

**COUNTY OF PULASKI, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2012**

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

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## INTRODUCTORY SECTION

**COUNTY OF PULASKI, VIRGINIA**

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**Board of Supervisors**

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

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

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

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

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### Other Officials

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

## FINANCIAL SECTION

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2012, 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 January 11, 2013, 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, and 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's financial statements as a whole. The introductory section, supplementary

information, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information, supporting schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Robinson, Turner, Co. Associates*

Blacksburg, Virginia  
January 11, 2013

**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, 2012 (FY12) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. By GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors, Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA) and the Industrial Development Authority of Pulaski County (IDA).

**Financial Highlights for Fiscal Year 2011-12**

- Total net assets value of the primary government was \$36.1 million at the end of FY 12 based on total assets of \$71.0 million and total liabilities of \$34.9 million (Exhibit 1). As noted in Exhibit 1, these liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs, compensated absences, and other post employment benefits while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 12 combined program and general expenditures of \$50.0 million exceeded general revenues of \$45.1 million by approximately \$4.9 million (Exhibit 2). The decrease in net assets is explained further in the Statement of Activities analysis of the Financial Analysis of the County as a Whole section below.
- As described in Exhibit 11, total general fund revenues were \$2.2 million or 5% less than the budgeted \$46.9 million revenue estimate while expenditures were \$3.0 million, or 10% less than the \$46.1 million budgeted expenditures (including transfers). The net change in fund balance was a decrease of \$5.7 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences and landfill monitoring decreased by \$1.7 million from \$33 million on July 1, 2011 to \$31.3 million on June 30, 2012 (Note 7).
- As described in Note 18, the unassigned fund balance as of June 30, 2012 for the primary government/component unit combined was \$6.4 million, or 6.7% of budgeted FY 13 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$95.3 million. The Board of Supervisors has historically maintained a reserve of the general fund balance of at least 10% of general, special revenue and component unit fund expenditures in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the governmental funds balance decreased by approximately \$5.7 million. That amount is explained further in the Analysis of the County Funds section below.

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

The County has three kinds of funds:

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

**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 12 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Assets (in millions) comparing FY 12 to FY 11.

**Summary of Net Assets:**

	Total Primary Government		Component Unit School Board	
	2012	2011	2012	2011
Current and other assets	\$ 24.9	\$ 30.4	\$ 4.8	\$ 4.6
Capital assets, net	46.2	47.1	7.7	6.2
Total assets	<u>\$ 71.1</u>	<u>\$ 77.5</u>	<u>\$ 12.5</u>	<u>\$ 10.8</u>
Other liabilities	\$ 3.6	\$ 5.7	\$ 3.9	\$ 3.9
Long term liabilities	31.3	30.8	2.3	1.8
Total liabilities	<u>\$ 34.9</u>	<u>\$ 36.5</u>	<u>\$ 6.2</u>	<u>\$ 5.7</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 17.4	\$ 16.7	\$ 7.6	\$ 6.2
Restricted	0.2	0.5	0.0	0.0
Unrestricted	18.5	23.8	(1.3)	(1.1)
Total net assets	<u>\$ 36.1</u>	<u>\$ 41.0</u>	<u>\$ 6.3</u>	<u>\$ 5.1</u>

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

The County's combined net assets decreased from \$37.6 million to \$36.1 million as explained in the Statement of Activities section below. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County, totaled \$18.5 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County and Component Units total \$40.3 million. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. Seized asset funds are restricted so that they can be used for specific law enforcement purposes. Component unit (School Board) net assets increased by \$1.2 million, from \$5.1 million in FY11 to \$6.3 million in FY 12.

**Capital Assets**

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

**Capital Assets:**

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

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

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

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

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

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

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

**Long-Term Debt**

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2012, in millions of dollars:

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

Long-term debt obligations decreased by \$1.3 million in FY12. Additional detailed information on long-term debt activity can be found in Note 7 and Note 8 in the "Notes to Financial Statements" section of the report for the County and Schools, respectively.

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

**Statement of Activities:**

The following comparative table shows the revenues and expenses of the governmental activities for FY 12 and the fiscal year ended June 30, 2011(FY11) (in millions) as show in Exhibit 2:

**Summary of Activities:**

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

**Revenues**

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

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

**Expenses**

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

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

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

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

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

For FY12, the general fund reflects a fund balance of \$19.5 million, a decrease of \$5.7 million from FY11. The following table shows a comparison between the fiscal year ended June 30, 2011 amounts to the fiscal year ended June 30, 2012 amounts for the General Fund as shown in Exhibit 5.

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

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

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

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

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

All capital and school board unused appropriations from the 2011 fiscal year were carried over by the Board of Supervisors for use in FY 2012.

**General Fund Budgetary Highlights**

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

	Original Budget	Amended Budget	Actual	Variance
<b>Revenues:</b>				
Property Taxes	\$ 21.1	\$ 21.8	\$ 21.7	(0.1)
Other Local Taxes	6.2	6.4	6.5	0.1
Permits, Fees and Licenses	0.2	0.2	0.1	(0.1)
Fines and Forfeitures	0.1	0.1	0.1	-
Revenue from Use of Money and Property	0.3	0.4	0.4	-
Charges for Services	0.5	0.5	0.6	0.1
Miscellaneous	0.1	0.1	0.1	-
Recovered Costs	0.4	0.6	0.6	-
Intergovernmental	14.9	16.8	14.7	(2.1)
<b>Total</b>	<b>\$ 43.8</b>	<b>\$ 46.9</b>	<b>\$ 44.8</b>	<b>(2.1)</b>
<b>Expenditures and transfers:</b>				
General Government Administration	\$ 2.5	\$ 2.5	\$ 2.1	0.4
Judicial Administration	1.6	1.7	1.6	0.1
Public Safety	7.2	8.2	7.4	0.8
Public Works	1.4	1.8	1.7	0.1
Health and Welfare	11.5	11.5	10.6	0.9
Education	11.9	12.2	11.6	0.6
Parks, Recreation and Cultural	1.3	1.5	1.3	0.2
Community Development	2.6	6.4	6.4	0.0
Non-departmental	0.0	0.0	0.0	0.0
Debt Service	3.4	3.4	3.4	0.0
Transfers	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$ 43.4</b>	<b>\$ 49.2</b>	<b>\$ 46.1</b>	<b>3.1</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 and unused FY11 local funding for Component Unit (Schools). This trend will continue until building space needs are met by the renovation of the Maple Shade shopping mall, the renovation of the County Administration building, and the renovation of office space for the Sheriff's office.

