

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

### **Economic Factors and Future Budgets**

The primary factors affecting the financial viability of Pulaski are limited options for revenue increases, continued fluctuations in state revenues, and changes in the national economy.

Limited Revenue Options - Community needs and inflationary pressures require that revenues or governmental efficiency increase in order to maintain and improve the quality of public services currently enjoyed by county residents. Locally generated revenues have historically increased at a rate of approximately 3% excluding the impact of reassessments. However, this rate is projected to decline to an average of less than 1%. This drop can be primarily attributed to legal limits placed by the General Assembly on how counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

State Revenues - Currently, state funding is projected to account for 42%, or \$32.5 million, of the County's 2011 budget, dropping from 49% in the FY09 budget, while local real estate taxes account for 18% percent of total County revenue, increasing from 16% in FY09. A one percent change in state revenue results in a \$0.3 million change in the local budget, or the equivalent of a \$0.015 cent change on the real estate tax rate. Thus, changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Other factors that are expected to impact future budgets include:

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

### **Contacting the County's Financial Management**

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

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## Basic Financial Statements

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

	Primary Government		Component Units		
	Governmental Activities	School Board	Public Service Authority	Industrial Development Authority	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 19,974,009	\$ 461,781	\$ 1,926,044	\$ 32,107	
Investments	5,721,884	-	-	-	
Receivables (Net of Allowance for Uncollectibles):					
Taxes	2,098,834	-	-	-	
Accounts Receivable	353,429	-	947,520	858,466	
Other Local Taxes and Fees	434,065	-	-	-	
Note Receivable	-	-	-	8,974,119	
Rent Receivable	-	-	-	6,764	
Interest Receivable	-	-	-	251,829	
Prepaid Expenses	-	-	-	19,378	
Due from Primary Government	-	2,836,963	322,786	313,767	
Due from Other Governmental Units	2,118,298	1,586,804	-	-	
Advances to Component Units	725,420	-	-	-	
Restricted Assets:					
Temporarily Restricted:					
Cash and Cash Equivalents (in Custody of Others)	861,121	-	382,632	-	
Organization Expense (Net of Accumulated Amortization)	-	-	4,428	-	
Capital Assets:					
Land	2,434,720	564,527	127,700	1,034,385	
Building and System	22,790,113	2,805,404	-	-	
Machinery and Equipment	1,942,193	1,924,569	880,266	10,146,865	
Infrastructure	-	-	14,472,508	-	
Construction in Progress	21,546,076	-	3,280,324	-	
Total Assets	<u>\$ 81,000,162</u>	<u>\$ 10,180,048</u>	<u>\$ 22,344,208</u>	<u>\$ 21,637,680</u>	
<b>LIABILITIES</b>					
Accounts Payable	\$ 522,656	\$ 252,706	\$ 596,143	\$ 1,122,253	
Contracts Payable	-	3,740,043	-	-	
Customer Deposits	-	-	105,074	-	
Interest Payable	670,818	-	42,329	251,829	
Due to Component Units	3,473,516	-	-	-	
Advances Due to Primary Government	-	-	225,420	500,000	
Unearned Revenue	200,883	-	-	-	
Long-term Liabilities:					
Due Within One Year	2,218,076	152,273	341,807	1,074,964	
Due in More Than One Year	32,875,192	1,737,101	7,976,576	10,843,457	
Total Liabilities	<u>\$ 39,961,141</u>	<u>\$ 5,882,123</u>	<u>\$ 9,287,349</u>	<u>\$ 13,592,503</u>	
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	\$ 16,318,104	\$ 5,294,500	\$ 10,585,905	\$ 8,768,250	
Restricted for:					
Rural Development Debt Reserves	-	-	382,632	-	
Construction	845,219	-	-	-	
Seized Assets	15,902	-	-	-	
Unrestricted (deficit)	23,859,796	(996,575)	2,088,322	(723,073)	
Total Net Assets	<u>\$ 41,039,021</u>	<u>\$ 4,297,925</u>	<u>\$ 13,056,859</u>	<u>\$ 8,045,177</u>	

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

**County of Pulaski, Virginia**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units		
						School Board	Public Service Authority	Industrial Development Authority
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General Government Administration	\$ 2,227,515	\$ 8,086	\$ 302,052	\$ -	(1,917,367)	\$ -	\$ -	\$ -
Judicial Administration	1,548,396	119,534	1,692,944	-	264,082	-	-	-
Public Safety	7,995,638	133,371	1,692,910	-	(6,163,357)	-	-	-
Public Works	1,480,384	41,172	15,711	-	(1,423,501)	-	-	-
Health and Welfare	11,030,808	-	8,166,454	-	(2,864,354)	-	-	-
Education	10,321,494	-	-	-	(10,321,494)	-	-	-
Parks, Recreation and Cultural	1,345,770	355,080	140,258	-	(850,432)	-	-	-
Community Development	5,006,587	549,582	-	3,682,304	(774,701)	-	-	-
Interest	1,651,533	-	-	-	(1,651,533)	-	-	-
Total Primary Government	\$ 42,618,125	\$ 1,212,825	\$ 12,010,339	\$ 3,682,304	\$ (25,712,557)	\$ -	\$ -	\$ -
<b>Component Units:</b>								
School Board	\$ 47,099,725	\$ 1,012,222	\$ 34,609,395	\$ -	-	\$ (11,478,108)	\$ -	\$ -
Public Service Authority	7,054,487	6,253,282	1,905,912	-	-	-	1,101,707	-
Industrial Development Authority	4,508,511	686,823	4,474,974	-	-	-	-	653,286
Total Component Units	\$ 58,672,723	\$ 7,958,327	\$ 40,991,281	\$ -	\$ -	\$ (11,478,108)	\$ 1,101,707	\$ 653,286
<b>General Revenues:</b>								
General Property Taxes						\$ -	\$ -	\$ -
Other Local Taxes								
Local Sales and Use Taxes								
Consumers' Utility Taxes								
Consumption Taxes								
Motor Vehicle Licenses								
Bank Stock Taxes								
Taxes on Recordation and Wills								
Hotel and Motel Room Taxes								
Restaurant Food Taxes								
Unrestricted Revenues from Use of Money and Property								
Miscellaneous								
Payments from Primary Government								
Grants and Contributions not Restricted to Specific Programs								
Total General Revenues								
Change in Net Assets								
Net Asset - Beginning, as restated								
Net Asset - Ending								
						\$ 10,304,531	\$ 207,549	\$ 1,214,142
						\$ (1,173,577)	\$ 1,309,256	\$ 1,867,428
						\$ 5,471,502	\$ 11,747,603	\$ 6,177,749
						\$ 4,297,925	\$ 13,056,359	\$ 8,045,177

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

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

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

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

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

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

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

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



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

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

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

**County of Pulaski, Virginia**  
**Reconciliation of Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

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

Net changes in fund balance - total governmental funds	\$ 1,028,056
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.	561,925
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	337,161
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.	2,053,852
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>(211,393)</u>
Change in net assets of governmental activities	\$ <u><u>3,769,601</u></u>

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

**County of Pulaski, Virginia**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2010**

	<b>Health Insurance Premiums Fund</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Current Assets:		
Receivables (Net of Allowance for Uncollectibles):		
Accounts Receivable	\$ 241,459	\$ 111,970
Total Assets	<u>\$ 241,459</u>	<u>\$ 111,970</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ -	\$ 64,876
Due to Other funds	-	47,094
Reconciled Overdraft	241,459	-
Total Liabilities	<u>\$ 241,459</u>	<u>\$ 111,970</u>
<b>NET ASSETS</b>		
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, 2010**