**Economic Factors and Future Budgets**

The primary factors affecting the financial viability of Pulaski are limited options for revenue increases, continued fluctuations in state and federal revenues, and continued decline 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. During FY11, the rate of increase was 4%, but has increased to the historical rate 3% for FY12. There are 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 38%, or \$36.4 million, of the County and Component Unit (Schools) FY 2013 total budget, while local real estate taxes account for 38% percent of total County general fund revenue, increasing by 5% in FY13. A one percent change in state revenue results in a \$0.4 million change in the local budget, or the equivalent of a \$0.014 cent change on the real estate tax rate. Thus, changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Other factors that are expected to impact future budgets include:

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

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

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the County Administrator, or the Finance Director, at 143 Third Street, NW, Pulaski, Virginia 24301, telephone (540) 980-7705. The County's website address is [www.pulaskicounty.org](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, 2012**

	Component			
	Primary Government Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 18,918,599	\$ 610,784	\$ 2,686,676	\$ -
Investments	160,794	-	-	-
Receivables (Net of Allowance for Uncollectibles):				
Taxes	2,153,581	-	-	-
Accounts Receivable	395,179	-	646,327	64,542
Other Local Taxes and Fees	299,928	-	-	-
Note Receivable	-	-	-	17,530,170
Rent Receivable	-	-	-	15,508
Interest Receivable	-	-	-	110,545
Prepaid Expenses	-	607,419	-	-
Due from Primary Government	-	2,177,255	-	-
Due from Other Governmental Units	2,182,852	1,440,033	-	-
Advances to Component Units	507,858	-	-	-
Restricted Assets:				
Temporarily Restricted:				
Cash and Cash Equivalents	153,387	-	-	-
Cash and Cash Equivalents (in Custody of Others)	76,159	-	165,480	-
Organization Expense (Net of Accumulated Amortization)	-	-	3,354	-
Capital Assets:				
Land	2,473,257	564,527	127,700	1,057,134
Building and Improvements	41,718,237	3,693,273	-	8,623,692
Machinery and Equipment	1,567,856	2,254,994	1,235,919	-
Infrastructure	-	-	17,557,189	-
Construction in Progress	377,120	1,153,434	6,947,251	251,718
Total Assets	<u>\$ 71,084,807</u>	<u>\$ 12,501,719</u>	<u>\$ 29,369,896</u>	<u>\$ 27,653,309</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 804,835	\$ 263,331	\$ 779,950	\$ 65,046
Accrued Wages	-	3,600,307	-	-
Customer Deposits	-	-	125,889	-
Accrued Interest Payable	489,779	-	77,418	110,545
Due to Component Units	2,177,255	-	-	-
Advances Due to Primary Government	-	-	-	507,858
Unearned Revenue	160,588	-	-	-
Long-term Liabilities:				
Due Within One Year	2,299,807	162,453	505,255	1,194,606
Due in More Than One Year	29,015,517	2,141,276	11,379,784	8,265,978
Total Liabilities	<u>\$ 34,947,781</u>	<u>\$ 6,167,367</u>	<u>\$ 12,868,296</u>	<u>\$ 10,144,033</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 17,436,378	\$ 7,666,228	\$ 7,184,514	\$ 8,058,185
Restricted	229,546	-	165,480	-
Unrestricted (deficit)	18,471,102	(1,331,876)	9,151,606	9,451,091
Total Net Assets	<u>\$ 36,137,026</u>	<u>\$ 6,334,352</u>	<u>\$ 16,501,600</u>	<u>\$ 17,509,276</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, 2012

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Public Service Authority	Industrial Development Authority
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government Administration	\$ 2,733,560	\$ 33,026	\$ 273,757	\$ -	\$ -	\$ -	\$ -
Judicial Administration	1,594,599	40,954	940,145	-	-	-	-
Public Safety	8,092,547	223,843	3,479,812	-	-	-	-
Public Works	1,701,286	56,609	10,082	-	-	-	-
Health and Welfare	11,078,762	-	7,688,764	-	-	-	-
Education	14,686,128	-	-	-	-	-	-
Parks, Recreation and Cultural	1,457,169	361,999	119,122	-	-	-	-
Community Development	7,503,176	9,284	-	72,633	-	-	-
Interest	1,145,941	-	-	-	-	-	-
Total Primary Government	\$ 48,993,168	\$ 725,715	\$ 12,511,682	\$ 72,633	\$ -	\$ -	\$ -
Component Units:							
School Board	\$ 43,796,934	\$ 1,145,900	\$ 32,173,646	\$ -	\$ -	\$ -	\$ -
Public Service Authority	7,953,572	6,996,318	1,995,200	-	-	-	-
Industrial Development Authority	920,341	737,658	351,420	172,600	-	-	-
Total Component Units	\$ 52,670,847	\$ 8,879,876	\$ 34,520,266	\$ 172,600	\$ 1,037,946	\$ -	\$ 341,337
General Revenues:							
General Property Taxes					\$ 21,993,777	\$ -	\$ -
Other Local Taxes					2,888,609	-	-
Local Sales and Use Taxes					655,511	-	-
Consumers' Utility Taxes					574,753	-	-
Business Licenses					102,204	-	-
Consumption Taxes					556,608	-	-
Motor Vehicle Licenses					37,578	-	-
Bank Stock Taxes					145,501	-	-
Taxes on Recordation and Wills					284,064	-	-
Hotel and Motel Room Taxes					1,279,096	-	-
Restaurant Food Taxes					379,141	19,844	22,808
Unrestricted Revenues from Use of Money and Property					391,985	38,090	51,023
Miscellaneous					-	11,627,400	134,368
Payments from Primary Government					2,514,364	-	-
Grants and Contributions not Restricted to Specific Programs					31,803,191	11,665,334	157,195
Total General Revenues					\$ 1,207,946	\$ 1,195,142	\$ 6,424,172
Change in Net Assets					5,126,406	15,306,458	6,765,509
Net Asset - Beginning					6,334,352	16,501,600	10,743,767
Net Asset - Ending					\$ 36,137,026	\$ 16,501,600	\$ 17,509,276

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

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

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

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

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

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

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

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

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

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

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

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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	\$	(6,043,516)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.		(855,756)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		205,673
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligation consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		1,707,872
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		105,780
Change in net assets of governmental activities	\$	(4,879,947)

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

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

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

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

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

**County of Pulaski, Virginia**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2012**

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

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

June 30, 2012

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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. Financial 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, 2012

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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 Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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.

## COUNTY OF PULASKI, VIRGINIA

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

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

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

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 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 and reports 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 and reports financial resources to be used for the acquisition and construction of major school capital projects.

## COUNTY OF PULASKI, VIRGINIA

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

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

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

The County reports the following non-major governmental fund:

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

Additionally, the County reports the following fund types:

*Internal service funds* account for and report 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 Fund and the Health Insurance Premiums Fund.

*Special revenue funds* account for and report the proceeds of specific revenue sources (other than those dedicated for debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Tornado Relief Fund is reported as a non-major special revenue fund.

*Fiduciary funds* (Trust and Agency 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.

COUNTY OF PULASKI, VIRGINIA

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

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

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

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.

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 committed account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

## COUNTY OF PULASKI, VIRGINIA

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

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

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

##### 3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1 of the following year if they remain unpaid. Real estate taxes are payable on June 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 \$666,358 at June 30, 2012 and is comprised solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

##### 5. Use of Estimates

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

##### 6. Capital Assets

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

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

COUNTY OF PULASKI, VIRGINIA

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

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

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

6. Capital Assets (continued)

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

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

7. Compensated Absences

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

8. Long-term Obligations

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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

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

##### 9. Fund Equity

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

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

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

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

Assigned - amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Pulaski, Virginia considers this level of authority to be the Board of Directors or any Committee granted such authority by the Board of Directors.

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

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

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

##### 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.

COUNTY OF PULASKI, VIRGINIA

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$31,805,103) and (\$2,203,729) differences for the primary government and discretely presented component unit, respectively, are as follows:

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

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COUNTY OF PULASKI, VIRGINIA

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these (\$855,756) and \$1,460,420 differences for the primary government and discretely presented component unit, respectively, are as follows:

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

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COUNTY OF PULASKI, VIRGINIA

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

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

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

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

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

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**COUNTY OF PULASKI, VIRGINIA**

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

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

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$105,780 and (\$338,516) differences for the primary government and discretely presented component unit, respectively, are as follows:

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

**Note 3- Stewardship, Compliance, and Accountability:**

- A. Budgetary Information:

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

1. Prior to April 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, 2012

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

B. Excess of Expenditures Over Appropriations:

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

C. Deficit Fund Equity:

At June 30, 2012, there were no funds that had deficit fund equity.

**Note 4- Deposits and Investments:**

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

**COUNTY OF PULASKI, VIRGINIA**

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

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

Deposits: (continued)

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

Investments:

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

Custodial Credit Risk: (Investments)

The County's rated debt investments as of June 30, 2012 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>
LGIP	\$ 107,701
SNAP	53,093

Concentration of Credit Risk:

At June 30, 2012, 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, 2012, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

External Investment Pools:

The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission

**COUNTY OF PULASKI, VIRGINIA**

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

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

External Investment Pools: (continued)

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

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

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

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

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

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

COUNTY OF PULASKI, VIRGINIA

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

**Note 6- Component-Unit Obligations: (continued)**

Details of due from component unit amounts are as follows:

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.

**Note 7- Long-Term Obligations:**

Primary Government- Governmental Activity Indebtedness:

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
General obligation bonds	\$ 15,971,673	\$ -	\$ (1,007,642)	\$ 14,964,031
Literary loans	3,750,000	-	(375,000)	3,375,000
Lease revenue notes	11,272,755	-	(692,346)	10,580,409
Note payable	-	420,000	-	420,000
Unamortized bond premiums	829,800	-	(58,699)	771,101
Landfill post-closure monitoring costs	242,291	5,815	-	248,106
Net OPEB obligation	214,305	67,895	(38,300)	243,900
Compensated absences	760,974	-	(48,197)	712,777
Total	<u>\$ 33,041,798</u>	<u>\$ 493,710</u>	<u>\$ (2,220,184)</u>	<u>\$ 31,315,324</u>