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

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

**County of Pulaski, Virginia**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Health Insurance Premiums Fund</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Charges to County Department and other organizations	\$ -	\$ 1,082,007
Payments to suppliers for goods and services	-	(947,170)
Payments to employees for services	-	(472,602)
Receipts for insurance premiums	5,251,006	-
Payments for insurance premiums	(5,492,465)	-
Total cash provided (used) by operating activities	<u>\$ (241,459)</u>	<u>\$ (337,765)</u>
<b>CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers from Other Funds	<u>\$ -</u>	<u>\$ 337,765</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (241,459)</u>	<u>\$ -</u>
Cash and Cash Equivalents - Beginning	<u>\$ -</u>	<u>\$ -</u>
Cash and Cash Equivalents - Ending	<u><u>\$ (241,459)</u></u>	<u><u>\$ -</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	<u>\$ -</u>	<u>\$ (337,765)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	\$ (241,459)	\$ (22,136)
Increase (Decrease) in Accounts Payable	-	22,136
Total Adjustments	<u>\$ (241,459)</u>	<u>\$ -</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (241,459)</u></u>	<u><u>\$ (337,765)</u></u>

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements  
June 30, 2010

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### **Note 1-Summary of Significant Accounting Policies:**

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

#### A. Reporting Entity

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

Blended Component Units - None

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

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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

#### **B. Government-wide and Fund Financial Statements:**

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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



## COUNTY OF PULASKI, VIRGINIA

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following non-major governmental fund:

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

## COUNTY OF PULASKI, VIRGINIA

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

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

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

Additionally, the County reports the following fund types:

*Internal service funds* account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds consist of the Information Technology, Garage, and Communications Services internal services fund and the Health Insurance Premiums Fund.

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

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

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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

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

##### **1. Deposits and investments**

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

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

##### **2. Receivables and payables**

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

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

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

##### **3. Property Taxes**

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

##### **4. Allowance for Uncollectible Amounts**

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

## COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

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

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

##### **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 capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<b><u>Asset Type</u></b>	<b><u>Years</u></b>
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.

## COUNTY OF PULASKI, VIRGINIA

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

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

8. Long-term Obligations

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

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

9. Fund Equity

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

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets in the government-wide and proprietary financial statements are classified as net assets invested in capital assets net of related debt; restricted and unrestricted. Net assets are reported as restricted when there are limitations imposed by creditors, grantors, contributors, or laws or regulations.

11. Restricted Assets

Included in restricted cash and cash equivalents are amounts held for construction in the amount of \$845,219.

# COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(35,764,086) and \$(1,889,374) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit- School Board
General obligation bonds	\$ (16,931,703)	\$ -
General obligation bond premium	(323,080)	-
Lease revenue note	(11,949,704)	-
Lease revenue note premium	(565,419)	-
Literary loans	(4,125,000)	-
Lease purchases	(82,732)	-
Interest payable	(670,818)	-
Landfill post-closure monitoring costs	(237,308)	-
Net OPEB obligation	(149,929)	(366,648)
Compensated absences	(728,393)	(1,522,726)
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	\$ (35,764,086)	\$ (1,889,374)

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## COUNTY OF PULASKI, VIRGINIA

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

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

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

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

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

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## COUNTY OF PULASKI, VIRGINIA

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

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

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

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$2,053,852 difference in the primary government, are as follows:

		<u>Primary Government</u>
Debt issued or incurred:		
General obligation bonds	\$	(7,473,287)
General obligation bonds premium		(40,136)
Principal payments:		
General obligation bonds	\$	710,088
Lease purchases		221,884
Literary loans		375,000
Lease revenue notes		8,135,148
Landfill post-closure monitoring costs		67,460
Amortization of premium		<u>57,695</u>
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>2,053,852</u></u>

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## COUNTY OF PULASKI, VIRGINIA

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

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

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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

#### A. Budgetary Information: (continued)

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

#### B. Excess of Expenditures Over Appropriations:

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

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

#### C. Deficit Fund Equity:

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

### **Note 4- Deposits and Investments:**

#### Deposits:

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

## COUNTY OF PULASKI, VIRGINIA

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

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

#### Investments:

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

#### Custodial Credit Risk: (Investments)

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<b>County's Rated Debt Investments' Value</b>			
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>		
	<b><u>Aaam</u></b>	<b><u>A2</u></b>	<b><u>AA3</u></b>
LGIP	\$ 5,605,919		
SNAP	842,219		
Multi-fund Securities	500,000		
Certificates of Deposit		97,833	
Certificates of Deposit			101,682

#### Concentration of Credit Risk:

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

#### Interest Rate Risk:

At June 30, 2010, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

#### External Investment Pools:

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

## COUNTY OF PULASKI, VIRGINIA

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

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

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

	Primary Government	Component Unit- School Board
Commonwealth of Virginia:		
Local sales tax	\$ 465,061	\$ 697,993
Communication sales tax	145,575	-
Other taxes	22,473	-
Categorical aid-shared expenses	246,290	-
Categorical aid-other	79,684	1,809
Categorical aid-VPA funds	188,950	-
Categorical aid-CSA funds	424,595	-
Federal Government:		
Categorical aid-VPA funds	197,884	-
Categorical aid-other	347,786	887,002
Totals	\$ 2,118,298	\$ 1,586,804

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## COUNTY OF PULASKI, VIRGINIA

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

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

Fund	Due to	Due from
Primary Government:		
General Fund	\$ 3,395,395	\$ 725,420
School Construction Fund		
County Construction Fund	313,767	282,740
Internal Service Fund	47,094	-
Component Units:		
IDA	500,000	313,767
PSA	225,420	322,786
School Fund	-	2,836,963
Total	\$ 4,481,676	\$ 4,481,676

  

	Transfers in	Transfers out
Primary Government:		
General Fund	\$ 3,831	\$ 1,937,725
Construction Fund	1,599,960	3,831
Internal Service Fund	337,765	-
Total	\$ 1,941,556	\$ 1,941,556

Details of due from component unit amounts are as follows:

#### Pulaski County Public Service Authority:

Advances to the Authority amounted to \$225,420 at June 30, 2010 as follows:

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

The remaining loan balance of \$95,821 is an interest free loan receivable in 360 monthly payments of \$1,667 through October 1985 beginning on July 1, 1984 then, increasing to \$1,879 in the following month, due to the additional advance, and continuing for the remaining term until the loan is repaid in full.

#### Pulaski County Industrial Development Authority:

During fiscal year 1990-91, \$500,000 was advanced to the Authority for construction of a building for Renfro, Inc. This advance was made with no repayment terms.

# COUNTY OF PULASKI, VIRGINIA

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

## Note 7- Long-Term Debt:

### Primary Government- Governmental Activity Indebtedness:

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

Year Ending June 30,	General Obligation Bonds		Literary Loans		Lease Revenue Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 960,028	\$ 713,078	\$ 375,000	\$ 123,750	\$ 669,782	\$ 559,030
2012	1,005,625	644,474	375,000	112,500	692,423	534,484
2013	1,016,635	604,765	375,000	101,250	727,499	507,493
2014	1,032,883	561,847	375,000	90,000	470,000	480,753
2015	1,049,375	516,308	375,000	78,750	490,000	460,308
2016-2020	5,513,832	1,877,308	1,875,000	225,000	2,805,000	1,938,063
2021-2025	3,696,978	816,808	375,000	11,250	3,590,000	1,146,398
2026-2030	2,424,855	295,713	-	-	2,505,000	227,465
2031-2035	48,967	42,953	-	-	-	-
2036-2040	60,163	31,757	-	-	-	-
2041-2045	73,917	18,003	-	-	-	-
2046-2048	48,445	2,929	-	-	-	-
Totals	\$ 16,931,703	\$ 6,125,943	\$ 4,125,000	\$ 742,500	\$ 11,949,704	\$ 5,853,994

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

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

# COUNTY OF PULASKI, VIRGINIA

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

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

Details of long-term indebtedness:

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

## COUNTY OF PULASKI, VIRGINIA

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

### Note 8- Long-Term Debt- Component Unit School Board:

#### Discretely Presented Component Unit- School Board-Indebtedness:

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

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

#### Details of Long-Term Indebtedness:

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

### Note 9- Capital Leases:

#### Primary Government:

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

The asset acquired through capital lease is as follows:

	Telephone System
Machinery and equipment	\$ 1,240,492
Accumulated depreciation	(1,181,696)
Net Asset	\$ 58,796



## COUNTY OF PULASKI, VIRGINIA

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

### **Note 9- Capital Leases: (continued)**

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

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

### **Note 10- Employee Retirement System and Pension Plan:**

#### A. Plan Description:

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

The County contributes to the Virginia Retirement System (VRS). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65.

The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

## COUNTY OF PULASKI, VIRGINIA

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

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

#### B. Funding Policy:

##### Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County of Pulaski, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Pulaski, Virginia's contribution rate for the fiscal year ended 2010 was 7.42% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the Pulaski County School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Pulaski County School Board's contribution rate for the fiscal year ended 2010 was 6.27% of annual covered payroll.

#### C. Annual Pension Cost:

For fiscal year 2010, the County of Pulaski, Virginia's annual pension cost of \$682,315 and \$145,695 was equal to the County of Pulaski, Virginia's required and actual contributions for the County and the School Board Non-Professionals, respectively.

#### Three-Year Trend Information

	Year Ending		Annual	Percentage	Net
	June 30,		Pension	of APC	Pension
			Cost (APC)(1)	Contributed	Obligation
Primary Government:					
County	2008	\$	607,653	100%	\$ -
	2009		675,661	100%	-
	2010		682,315	100%	-
Component Unit - School Board:					
School Board Non-professional	2008	\$	157,695	100%	\$ -
	2009		147,739	100%	-
	2010		145,695	100%	-

(1) Excludes member contribution

## COUNTY OF PULASKI, VIRGINIA

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

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

#### C. Annual Pension Cost: (continued)

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

#### D. Funded Status and Funding Progress

##### Primary Government:

As of June 30, 2009, the most recent actuarial valuation date, the plan was 90.52% funded. The actuarial accrued liability for benefits was \$39,100,072, and the actuarial value of assets was \$35,393,462, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,706,610. The covered payroll (annual payroll of active employees covered by the plan) was \$9,300,941, and ratio of the UAAL to the covered payroll was 39.85%.

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

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

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

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

##### Plan Description

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

## COUNTY OF PULASKI, VIRGINIA

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

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

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

death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5.00% member contribution, was \$1,398,761, \$1,987,019, and \$2,290,609 for the fiscal years ended 2010, 2009, and 2008, respectively. Required employer contributions represented 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010, 10.30% and 9.20% of covered payroll for the fiscal years ended 2009 and 2008, respectively.

### **Note 11 – Other Post-Employment Benefits:**

#### A. Plan Description

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

## COUNTY OF PULASKI, VIRGINIA

### Notes to the Financial Statements (Continued)

June 30, 2010

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

##### B. Funding Policy (continued)

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

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2010, the County and School Board contributed \$22,000 and \$98,600, respectively, for current costs of the Plan.

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

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

##### C. Annual OPEB Cost and Net OPEB Obligation

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

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# COUNTY OF PULASKI, VIRGINIA

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

## **Note 11-Other Postemployment Benefits: (continued)**

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

	County	School Board	Total
Annual required contribution	\$ 107,500	\$ 282,000	\$ 389,500
Interest on net OPEB obligation	3,420	7,336	10,756
Adjustment to annual required contribution	(24,491)	(7,488)	(31,979)
Annual OPEB cost (expense)	86,429	281,848	368,277
Actual contributions	(22,000)	(98,600)	(120,600)
Increase in net OPEB obligation	64,429	183,248	247,677
Net OPEB obligation - beginning of year	85,500	183,400	268,900
Net OPEB obligation - end of year	\$ 149,929	\$ 366,648	\$ 516,577

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 389,500	31%	\$ 268,900
6/30/2010	368,277	33%	516,577

### **D. Funded Status and Funding Progress**

The funded status of the Plan (County and School Board combined) as of July 1, 2008, the most recent actuarial report, was as follows:

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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### **Note 11-Other Postemployment Benefits: (continued)**

#### **D. Funded Status and Funding Progress (continued)**

multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **E. Actuarial Methods and Assumptions**

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

In the July 1, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return per annum. An annual healthcare cost trend rate of 10 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5 percent is reached. Dental costs are assumed to increase 5 percent initially, decreasing by 0.5 percent yearly until an ultimate rate of 3 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010, was 29 years.

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

#### **A. Plan Description**

The County and School Board participate in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the County or School Board, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits

## COUNTY OF PULASKI, VIRGINIA

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

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

A. Plan Description (continued)

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

B. Funding Policy

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

C. OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The locality is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

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



## COUNTY OF PULASKI, VIRGINIA

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

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

#### D. Funded Status and Funding Progress

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

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

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

#### E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the 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 amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2009 was 27 years.

## COUNTY OF PULASKI, VIRGINIA

Notes to the Financial Statements (Continued)

June 30, 2010

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

#### **F. Professional Employees – Discretely Presented Component Unit School Board**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2010 was \$165,120 and equaled the required contributions.

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# COUNTY OF PULASKI, VIRGINIA

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

## **Note 13- Capital Assets:**

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

Primary Government:

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

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

Governmental activities:	
General government administration	\$ 6,506
Judicial administration	12,325
Public safety	794,975
Public works	156,462
Health and welfare	63,753
Education	680,000
Parks, recreation and cultural	96,069
Community development	25,306
Total depreciation expense-governmental activities	\$ 1,835,396

**COUNTY OF PULASKI, VIRGINIA**

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

**Note 13- Capital Assets: (continued)**

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

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

**Note 14- Risk Management:**

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

## COUNTY OF PULASKI, VIRGINIA

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

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### **Note 15- Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

### **Note 16- Surety Bonds:**

Primary Government:

Primary Government:

#### **Fidelity and Deposit Company of Maryland-Surety**

Maetta H. Crew e, 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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## COUNTY OF PULASKI, VIRGINIA

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

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

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

### **Note 18- Landfill Liability:**

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

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### **Note 19 – Deferred Revenue:**

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

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

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

### **Note 20 – Restatement of Beginning Balances**

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

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## Required Supplementary Information

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**County of Pulaski, Virginia**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**

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

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

**Primary Government: County Retirement Plan**

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009 \$	35,393,462 \$	39,100,072 \$	3,706,610	90.52% \$	9,300,941	39.85%
June 30, 2008	35,289,295	37,278,156	1,988,861	94.66%	8,975,236	22.16%
June 30, 2007	32,314,708	34,006,650	1,691,942	95.02%	8,255,132	20.50%

## Discretely Presented Component Unit:

**School Board Non-professional Retirement Plan**

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2009 \$	7,511,549 \$	8,197,116 \$	685,567	91.64% \$	2,344,318	29.24%
June 30, 2008	7,569,271	7,742,300	173,029	97.77%	2,303,927	7.51%
June 30, 2007	6,923,881	7,332,902	409,021	94.42%	2,192,595	18.65%