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COUNTY OF PULASKI, VIRGINIA

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

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

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

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

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

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COUNTY OF PULASKI, VIRGINIA

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

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

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 371,992	\$ 38,485
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	5,995,000	545,000
GO bond	3.78%	4/29/2005	2020	2,000,000	1,310,449	143,860
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	6,945,000	285,000
GO bond	4.13%	5/30/2008	2048	352,000	341,590	5,434
Subtotal GO bonds					\$ 14,964,031	\$ 1,017,779
Unamortized bond premium	n/a	11/7/2002	2023	436,841	\$ 240,263	\$ 21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	35,119	2,007
Total general obligation bonds					\$ 15,239,413	\$ 1,041,628
Lease revenue notes:						
IDA lease revenue note	3.5-5.25%	2/8/2007	2027	\$ 14,000,000	\$ 5,540,000	\$ 265,000
School lease revenue note	2.92%	5/2/2008	2013	1,300,000	275,409	275,409
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	4,765,000	180,000
Subtotal lease revenue notes					\$ 10,580,409	\$ 720,409
Unamortized bond premium	n/a	2/8/2007	2027	348,249	\$ 216,717	\$ 17,412
Unamortized bond premium	n/a	5/15/2008	2029	348,754	279,002	17,438
Total lease revenue notes					\$ 11,076,128	\$ 755,259
Literary loans:						
State literary fund loan	3%	12/15/2000	2021	\$ 2,500,000	\$ 1,125,000	\$ 125,000
State literary fund loan	3%	12/15/2000	2021	5,000,000	2,250,000	250,000
Total literary loans					\$ 3,375,000	\$ 375,000
Note Payable						
Note Payable	1.900%	4/30/2012	2019	\$ 420,000	\$ 420,000	\$ 56,642
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 248,106	\$ -
Net OPEB obligation	n/a	n/a	n/a	n/a	243,900	-
Compensated absences	n/a	n/a	n/a	n/a	712,777	71,278
Total other obligations					\$ 1,204,783	\$ 71,278
Totals					\$ 31,315,324	\$ 2,299,807

**COUNTY OF PULASKI, VIRGINIA**

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

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

Discretely Presented Component Unit- School Board-Indebtedness:

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

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

Details of Long-Term Indebtedness:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activites	Due Within One Year
Other obligations:						
Net OPEB obligation	n/a	n/a	n/a	n/a	\$ 679,200	\$ -
Compensated absences	n/a	n/a	n/a	n/a	1,624,529	162,453
<b>Total other obligations</b>					<b>\$ 2,303,729</b>	<b>\$ 162,453</b>

**Note 9- Employee Retirement System and Defined Benefit 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)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

## COUNTY OF PULASKI, VIRGINIA

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

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

#### A. Plan Description: (continued)

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF PULASKI, VIRGINIA

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

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

B. Funding Policy:

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County of Pulaski, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County of Pulaski, Virginia's contribution rate for the fiscal year ended 2012 was 8.77% of annual covered payroll.

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

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2012 was 7.12% of annual covered payroll.

C. Annual Pension Cost:

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

Three-Year Trend Information

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

(1) Excludes member contribution

## COUNTY OF PULASKI, VIRGINIA

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

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

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

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County of Pulaski, Virginia's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County of Pulaski, Virginia's and the School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

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

##### Primary Government:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 80.69% funded. The actuarial accrued liability for benefits was \$43,826,661, and the actuarial value of assets was \$35,363,975, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,462,686. The covered payroll (annual payroll of active employees covered by the plan) was \$9,058,892, and ratio of the UAAL to the covered payroll was 93.42%.

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

As of June 30, 2011, the most recent actuarial valuation date, the plan was 83.46% funded. The actuarial accrued liability for benefits was \$9,114,867, and the actuarial value of assets was \$7,607,630, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,507,237. The covered payroll (annual payroll of active employees covered by the plan) was \$2,151,682, and ratio of the UAAL to the covered payroll was 70.05%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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.

## COUNTY OF PULASKI, VIRGINIA

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

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

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

##### Plan Description

The Pulaski County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

##### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All of part of the 5.00% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$1,342,616, \$818,957, and \$1,398,761, for the fiscal years ended 2012, 2011, and 2010, respectively and equaled the required contributions for the year. Employer contributions represented 6.33% for the entire fiscal year 2012, 3.93% for the entire fiscal year 2011, and 8.81% from July 2009 through March 2010 and 0.00% from April to June 2010 of annual covered payroll.

### **Note 10 – Other Post Employment Benefits – Health Insurance:**

#### A. Plan Description

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

COUNTY OF PULASKI, VIRGINIA

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

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

B. Funding Policy

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

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2012, the County and School Board contributed \$68,395 and \$408,200, respectively, for current costs of the Plan.

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

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

C. Annual OPEB Cost and Net OPEB Obligation

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

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COUNTY OF PULASKI, VIRGINIA

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

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

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

	County	School Board	Total
Annual required contribution	\$ 68,395	\$ 408,200	\$ 476,595
Interest on net OPEB obligation	8,000	21,200	29,200
Adjustment to annual required contribution	(8,500)	(22,600)	(31,100)
Annual OPEB cost (expense)	67,895	406,800	474,695
Contributions made	(38,300)	(284,000)	(322,300)
Increase in net OPEB obligation	29,595	122,800	152,395
Net OPEB obligation - beginning of year	214,305	556,400	770,705
Net OPEB obligation - end of year	\$ 243,900	\$ 679,200	\$ 923,100

The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

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

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**COUNTY OF PULASKI, VIRGINIA**

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

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

D. Funded Status and Funding Progress

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

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

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2010, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return per annum. An annual healthcare cost trend rate of 10 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5 percent is reached. Dental costs are assumed to increase 5 percent initially, decreasing by 0.5 percent yearly until and ultimate rate of 3 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2012, was 28 years.

## COUNTY OF PULASKI, VIRGINIA

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

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### **Note 11- Other Postemployment Benefits - VRS Health Insurance Credit:**

#### A. Plan Description

The County participates 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, 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 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 9.

#### B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate was 0.28% of covered payroll.

#### C. Annual 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.

**COUNTY OF PULASKI, VIRGINIA**

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

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

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

For 2012, the County's contribution of \$26,018 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years is as follows:

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

D. Funded Status and Funding Progress

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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

#### E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 25 years.

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

The School Board participates in the Health Insurance Credit Program, a plan designed to assist 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 0.60% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2012 was \$127,262 and equaled the required contributions.