**Primary Government: Post-Retirement Medical Plan**

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

**School Board: Post-Retirement Medical Plan**

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
July 1, 2008	\$ -	\$ 3,023,800	\$ 3,023,800	0.00%	\$ 2,303,927	131.25%

**Primary Government: Virginia Retirement System - Health Insurance Credit:**

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
June 30, 2009	\$ 89,355	\$ 190,365	\$ 101,010	46.94%	\$ 9,300,941	1.09%

**School Board: Virginia Retirement system - Health Insurance Credit**

Actuarial Valuation Date (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4) / (6) (7)
June 30, 2009	\$ -	\$ 87,041	\$ 87,041	0.00%	\$ 2,344,318	3.71%

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## Other Supplementary Information

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County of Pulaski, Virginia  
Major Capital Projects Fund-School Construction Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from Use of Money and Property	\$ 1	\$ 1	\$ 3,903	\$ 3,902
Miscellaneous	-	2,287,544	-	(2,287,544)
Total Revenues	\$ 1	\$ 2,287,545	\$ 3,903	\$ (2,283,642)
<b>EXPENDITURES:</b>				
Capital Projects	\$ 1	\$ 2,287,545	\$ 685,058	\$ 1,602,487
	\$ 1	\$ 2,287,545	\$ 685,058	\$ 1,602,487
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (681,155)	\$ (681,155)
Net Change in Fund Balance	\$ -	\$ -	\$ (681,155)	\$ (681,155)
Fund Balance - Beginning	-	-	1,134,943	1,134,943
Fund Balance - Ending	\$ -	\$ -	\$ 453,788	\$ 453,788

**County of Pulaski, Virginia**  
**Non-Major Capital Projects Fund-County CIP Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**

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

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

	Agency Funds				<u>Total</u>
	<u>Special Welfare</u>	<u>Performance Bonds</u>	<u>Employee Flexible Benefits</u>	<u>Sales Tax Fund</u>	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 20,800	\$ 42,456	\$ 78,783	\$ -	\$ 142,039
Total Assets	\$ 20,800	\$ 42,456	\$ 78,783	\$ -	\$ 142,039
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ -	\$ 3,923	\$ -	\$ -	\$ 3,923
Amounts Held for Others:					
Social Services Clients	\$ 20,800	\$ -	\$ -	\$ -	\$ 20,800
Contractors	-	38,533	-	-	38,533
County Employees	-	-	78,783	-	78,783
Total amounts held for others	\$ 20,800	\$ 38,533	\$ 78,783	\$ -	\$ 138,116
Total Liabilities	\$ 20,800	\$ 42,456	\$ 78,783	\$ -	\$ 142,039

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

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

## **DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD**

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### **MAJOR GOVERNMENTAL FUND**

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



**County of Pulaski, Virginia**  
**Special Revenue Fund - Discretely Presented Component Unit - School Board**  
**Balance Sheet**  
**June 30, 2010**

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

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

	<b>School Fund</b>
<b>REVENUES</b>	
Revenue from Use of Money and Property	\$ 18,218
Charges for Services	1,012,222
Miscellaneous	13,718
Recovered Costs	1,288,098
Intergovernmental Revenues:	
Local Government	10,272,595
Commonwealth	25,589,096
Federal Government	9,020,299
Total Revenues	<u>\$ 47,214,246</u>
<b>EXPENDITURES:</b>	
Current:	
Education	\$ 47,246,776
Total Expenditures	<u>\$ 47,246,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (32,530)</u>
Net Change in Fund Balance	\$ (32,530)
Fund Balance - Beginning	925,329
Fund Balance - Ending	<u>\$ 892,799</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Net change in fund balance - total governmental funds - per above	\$ (32,530)
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.	(1,157,890)
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.	16,843
Change in net assets of governmental funds - component unit school board	<u>\$ (1,173,577)</u>

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

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

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## Supporting Schedules

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

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

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Charges for landfill	\$ 33,000	\$ 33,000	\$ 40,145	\$ 7,145
Charges for library	22,508	24,968	28,570	3,602
Total Charges for Services	\$ 514,600	\$ 519,323	\$ 516,597	\$ (2,726)
Miscellaneous:				
Miscellaneous	\$ 556,323	\$ 268,611	\$ 117,026	\$ (151,585)
Recovered Costs:				
Administrative fees	\$ 63,000	\$ 73,000	\$ 90,225	\$ 17,225
Airport recoveries	161,592	164,171	144,029	(20,142)
Juror costs	6,500	6,500	10,200	3,700
Circuit court secretary	12,250	12,788	12,788	-
Town reimbursement-fire works	5,000	5,000	16,020	11,020
CSA recoveries	10,000	10,000	122,230	112,230
Insurance recoveries	-	18,102	19,567	1,465
Parks and recreation	-	25,006	40,868	15,862
Public safety recoveries	156,811	222,811	179,290	(43,521)
Health department recoveries	6,500	6,500	12,000	5,500
Welfare recoveries	6,000	6,000	9,341	3,341
Hazardous material response	3,500	7,025	3,036	(3,989)
Total Recovered Costs	\$ 431,153	\$ 556,903	\$ 659,594	\$ 102,691
Total Revenue from Local Sources	\$ 27,359,462	\$ 27,550,476	\$ 28,290,721	\$ 740,245
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical Aid:				
Motor vehicle carriers' tax	\$ 37,412	\$ 37,412	\$ 806	\$ (36,606)
Mobile home titling tax	56,559	56,559	40,317	(16,242)
Motor vehicle rental tax	30,000	30,000	25,890	(4,110)
Grantor's tax	120,653	120,653	27,553	(93,100)
State recordation tax	-	-	65,299	65,299
Telecommunication taxes	918,000	918,000	862,535	(55,465)
Personal property tax relief funds	1,594,000	1,594,000	1,594,529	529
Total Non-categorical Aid	\$ 2,756,624	\$ 2,756,624	\$ 2,616,929	\$ (139,695)
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 592,646	\$ 625,733	\$ 563,476	\$ (62,257)
Sheriff	1,760,448	1,862,997	1,605,122	(257,875)
Commissioner of the Revenue	146,510	154,208	136,417	(17,791)
Treasurer	128,464	132,900	117,858	(15,042)
Medical Examiner	1,800	1,800	-	(1,800)
Registrar/Electoral Board	57,161	66,077	47,787	(18,290)
Clerk of the Circuit Court	333,468	357,568	321,423	(36,145)
Funds returned to Commonwealth	-	(220,233)	(220,223)	10
Total Shared Expenses	\$ 3,020,497	\$ 2,981,050	\$ 2,571,860	\$ (409,190)
Other Categorical Aid:				
Public assistance and welfare administration	\$ 685,499	\$ 1,035,499	\$ 2,421,707	\$ 1,386,208
Comprehensive Services Act (CSA)	2,402,800	3,041,285	2,697,356	(343,929)
Victim's assistance grant	110,774	120,405	30,101	(90,304)
Litter control grant	12,829	12,829	10,367	(2,462)
DMV animal friendly plates	500	500	585	85
Library grant	133,625	133,625	134,833	1,208

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Intergovernmental Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Other Categorical Aid: (continued)				
Pretrial services grant	\$ 696,180	\$ 795,416	\$ 655,240	\$ (140,176)
Records preservation grant	-	-	4,993	4,993
Commission on the arts	5,000	5,000	5,425	425
Fire programs	63,500	73,228	73,228	-
Virginia Juvenile Commission Crime Control	29,051	29,051	27,598	(1,453)
Domestic violence DCJS grant	40,000	40,000	30,000	(10,000)
Public safety answer grant	42,000	42,000	37,165	(4,835)
DEQ grant	-	-	1,844	1,844
VA Tourism Corp Grants	-	6,000	-	(6,000)
Total Other Categorical Aid	\$ 4,221,758	\$ 5,334,838	\$ 6,130,442	\$ 795,604
Total Revenue from the Commonwealth	\$ 9,998,879	\$ 11,072,512	\$ 11,319,231	\$ 246,719
Revenue from the Federal Government:				
Non-categorical Aid:				
Payment in lieu of taxes	\$ 12,000	\$ 12,000	\$ 14,359	\$ 2,359
Categorical Aid:				
Public assistance and welfare administration	\$ 4,335,709	\$ 4,591,055	\$ 3,047,391	\$ (1,543,664)
CDBG grants	-	225,000	57,107	(167,893)
Emergency management preparedness grant	-	31,943	31,204	(739)
State and community highway safety	-	18,464	11,326	(7,138)
Citizen's alerting grant	-	13,000	6,500	(6,500)
Hazardous materials plan update	-	3,500	3,500	-
USDA rural development central utilities grant	-	5,584,746	3,600,197	(1,984,549)
Office of Justice Byrnes grant - ARRA	-	21,816	21,816	-
Fire department grant - ARRA	-	25,000	25,000	-
Victim witness	-	-	90,304	90,304
JAG funding	-	-	95,996	95,996
Total Categorical Aid	\$ 4,335,709	\$ 10,514,524	\$ 6,990,341	\$ (3,524,183)
Total Revenue from the Federal Government	\$ 4,347,709	\$ 10,526,524	\$ 7,004,700	\$ (3,521,824)
Total General Fund	\$ 41,706,050	\$ 49,149,512	\$ 46,614,652	\$ (2,534,860)
Major Capital Projects Fund:				
School Construction Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 1	\$ 1	\$ 3,903	\$ 3,902
Miscellaneous:				
Miscellaneous	\$ -	\$ 2,287,544	\$ -	\$ (2,287,544)
Total School Construction Fund	\$ 1	\$ 2,287,545	\$ 3,903	\$ (2,283,642)
Non-major Capital Projects Fund:				
County CIP Fund:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 427,257	\$ 91,604	\$ (335,653)
Total County CIP Fund	\$ -	\$ 427,257	\$ 91,604	\$ (335,653)
Total Primary Government	\$ 41,706,051	\$ 51,864,314	\$ 46,710,159	\$ (5,154,155)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board:				
Major Special Revenue Fund:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 2,688	\$ 2,688
Revenue from use of property	15,000	15,000	15,530	530
Total Revenue from Use of Money and Property	\$ 15,000	\$ 15,000	\$ 18,218	\$ 3,218
Charges for Services:				
Charges for education	\$ -	\$ 60,280	\$ 65,490	\$ 5,210
Cafeteria sales	1,235,759	1,235,759	946,732	(289,027)
Total Charges for Services	\$ 1,235,759	\$ 1,296,039	\$ 1,012,222	\$ (283,817)
Miscellaneous:				
Miscellaneous	\$ 5,000	\$ 13,718	\$ 13,718	\$ -
Recovered Costs:				
Medicaid reimbursements	\$ 100,000	\$ 140,475	\$ 149,196	\$ 8,721
Insurance recoveries	-	174	174	-
E-Rate	-	188,481	188,481	-
Joint services reimbursements	56,500	122,242	122,242	-
Salary reimbursements	90,000	90,199	90,587	388
School activity reimbursements	79,000	86,442	91,239	4,797
Title I indirect costs	75,500	100,307	109,342	9,035
Governor's school reimbursements	339,450	339,450	335,798	(3,652)
Other recoveries	96,000	198,228	201,039	2,811
Total Recovered Costs	\$ 836,450	\$ 1,265,998	\$ 1,288,098	\$ 22,100
Total Revenue from Local Sources	\$ 2,092,209	\$ 2,590,755	\$ 2,332,256	\$ (258,499)
Intergovernmental Revenues:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 10,818,396	\$ 11,197,540	\$ 10,272,595	\$ (924,945)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 305,340	\$ 305,340	\$ 305,340	\$ -
At risk payments	352,287	352,287	341,827	(10,460)
Basic school aid	15,621,977	14,550,220	14,206,130	(344,090)
Career technology education	51,179	51,179	10,212	(40,967)
Early reading intervention	78,068	78,068	86,990	8,922
English as a second language	22,973	22,973	14,953	(8,020)
Enrollment loss	200,577	200,577	286,976	86,399
Gifted and talented	151,248	151,248	149,550	(1,698)
GLI instructional	30,250	30,250	23,263	(6,987)
Governor's School	497,948	497,948	535,561	37,613
Homebound education	26,142	26,142	34,714	8,572
ISAEF	15,717	15,717	15,717	-
Special education jail	-	-	5,990	5,990
Mentor teaching program	4,007	4,007	11,865	7,858
National board certified teacher bonus	-	7,500	7,500	-
Preschool social services	-	2,700	12,169	9,469
Primary class size	532,484	532,484	502,573	(29,911)
Project graduation	4,821	9,642	9,642	-
Remedial education	447,022	447,022	442,004	(5,018)



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

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

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of Supervisors	\$ 129,242	\$ 178,131	\$ 158,762	\$ 19,369
General and Financial Administration:				
County Administrator	\$ 226,449	\$ 228,020	\$ 229,377	\$ (1,357)
Assistant County Administrator	160,831	161,006	155,735	5,271
County Attorney	66,120	66,120	38,571	27,549
Operations	83,511	86,330	84,348	1,982
Independent Auditor	60,584	60,584	39,696	20,888
Commissioner of the Revenue	439,733	455,309	392,932	62,377
Treasurer	455,349	459,236	415,738	43,498
Management Services	101,932	108,866	109,385	(519)
Director of Finance	109,306	133,954	131,694	2,260
Other General and Financial Administration	9,100	31,791	20,357	11,434
Total General and Financial Administration	\$ 1,712,915	\$ 1,791,216	\$ 1,617,833	\$ 173,383
Board of Elections:				
Electoral Board	\$ 57,842	\$ 81,932	\$ 80,513	\$ 1,419
Registrar	84,227	94,388	87,648	6,740
Total Board of Elections	\$ 142,069	\$ 176,320	\$ 168,161	\$ 8,159
Total General Government Administration	\$ 1,984,226	\$ 2,145,667	\$ 1,944,756	\$ 200,911
Judicial Administration:				
Courts:				
Circuit Court	\$ 55,883	\$ 60,621	\$ 60,539	\$ 82
General District Court	4,150	4,150	3,143	1,007
Magistrate	200	200	-	200
Juvenile and Domestic Relations Court	5,290	5,290	2,947	2,343
Clerk of the Circuit Court	506,521	575,014	515,042	59,972
Law Library	10,728	11,728	10,716	1,012
Victim's Witness Assistance	127,854	131,054	131,007	47
Domestic Relations Legal Services	40,000	40,000	40,000	-
Womens Resource Victims Assistance	24,070	24,070	24,070	-
Total Courts	\$ 774,696	\$ 852,127	\$ 787,464	\$ 64,663
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 790,080	\$ 821,607	\$ 760,161	\$ 61,446
Total Judicial Administration	\$ 1,564,776	\$ 1,673,734	\$ 1,547,625	\$ 126,109
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,241,253	\$ 3,394,436	\$ 3,240,622	\$ 153,814
Fire and Rescue Services:				
E-911	\$ 166,616	\$ 172,716	\$ 136,141	\$ 36,575
Wireless E-911	42,000	42,000	7,689	34,311
Forest Fire Protection	6,664	7,793	7,793	-
Volunteer Fire Departments	263,584	331,022	292,201	38,821
Western Virginia EMS	7,352	7,352	7,352	-
Contribution to REMSI	106,981	129,805	129,805	-
Total Fire and Rescue Services	\$ 593,197	\$ 690,688	\$ 580,981	\$ 109,707
Correction and Detention:				
Regional Jail Payments	\$ 2,019,103	\$ 2,019,103	\$ 1,823,737	\$ 195,366
Court Services	5,900	10,185	6,145	4,040
NRV Juvenile Detention Home	177,128	179,128	178,928	200