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**COUNTY OF PULASKI, VIRGINIA**

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

**Note 12- Capital Assets:**

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,434,720	\$ 38,537	\$ -	\$ 2,473,257
Construction in progress	<u>551,227</u>	<u>149,823</u>	<u>(323,930)</u>	<u>377,120</u>
Total capital assets not being depreciated	\$ <u>2,985,947</u>	\$ <u>188,360</u>	\$ <u>(323,930)</u>	\$ <u>2,850,377</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 52,550,777	\$ 336,485	\$ -	\$ 52,887,262
Machinery and equipment	<u>10,500,637</u>	<u>902,632</u>	<u>(107,049)</u>	<u>11,296,220</u>
Total capital assets being depreciated	\$ <u>63,051,414</u>	\$ <u>1,239,117</u>	\$ <u>(107,049)</u>	\$ <u>64,183,482</u>
Accumulated depreciation for:				
Buildings and improvements	\$ (9,869,083)	\$ (1,299,942)	\$ -	\$ (11,169,025)
Machinery and equipment	<u>(9,076,052)</u>	<u>(659,361)</u>	<u>107,049</u>	<u>(9,628,364)</u>
Total accumulated depreciation	\$ <u>(18,945,135)</u>	\$ <u>(1,959,303)</u>	\$ <u>107,049</u>	\$ <u>(20,797,389)</u>
Total capital assets being depreciated, net	\$ <u>44,106,279</u>	\$ <u>(720,186)</u>	\$ -	\$ <u>43,386,093</u>
Governmental activities capital assets, net	\$ <u><u>47,092,226</u></u>	\$ <u><u>(531,826)</u></u>	\$ <u><u>(323,930)</u></u>	\$ <u><u>46,236,470</u></u>

COUNTY OF PULASKI, VIRGINIA

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

**Note 12- Capital Assets: (continued)**

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

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

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

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

## COUNTY OF PULASKI, VIRGINIA

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

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### **Note 13- Risk Management:**

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

### **Note 14- Contingent Liabilities:**

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

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COUNTY OF PULASKI, VIRGINIA

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

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**Note 15- Surety Bonds:**

Primary Government:

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

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

**VACo Risk Management Programs**

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

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

**VACo Risk Management Programs**

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

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

COUNTY OF PULASKI, VIRGINIA

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

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**Note 17 – Deferred/Unearned Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$2,107,481 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012, but paid in advance by the taxpayers totaled \$160,588 at June 30, 2012.

Property Taxes Receivable – Taxes billed and not due until after June 30, 2012, less amounts received 60 days after the period end totaled \$1,946,893 at June 30, 2012.

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COUNTY OF PULASKI, VIRGINIA

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

**Note 18 – Fund Balance Classifications:**

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

COUNTY OF PULASKI, VIRGINIA

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

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**Note 18 – Fund Balance Classifications: (continued)**

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

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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 Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budget Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General Property Taxes	\$ 21,032,000	\$ 21,731,417	\$ 21,788,104	\$ 56,687
Other Local Taxes	6,205,900	6,383,478	6,523,924	140,446
Permits, Privilege Fees and Regulatory Licenses	178,200	181,400	129,393	(52,007)
Fines and Forfeitures	39,300	39,300	35,874	(3,426)
Revenue from Use of Money and Property	281,000	402,000	378,845	(23,155)
Charges for Services	549,645	569,253	560,448	(8,805)
Miscellaneous	74,865	111,203	26,869	(84,334)
Recovered Costs	430,920	590,870	646,622	55,752
Intergovernmental Revenues:				
Commonwealth	11,218,127	11,277,467	11,468,207	190,740
Federal Government	3,787,918	5,645,503	3,200,381	(2,445,122)
Total Revenues	<u>\$ 43,797,875</u>	<u>\$ 46,931,891</u>	<u>\$ 44,758,667</u>	<u>\$ (2,173,224)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 2,508,813	\$ 2,462,777	\$ 2,084,448	\$ 378,329
Judicial Administration	1,626,647	1,710,312	1,620,149	90,163
Public Safety	7,185,351	8,161,530	7,403,785	757,745
Public Works	1,444,390	1,777,587	1,662,917	114,670
Health and Welfare	11,479,499	11,542,664	10,613,478	929,186
Education	11,860,888	12,170,016	11,642,692	527,324
Parks, Recreation and Cultural	1,295,209	1,488,286	1,339,035	149,251
Community Development	2,637,127	6,381,178	6,417,449	(36,271)
Debt Service:				
Principal Retirement	2,073,570	2,131,083	2,074,988	56,095
Interest and Other Fiscal Charges	1,290,936	1,326,741	1,291,818	34,923
Total Expenditures	<u>\$ 43,402,430</u>	<u>\$ 49,152,174</u>	<u>\$ 46,150,759</u>	<u>\$ 3,001,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 395,445</u>	<u>\$ (2,220,283)</u>	<u>\$ (1,392,092)</u>	<u>\$ 828,191</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	\$ (1,255,933)	\$ (7,376,123)	\$ (4,690,906)	\$ 2,685,217
Issuance of debt	-	-	420,000	420,000
Total Other Financing Sources (Uses)	<u>\$ (1,255,933)</u>	<u>\$ (7,376,123)</u>	<u>\$ (4,270,906)</u>	<u>\$ 3,105,217</u>
Net Change in Fund Balance	\$ (860,488)	\$ (9,596,406)	\$ (5,662,998)	\$ 3,933,408
Fund Balance - Beginning	-	-	25,116,323	25,116,323
Fund Balance - Ending	<u>\$ (860,488)</u>	<u>\$ (9,596,406)</u>	<u>\$ 19,453,325</u>	<u>\$ 29,049,731</u>