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

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

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Health and Welfare: (continued)				
Welfare: (continued)				
Crossroads Shelter	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Children's Advocacy Program	1,000	1,000	1,000	-
NRV Cares	4,600	4,600	4,600	-
Free Clinic of Pulaski County	27,000	27,000	27,000	-
Literacy Volunteers of America	3,084	3,084	3,084	-
Commission on Children and Families	-	45,827	45,544	283
Goodwill Industries	14,992	14,992	14,992	-
Total Welfare	\$ 10,355,407	\$ 11,672,499	\$ 10,723,295	\$ 949,204
Total Health and Welfare	\$ 10,740,939	\$ 12,058,031	\$ 11,092,709	\$ 965,322
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,691	\$ 23,537	\$ 15,691	\$ 7,846
Contribution to Pulaski County School Board	10,818,396	11,197,540	10,272,595	924,945
Total Education	\$ 10,834,087	\$ 11,221,077	\$ 10,288,286	\$ 932,791
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 21,260	\$ 34,258	\$ 34,713	\$ (455)
Recreation	292,934	347,430	347,765	(335)
Friends of Claytor Lake	26,621	52,165	53,223	(1,058)
Randolph Park	258,596	289,450	284,255	5,195
County Celebration - Fire works	15,000	15,000	-	15,000
Claytor Lake Celebration	5,000	15,866	16,364	(498)
Total Parks and Recreation	\$ 619,411	\$ 754,169	\$ 736,320	\$ 17,849
Cultural Enrichment:				
Fine Arts Center	\$ 13,660	\$ 16,160	\$ 16,160	\$ -
Historical Landmarks	6,000	6,000	6,000	-
County History Publication	2,500	3,500	11	3,489
Friends of the Pulaski Theater	2,500	5,000	5,000	-
Return to Roots	-	-	2,500	(2,500)
Jamestown 2007 Celebration	-	1,150	985	165
Total Cultural Enrichment	\$ 24,660	\$ 31,810	\$ 30,656	\$ 1,154
Library:				
Library Administration	\$ 575,288	\$ 596,418	\$ 542,417	\$ 54,001
Total Parks, Recreation and Cultural	\$ 1,219,359	\$ 1,382,397	\$ 1,309,393	\$ 73,004
Community Development:				
Planning and Community Development:				
Community Development	\$ 99,208	\$ 103,364	\$ 92,746	\$ 10,618
Economic Development	50,677	49,977	46,939	3,038
Chamber of Commerce	10,000	11,000	10,000	1,000
Industrial Park Maintenance	600	730	723	7
Visitors' Center	90,877	100,877	82,958	17,919
Planning and Zoning	103,821	121,029	120,372	657
NRV Planning District Commission	31,554	31,554	31,554	-
Baskerville Housing Project	-	48,500	47,858	642
NR Highland	700	700	700	-
NRV Competitiveness Center	-	8,300	8,421	(121)
Contribution to Wireless Authority	-	-	6,382	(6,382)
Contribution to Pulaski County IDA	-	200,000	328,455	(126,455)
Contribution to Pulaski County PSA	-	5,584,746	3,734,584	1,850,162
Total Planning and Community Development	\$ 387,437	\$ 6,260,777	\$ 4,509,692	\$ 1,751,085

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Community Development: (continued)				
Environmental Management:				
Contribution to Soil and Water District	\$ 12,269	\$ 12,269	\$ 12,269	\$ -
Cooperative Extension Program:				
Extension Office	\$ 99,304	\$ 99,304	\$ 91,001	\$ 8,303
Total Community Development	\$ 499,010	\$ 6,372,350	\$ 4,612,962	\$ 1,759,388
Debt Service:				
Principal Retirement	\$ 1,707,119	\$ 9,442,120	\$ 9,442,120	\$ -
Interest and Other Fiscal Charges	1,756,735	2,430,800	1,590,316	840,484
Total Debt Service	\$ 3,463,854	\$ 11,872,920	\$ 11,032,436	\$ 840,484
Total General Fund	\$ 38,920,912	\$ 55,974,694	\$ 50,476,683	\$ 5,498,011
Major Capital Project Fund:				
School Construction Fund:				
Capital Projects:				
Riverlawn Elementary School	\$ 1	\$ 2,287,545	\$ 685,058	\$ 1,602,487
Total School Construction Fund	\$ 1	\$ 2,287,545	\$ 685,058	\$ 1,602,487
Non-Major Capital Project Fund:				
County CIP Fund:				
General Government Administration:				
General and Financial Administration:				
Information Technology	\$ 10,000	\$ 21,540	\$ 4,257	\$ 17,283
Communications	35,000	281,203	33,839	247,364
Total General and Financial Administration	\$ 45,000	\$ 302,743	\$ 38,096	\$ 264,647
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 115,000	\$ 316,103	\$ 125,337	\$ 190,766
Fire and Rescue Services:				
Volunteer Fire Departments	\$ 205,000	\$ 230,085	\$ 4,973	\$ 225,112
Total Public Safety	\$ 320,000	\$ 546,188	\$ 130,310	\$ 415,878
Health and Welfare:				
Health:				
Health department roof	\$ -	\$ 80,453	\$ 100,179	\$ (19,726)
Education:				
Other Instructional Costs:				
Capital improvements	\$ 493,345	\$ 570,445	\$ 381,150	\$ 189,295
Parks, Recreational and Cultural:				
Parks and Recreation:				
Recreation	\$ -	\$ 418,500	\$ 74,790	\$ 343,710
Loving field	-	55,000	1,692	53,308
NRV Fair	-	10,000	11,181	(1,181)
Total Parks and Recreation	\$ -	\$ 483,500	\$ 87,663	\$ 395,837

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-Major Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Community Development:				
Planning and Community Development:				
Planning and Zoning	\$ -	\$ 8,000	\$ 8,061	\$ (61)
County building improvements	168,000	2,957,713	183,708	2,774,005
Other community development	-	1,272	81,238	(79,966)
Contribution to REMSI	85,000	238,000	238,000	-
Contribution to IDA	-	367,000	447,615	(80,615)
Total Planning and Community Development	<u>\$ 253,000</u>	<u>\$ 3,571,985</u>	<u>\$ 958,622</u>	<u>\$ 2,613,363</u>
Total County CIP Fund	<u>\$ 1,111,345</u>	<u>\$ 5,555,314</u>	<u>\$ 1,696,020</u>	<u>\$ 3,859,294</u>
Total Primary Government	<u>\$ 40,032,258</u>	<u>\$ 63,817,553</u>	<u>\$ 52,857,761</u>	<u>\$ 10,959,792</u>
Discretely Presented Component Unit-School Board:				
Major Special Revenue Fund:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	<u>\$ 3,449,557</u>	<u>\$ 3,514,468</u>	<u>\$ 3,352,857</u>	<u>\$ 161,611</u>
Instructional:				
Instruction	<u>\$ 32,872,215</u>	<u>\$ 35,687,129</u>	<u>\$ 31,476,497</u>	<u>\$ 4,210,632</u>
Other operating costs				
Pupii transportation	\$ 2,181,355	\$ 2,196,665	\$ 2,197,559	\$ (894)
Operation and maintenance of school plant	4,725,776	5,175,250	4,910,545	264,705
Food services	2,274,000	2,268,500	2,426,022	(157,522)
Technical resources	1,648,228	3,735,940	2,883,296	852,644
Facilities	579,202	-	-	-
Total other operating costs	<u>\$ 11,408,561</u>	<u>\$ 13,376,355</u>	<u>\$ 12,417,422</u>	<u>\$ 958,933</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 47,730,333</u>	<u>\$ 52,577,952</u>	<u>\$ 47,246,776</u>	<u>\$ 5,331,176</u>

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## Statistical Section

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2009-10	\$ 2,227,515	\$ 1,548,396	\$ 7,995,638	\$ 1,480,384	\$ 11,030,808	\$ 10,321,494	\$ 1,345,770	\$ 5,006,587	\$ 1,661,533	\$ 42,618,125
2008-09	2,645,693	1,483,884	6,411,555	1,426,527	10,201,396	13,587,527	1,411,956	3,808,164	1,289,490	42,266,192
2007-08	2,232,051	1,292,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130
2006-07	2,103,757	1,238,375	7,335,947	682,855	8,562,139	10,531,127	1,411,041	953,542	764,711	33,593,494
2005-06	1,796,526	1,122,413	7,157,316	1,265,365	8,297,944	11,595,909	1,352,900	4,467,301	677,076	37,732,750



Table 2

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

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2009-10	\$ 1,212,825	\$ 12,010,339	\$ 3,682,304	\$ 21,173,271	\$ 5,171,842	\$ 297,227	\$ 208,630	\$ 2,631,288	\$ 46,387,726
2008-09	1,236,901	12,077,362	-	20,175,233	6,565,919	540,453	526,812	2,143,390	43,266,070
2007-08	476,063	11,410,564	-	19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045
2006-07	640,715	10,311,656	81,476	18,839,172	6,580,583	1,167,434	57,658	1,868,491	39,547,185
2005-06	649,254	9,904,124	168,817	17,049,730	5,972,264	678,035	85,237	2,014,456	36,521,917

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Debt Service (3)	Total
2009-10	\$ 1,982,852	\$ 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	2,583,215	1,479,957	7,241,921	1,468,888	10,394,049	48,062,018	1,397,056	5,571,584	-	3,293,977	81,492,675
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,399,957	1,596,685	-	2,634,931	73,698,115
2006-07	2,102,862	1,270,573	7,521,231	1,142,631	8,532,401	45,176,749	1,336,274	1,025,802	-	2,003,993	70,112,516
2005-06	1,760,809	1,123,294	6,704,826	1,089,401	8,386,534	42,441,597	1,425,356	4,371,013	7,818	2,295,970	69,616,418
2004-05	1,674,073	1,080,946	5,560,193	952,694	7,707,076	41,485,801	1,281,964	474,394	-	2,452,233	62,669,374
2003-04	1,563,617	982,095	5,193,199	861,974	7,203,941	36,749,954	1,237,532	449,950	-	2,563,189	56,805,451
2002-03	1,803,091	986,582	5,574,657	837,842	5,600,114	36,261,301	1,177,918	2,072,037	-	1,286,574	55,600,116
2001-02	1,441,977	977,680	4,913,502	807,739	5,441,584	34,183,893	961,513	372,413	-	2,164,414	51,264,695
2000-01	1,515,680	915,141	4,404,944	885,355	4,736,900	34,111,148	839,076	264,994	-	7,378,486	55,051,724

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

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2009-10	\$ 20,836,110	\$ 5,171,842	\$ 664,789	\$ 31,439	\$ 311,542	\$ 1,528,819	\$ 222,348	\$ 1,947,692	\$ 52,933,326	\$ 83,647,907
2008-09	20,112,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,556,694	49,182,768	80,803,971
2007-08	19,158,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
2006-07	18,762,559	6,580,583	125,584	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403
2005-06	18,162,045	5,972,264	131,295	41,858	443,408	1,546,531	248,459	1,087,512	41,256,945	68,890,317
2004-05	18,104,757	5,393,167	128,038	42,290	132,667	1,451,416	324,965	988,947	39,864,833	66,431,080
2003-04	16,938,019	5,281,449	125,968	42,329	82,074	1,882,954	392,137	1,113,046	34,960,933	60,818,909
2002-03	15,197,779	5,091,930	110,761	41,060	123,122	1,454,088	510,807	1,046,559	33,061,944	56,638,050
2001-02	14,656,188	4,736,025	107,427	48,290	182,732	2,325,279	310,985	604,413	32,720,051	55,091,390
2000-01	14,239,273	4,678,290	135,298	38,019	837,703	1,142,027	381,615	674,446	30,909,876	53,036,547

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2009-10	\$ 22,938,080	\$ 22,037,293	96.07%	\$ 82,243	\$ 22,119,536	96.43%	\$ 2,468,936	10.76%
2008-09	21,519,644	21,160,816	98.33%	120,144	21,280,960	98.89%	2,571,593	11.95%
2007-08	19,683,092	18,819,285	95.61%	80,471	18,899,756	96.02%	2,400,211	12.19%
2006-07	20,591,949	19,426,752	94.34%	629,228	20,055,980	97.40%	2,356,776	11.45%
2005-06	20,067,829	19,084,868	95.10%	507,414	19,592,282	97.63%	2,529,481	12.60%
2004-05	19,428,887	18,455,844	94.99%	818,692	19,274,536	99.21%	2,672,458	13.76%
2003-04	18,257,636	17,536,375	96.05%	806,919	18,343,294	100.47%	2,874,468	15.74%
2002-03	17,081,301	15,817,128	92.60%	559,140	16,376,268	95.87%	2,834,355	16.59%
2001-02	16,567,173	15,408,834	93.01%	527,959	15,936,793	96.20%	2,450,424	14.79%
2000-01	15,495,202	14,574,007	94.05%	395,508	14,969,515	96.61%	2,158,990	13.93%

(1) Includes penalty and interest.

Table 6

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

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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools		Merchants' Capital	Mobile Homes
2009-10 (5)	\$ 0.50/0.54	\$ 2.14	\$ 1.50	\$ -	\$ -	0.50
2008-09 (4)	0.62/0.50	2.14	1.50	-	-	0.50
2007-08	0.62	2.00	1.50	4.80	4.80	0.62
2006-07	0.62	2.00	1.50	4.80	4.80	0.62
2005-06	0.62	2.00	1.50	4.80	4.80	0.62
2004-05	0.62	2.00	1.50	4.80	4.80	0.62
2003-04 (3)	0.66/0.62	2.00	1.50	4.80	4.80	0.66/0.62
2002-03	0.66	2.00	1.50	4.80	4.80	0.66
2001-02 (2)	0.62/0.66	2.00	1.50	4.80	4.80	0.62/0.66
2000-01	0.62	2.00	1.50	4.80	4.80	0.62

(1) Per \$100 of assessed value.

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

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

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2000-01	34,496	1,711,301	11,021,522	11,021,522	0.64%	320

(1) Bureau of the Census.