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

**Primary Government: County Retirement Plan**

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3)-(2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2011	\$ 35,363,975	\$ 43,826,661	\$ 8,462,686	80.69%	\$ 9,058,892	93.42%
June 30, 2010	35,102,012	42,536,604	7,434,592	82.52%	9,076,705	81.91%
June 30, 2009	35,393,462	39,100,072	3,706,610	90.52%	9,300,941	39.85%

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

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

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

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

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

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

Actuarial 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, 2011	\$ 133,533	\$ 209,518	\$ 75,985	63.73%	\$ 3,871,836	1.96%
June 30, 2010	112,486	195,484	82,998	57.54%	9,076,705	0.91%
June 30, 2009	89,355	190,365	101,010	46.94%	9,300,941	1.09%

\* Only two years of data available

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**Other Supplementary Information**

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

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

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

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

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

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

County of Pulaski, Virginia  
 Non-Major Capital Projects Fund-School Construction Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2012

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

County of Pulaski, Virginia  
 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, 2012

	<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>				
Commonwealth	\$ -	\$ 694,052	\$ 43,880	\$ (650,172)
Federal Government	-	492,001	100,827	(391,174)
Total Revenues	<u>\$ -</u>	<u>\$ 1,186,053</u>	<u>\$ 144,707</u>	<u>\$ (1,041,346)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government Administration	\$ 119,000	\$ 370,349	\$ 205,998	\$ 164,351
Public Safety	425,000	1,860,192	625,976	1,234,216
Public Works	33,000	1,699,188	149,230	1,549,958
Education	216,000	216,910	216,717	193
Parks, Recreation and Cultural	100,500	593,238	265,768	327,470
Community Development	90,000	1,710,634	1,218,294	492,340
Total Expenditures	<u>\$ 983,500</u>	<u>\$ 6,450,511</u>	<u>\$ 2,681,983</u>	<u>\$ 3,768,528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (983,500)</u>	<u>\$ (5,264,458)</u>	<u>\$ (2,537,276)</u>	<u>\$ 2,727,182</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 983,500	\$ 5,264,458	\$ 2,637,532	\$ (2,626,926)
Total Other Financing Sources (Uses)	<u>\$ 983,500</u>	<u>\$ 5,264,458</u>	<u>\$ 2,637,532</u>	<u>\$ (2,626,926)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 100,256	\$ 100,256
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,256</u>	<u>\$ 100,256</u>

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

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

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

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

**DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD**

**MAJOR GOVERNMENTAL FUND**

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

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

	<u>School Operating Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 610,784
Prepaid expenses	607,419
Due from Primary Government	2,177,255
Due from Other Governmental Units	1,440,033
Total Assets	<u>\$ 4,835,491</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts Payable	\$ 263,331
Accrued Wages	3,600,307
Total Liabilities	<u>\$ 3,863,638</u>
Fund Balances:	
Committed	\$ 971,853
Total Fund Balances	<u>\$ 971,853</u>
Total Liabilities and Fund Balances	<u>\$ 4,835,491</u>
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:	
Total fund balances - per above	\$ 971,853
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,666,228
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds	(2,303,729)
Net assets of governmental activities - component unit school board	<u>\$ 6,334,352</u>

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

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from Use of Money and Property	\$ 19,844
Charges for Services	1,145,900
Miscellaneous	38,090
Recovered Costs	1,183,260
Intergovernmental Revenues:	
Local Government	11,627,400
Commonwealth	25,288,858
Federal Government	6,884,788
Total Revenues	<u>\$ 46,188,140</u>
<b>EXPENDITURES:</b>	
Current:	
Education	<u>\$ 46,102,098</u>
Total Expenditures	<u>\$ 46,102,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 86,042</u>
Net Change in Fund Balance	\$ 86,042
Fund Balance - Beginning	885,811
Fund Balance - Ending	<u><u>\$ 971,853</u></u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Net change in fund balance - total governmental funds - per above	\$ 86,042
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	1,476,444
In the statement of activities, only the loss on the sale of capital assets is reported, However, in the governemtnal funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	(16,024)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.	(338,516)
Change in net assets of governmental funds - component unit school board	<u><u>\$ 1,207,946</u></u>

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

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

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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, 2012**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 13,904,000	\$ 14,166,726	\$ 14,239,400	\$ 72,674
Real and personal public service corporation taxes	740,000	740,000	716,694	(23,306)
Personal property taxes	3,443,000	3,800,000	3,791,618	(8,382)
Mobile home taxes	-	-	36,608	36,608
Machinery and tools taxes	2,650,000	2,650,000	2,622,207	(27,793)
Merchant's capital taxes	-	-	2,260	2,260
Penalties	160,000	160,000	152,231	(7,769)
Interest	125,000	161,000	167,158	6,158
Collection fees	10,000	53,691	59,928	6,237
Total General Property Taxes	<u>\$ 21,032,000</u>	<u>\$ 21,731,417</u>	<u>\$ 21,788,104</u>	<u>\$ 56,687</u>
Other Local Taxes:				
Local sales and use taxes	\$ 2,750,000	\$ 2,750,000	\$ 2,888,609	\$ 138,609
Consumers' utility taxes	638,000	638,000	655,511	17,511
Business licenses	535,000	575,000	574,753	(247)
Consumption taxes	76,600	76,600	102,204	25,604
Motor vehicle licenses	466,300	546,300	556,608	10,308
Bank stock taxes	30,000	37,578	37,578	-
Taxes on recordation and wills	195,000	195,000	145,501	(49,499)
Hotel and motel room taxes	335,000	335,000	284,064	(50,936)
Restaurant food taxes	1,180,000	1,230,000	1,279,096	49,096
Total Other Local Taxes	<u>\$ 6,205,900</u>	<u>\$ 6,383,478</u>	<u>\$ 6,523,924</u>	<u>\$ 140,446</u>
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 23,000	\$ 26,200	\$ 27,762	\$ 1,562
Land use application fees	500	500	404	(96)
Transfer fees	1,200	1,200	878	(322)
Zoning and subdivision permits	11,000	11,000	7,602	(3,398)
Erosion and sediment control permits	2,500	2,500	400	(2,100)
Building permits	140,000	140,000	92,347	(47,653)
Total Permits, Privilege Fees and Regulatory Licenses	<u>\$ 178,200</u>	<u>\$ 181,400</u>	<u>\$ 129,393</u>	<u>\$ (52,007)</u>
Fines and Forfeitures:				
Court fines and forfeitures	\$ 37,000	\$ 37,000	\$ 33,085	\$ (3,915)
Interest on local fines	2,300	2,300	2,789	489
Total Fines and Forfeitures	<u>\$ 39,300</u>	<u>\$ 39,300</u>	<u>\$ 35,874</u>	<u>\$ (3,426)</u>
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 249,400	\$ 342,400	\$ 319,263	\$ (23,137)
Revenue from use of property	31,600	59,600	59,582	(18)
Total Revenue from Use of Money and Property	<u>\$ 281,000</u>	<u>\$ 402,000</u>	<u>\$ 378,845</u>	<u>\$ (23,155)</u>
Charges for Services:				
Charges for clerk copies	\$ 7,200	\$ 7,290	\$ 32,465	\$ 25,175
Excess fees of Clerk	0	0	389	389
Charges for courthouse maintenance	21,000	21,000	17,989	(3,011)
Charges for courthouse security	90,000	90,000	72,879	(17,121)
Fees of Sheriff	2,500	3,297	2,564	(733)
Share of seized property	-	3,685	8,179	4,494
Charges for Commonwealth's Attorney	3,000	3,000	4,691	1,691
Miscellaneous jail and inmate fees	3,650	3,700	3,915	215
Concealed handgun permits	6,000	6,000	6,369	369
Sale of maps and publications	450	450	91	(359)
Town tax book preparation	470	470	470	-
Charges for parks and recreation	343,700	357,810	336,451	(21,159)
Charges for animal pound	9,000	9,828	9,828	-

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Charges for landfill	\$ 40,145	\$ 40,145	\$ 38,620	\$ (1,525)
Charges for library	22,530	22,778	25,548	2,770
Total Charges for Services	<u>\$ 549,645</u>	<u>\$ 569,253</u>	<u>\$ 560,448</u>	<u>\$ (8,805)</u>
Miscellaneous:				
Miscellaneous	\$ 74,865	\$ 111,203	\$ 26,869	\$ (84,334)
Recovered Costs:				
Administrative fees	\$ 88,000	\$ 115,100	\$ 83,576	\$ (31,524)
Airport recoveries	166,196	175,152	160,931	(14,221)
Juror costs	7,020	7,020	5,670	(1,350)
Circuit court secretary	12,788	12,788	26,736	13,948
CSA recoveries	10,000	10,000	192,445	182,445
Insurance recoveries	-	2,099	8,091	5,992
Parks and recreation	-	42,726	29,785	(12,941)
Public safety recoveries	146,916	146,916	115,651	(31,265)
Health department recoveries	-	-	7,444	7,444
Hazardous material response	-	5,919	6,113	194
Other recoveries	-	73,150	10,180	(62,970)
Total Recovered Costs	<u>\$ 430,920</u>	<u>\$ 590,870</u>	<u>\$ 646,622</u>	<u>\$ 55,752</u>
Total Revenue from Local Sources	<u>\$ 28,791,830</u>	<u>\$ 30,008,921</u>	<u>\$ 30,090,079</u>	<u>\$ 81,158</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical Aid:				
Motor vehicle carriers' tax	\$ 40,944	\$ 40,944	\$ 41,995	\$ 1,051
Mobile home titling tax	40,000	40,000	77,439	37,439
Motor vehicle rental tax	25,000	25,000	1,855	(23,145)
Grantor's tax	103,000	103,000	48,710	(54,290)
State recordation tax	-	-	63,559	63,559
Telecommunication taxes	883,000	883,000	911,969	28,969
Personal property tax relief funds	1,594,000	1,594,000	1,594,529	529
Funds returned to Commonwealth	-	-	(346,939)	(346,939)
Total Non-categorical Aid	<u>\$ 2,685,944</u>	<u>\$ 2,685,944</u>	<u>\$ 2,393,117</u>	<u>\$ (292,827)</u>
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 577,527	\$ 577,527	\$ 573,911	\$ (3,616)
Sheriff	1,694,636	1,694,636	1,715,514	20,878
Commissioner of the Revenue	125,086	125,086	124,390	(696)
Treasurer	100,661	100,661	100,376	(285)
Medical Examiner	1,800	1,800	-	(1,800)
Registrar/Electoral Board	44,004	51,554	48,991	(2,563)
Clerk of the Circuit Court	331,306	353,910	366,234	12,324
Total Shared Expenses	<u>\$ 2,875,020</u>	<u>\$ 2,905,174</u>	<u>\$ 2,929,416</u>	<u>\$ 24,242</u>
Other Categorical Aid:				
Public assistance and welfare administration	\$ 1,522,207	\$ 1,522,207	\$ 2,064,148	\$ 541,941
Comprehensive Services Act (CSA)	2,909,890	2,909,890	2,825,926	(83,964)
Victim's assistance grant	120,405	125,221	30,703	(94,518)
Litter control grant	11,955	11,955	10,082	(1,873)
DMV animal friendly plates	100	100	727	627
Library grant	114,122	107,492	114,122	6,630
Pretrial services grant	795,416	795,416	814,924	19,508
Law enforcement grant	-	-	2,719	2,719
VDOT revenue sharing	-	-	46,151	46,151
Commission on the arts	5,000	5,000	5,000	-
Fire programs	59,772	59,772	54,374	(5,398)
Virginia Juvenile Commission Crime Control	29,796	29,796	64,413	34,617
Tornado planning grant	-	25,000	25,000	-