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

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

Table 9

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
2009-10	\$ 9,442,120	\$ 1,590,316	\$ 11,032,436	\$ 89,146,884	12.38%
2008-09	1,757,773	1,536,795	3,294,568	81,492,675	4.04%
2007-08	1,269,450	1,365,481	2,634,931	73,698,115	3.58%
2006-07	1,198,429	805,564	2,003,993	70,112,516	2.86%
2005-06	1,573,874	722,096	2,295,970	69,616,418	3.30%
2004-05	1,661,203	791,030	2,452,233	62,669,374	3.91%
2003-04	1,618,072	945,117	2,563,189	56,805,451	4.51%
2002-03	939,693	346,881	1,286,574	55,600,116	2.31%
2001-02	2,282,282	664,980	2,947,262	51,264,695	5.75%
2000-01	7,115,000	263,486	7,378,486	55,051,724	13.40%

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



## **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*

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated December 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

### Compliance and Other Matters

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

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

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

This report is intended solely for the information and use of management, the Board of Supervisors, 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, Turner, Cox Associates*

Christiansburg, Virginia  
December 8, 2010

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

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

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

As described in item 2010-2 in the accompanying schedule of findings and questioned costs, the County of Pulaski, Virginia did not comply with requirements regarding the consistent application of purchasing policies, regulations, and procedures uniformly to both Federal awards and other activities of the governmental unit that are applicable to the Title VI-B and Title I programs. Compliance with such requirements is necessary, in our opinion, for the County of Pulaski, Virginia to comply with the requirements applicable to that program.

As described in item 2010-3 in the accompanying schedule of findings and questioned costs, the County of Pulaski, Virginia did not comply with requirements regarding the allocation of employee's time to several programs as determined by a contractual percentage that are applicable to the Title VI-B program. Compliance with such requirements is necessary, in our opinion, for the County of Pulaski, Virginia to comply with the requirements applicable to that program.

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

#### Internal Control Over Compliance

Management of the County of Pulaski, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Pulaski, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Pulaski, Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-2, and 2010-3 to be material weaknesses.

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

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, Turner, Cox Associates*

Christiansburg, Virginia  
December 8, 2010

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

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

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (continued)			
Pass-through Payments: (continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	\$ 481,663
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703 90704	15,434
<b>Total Department of Social Services</b>			<b>\$ 497,097</b>
Direct Payments:			
Rural Economic Development Grant	10.854	Not applicable	\$ 8,287
ARRA - USDA Community Facilities Grants	10.780	Not applicable	25,000
USDA Community Facilities Grants	10.766	Not applicable	3,600,197
<b>Total Direct Payments</b>			<b>\$ 3,633,484</b>
<b>Total Department of Agriculture</b>			<b>\$ 5,471,253</b>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	Not applicable	\$ 14,359
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Services:			
Crime Victims Assistance	16.575	09VAGX0007	\$ 90,304
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to Units of Local Government	16.804		21,816
<b>Total Department of Justice</b>			<b>\$ 112,120</b>
Compensation Board:			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803	09SUB9033	\$ 95,996
<b>Total Department of Justice</b>			<b>\$ 208,116</b>
Department of Transportation:			
Pass-through payments:			
Department of Motor Vehicles:			
State and Community Highway Safety - Open Container	20.600	SC-2010 50357 3977	\$ 11,326
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	52619	3,500
<b>Total Department of Transportation</b>			<b>\$ 14,826</b>
Department of Education:			
Pass-through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I: Grants to Local Education Agencies	84.010	42892, 42901	\$ 1,135,768
ARRA - Title I: Grants to Local Education Agencies	84.389	42913	291,722
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	801,953
ARRA - Special Education - Grants to States	84.391	61245	588,618
Special Education - Preschool Grants	84.173	62521	27,699
ARRA - Special Education - Preschool Grants	84.392	62521	25,287
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	61600	316,202
ARRA - Education Technology State Grants	84.386	60897	682,330
Career and Technical Education - Basic Grants to States	84.048	61095	91,785
Safe and Drug Free Schools and Communities	84.186	65011	24,187
Twenty-first Century Community Learning Centers	84.287	60565	372,058
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		28,400
International Education - Technological Innovation and Cooperation for Foreign Information Access	84.337	43040	184,676
English Language Acquisition Grants	84.365	60512	25,959
ARRA - State Fiscal Stabilization Funds - Education State Grants	84.394	62532	2,808,314
Improving Teacher Quality State Grants	84.367	61480	274,669
<b>Total Department of Education</b>			<b>\$ 7,679,627</b>

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

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

**Note 1 – Basis of Presentation**

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

**Note 2 – Summary of Significant Accounting Policies**

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

**Note 3 – Food Donation**

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

**Note 4 – Relationship to the Financial Statements:**

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

Intergovernmental federal revenues per the basic financial statements:

    Primary Government:

        General Fund total

\$ 7,004,700

        Add: Debt proceeds - County CIP Fund

8,287

Total Primary Government

\$ 7,012,987

Component Unit Schools:

    School Operating Fund total

\$ 9,020,299

Total Component Unit Schools

\$ 9,020,299

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 16,033,286



County of Pulaski, Virginia

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

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

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weaknesses identified? Yes

Significant deficiencies? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:  
Material weaknesses identified? Yes

Significant deficiencies? None reported

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? No

County of Pulaski, Virginia

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

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Section II - Financial Statement Findings

2010-1

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Criteria:	Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to post such transactions is not a component of the auditee's internal controls.
Condition:	The County's 2010 adjusted trial balance required significant adjustments that were made by the auditors.
Cause of Condition:	The County has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.
Effect of Condition:	There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	Management should continue to implement and follow review procedures in order to make adjustments in a timely manner.
Management's Response:	Management is dedicated to complying with the concepts set forth by auditing standards and will make efforts in the future to eliminate material errors from its adjusted trial balance.

Section III - Federal Award Findings and Questioned Costs

2010-2

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Title VI-B-Special Education-CFDA No. 84.027/84.173/84.391/84.392  
Title I Program - CFDA No. 84.010/84.389

Criteria:	Per single audit requirements, purchases should be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
Condition:	Unallowable expenses: A review of expenditures on a test basis disclosed purchases made without appropriate prior approval.
Context:	Forty disbursements were selected for testing for both Title VI-B and Title I. Testing for Title VI-B and Title I revealed eight and five instances, respectively, for the Federal programs that were not appropriately approved prior to purchases being made.
Cause:	Lack of an appropriate small purchasing policy that clearly describes the approval process for expenditures.
Effect:	Federal monies may be used for unallowable expenses if appropriate review and approval is not obtained prior to making purchases.
Recommendation:	Management should establish a small purchasing policy clarifying the approval process for all expenditures to ensure that appropriate approval is received prior to making purchases in the future.
Management's Response:	Management of the School Board has acknowledged that a small purchasing policy is necessary and is working to have this implemented in the next year.

County of Pulaski, Virginia

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

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2010-3

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

Criteria:	Per single audit requirements, if an employee's time is allocated to several programs, the percentage allocated to Title VI-B agrees with a contractual percentage.
Condition:	Unallowable expenses: A review of payroll expenditures on a test basis disclosed salaries reimbursed in full with Title VI-B funds for employees whose time is split between different programs.
Context:	Testing of 40 payroll disbursements revealed that one employee's time was not appropriately allocated based on duties performed.
Cause:	Appropriate internal controls are not in place to ensure that each employee's time is allocated appropriately based on contractual agreements and actual duties performed.
Effect:	The School Board received more funds from the Federal Government than they would have received otherwise.
Recommendation:	Management should put in place appropriate internal controls to ensure that this problem is not recurring in the future.
Management's Response:	Management of the School Board has acknowledged that employee time should be reimbursed based on the contractual percentage and will follow this guideline in the future.

Section IV - Status of Prior Audit Findings and Questioned Costs

Financial statement finding 2010-1 was recurring this year.