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Intergovernmental Revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
Other Categorical Aid: (continued)				
Domestic violence DCJS grant	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Public safety answer grant	48,000	48,000	46,666	(1,334)
DEQ grant	500	500	719	219
VA Tourism Corp Grants	-	6,000	-	(6,000)
Total Other Categorical Aid	<u>\$ 5,657,163</u>	<u>\$ 5,686,349</u>	<u>\$ 6,145,674</u>	<u>\$ 459,325</u>
Total Revenue from the Commonwealth	<u>\$ 11,218,127</u>	<u>\$ 11,277,467</u>	<u>\$ 11,468,207</u>	<u>\$ 190,740</u>
Revenue from the Federal Government:				
Non-categorical Aid:				
Payment in lieu of taxes	\$ 12,000	\$ 12,000	\$ 20,420	\$ 8,420
Categorical Aid:				
Public assistance and welfare administration	\$ 3,727,514	\$ 3,727,514	\$ 2,798,690	\$ (928,824)
CDBG grants	25,000	612,616	72,633	(539,983)
Emergency management preparedness grant	16,904	251,904	134,380	(117,524)
State and community highway safety	-	20,610	14,510	(6,100)
Citizen's alerting grant	6,500	21,125	-	(21,125)
USDA rural development central utilities grant	-	719,208	-	(719,208)
Tornado housing grant	-	25,000	5,905	(19,095)
Victim witness	-	-	92,110	92,110
Local law enforcement block grant	-	3,165	-	(3,165)
DMV regional crash team grant	-	32,774	24,428	(8,346)
Regional radio communications grant	-	14,625	-	(14,625)
VDEM 2011 regional information sharing	-	163,986	1,977	(162,009)
VDEM domestic preparedness grant	-	14,335	13,944	(391)
2008 SHSP security grant	-	23,000	21,384	(1,616)
Other categorical aid	-	3,641	-	(3,641)
Total Categorical Aid	<u>\$ 3,775,918</u>	<u>\$ 5,633,503</u>	<u>\$ 3,179,961</u>	<u>\$ (2,453,542)</u>
Total Revenue from the Federal Government	<u>\$ 3,787,918</u>	<u>\$ 5,645,503</u>	<u>\$ 3,200,381</u>	<u>\$ (2,445,122)</u>
Total General Fund	<u>\$ 43,797,875</u>	<u>\$ 46,931,891</u>	<u>\$ 44,758,667</u>	<u>\$ (2,173,224)</u>
Non-major Special Revenue Funds:				
Tornado Relief Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Donations	\$ -	\$ -	\$ 365,116	\$ 365,116
Other Categorical Aid:				
VDEM tornado emergency grant	\$ -	\$ -	\$ 285,384	\$ 285,384
Total Revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,384</u>	<u>\$ 285,384</u>
Total Tornado Relief Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650,500</u>	<u>\$ 650,500</u>
Non-Major Capital Projects Funds:				
School Construction Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 296	\$ 296
Miscellaneous:				
Miscellaneous	\$ -	\$ 418,550	\$ -	\$ (418,550)
Total Revenue from Local Sources	<u>\$ -</u>	<u>\$ 418,550</u>	<u>\$ 296</u>	<u>\$ (418,254)</u>
Total School Construction Fund	<u>\$ -</u>	<u>\$ 418,550</u>	<u>\$ 296</u>	<u>\$ (418,254)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-major Capital Projects Fund: (continued)				
County CIP Fund:				
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 694,052	\$ 43,880	\$ (650,172)
Revenue from the Federal Government:				
Categorical Aid:				
Department of mines, minerals, and energy	\$ -	492,001	\$ 100,827	\$ (391,174)
Total County CIP Fund	\$ -	\$ 1,186,053	\$ 144,707	\$ (1,041,346)
Total Primary Government	\$ 43,797,875	\$ 48,536,494	\$ 45,554,170	\$ (2,982,324)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 3,202	\$ 3,800	\$ 9,307	\$ 5,507
Revenue from use of property	15,000	15,000	10,537	(4,463)
Total Revenue from Use of Money and Property	\$ 18,202	\$ 18,800	\$ 19,844	\$ 1,044
Charges for Services:				
Charges for education	\$ 125,306	\$ 172,253	\$ 136,026	\$ (36,227)
Cafeteria sales	768,995	899,302	1,009,874	110,572
Total Charges for Services	\$ 894,301	\$ 1,071,555	\$ 1,145,900	\$ 74,345
Miscellaneous:				
Miscellaneous	\$ 14,850	\$ 41,310	\$ 38,090	\$ (3,220)
Recovered Costs:				
Medicaid reimbursements	\$ -	\$ -	\$ 153,843	\$ 153,843
Insurance recoveries	-	22,000	29,305	7,305
Salary reimbursements	-	-	44,896	44,896
School activity reimbursements	-	-	87,928	87,928
Title I indirect costs	-	-	100,021	100,021
Governor's school reimbursements	439,008	439,008	405,803	(33,205)
Other recoveries	436,150	796,903	361,464	(435,439)
Total Recovered Costs	\$ 875,158	\$ 1,257,911	\$ 1,183,260	\$ (74,651)
Total Revenue from Local Sources	\$ 1,802,511	\$ 2,389,576	\$ 2,387,094	\$ (2,482)
Intergovernmental Revenues:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 11,845,596	\$ 12,154,724	\$ 11,627,400	\$ (527,324)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 316,572	\$ 316,572	\$ 316,572	\$ -
At risk payments	377,492	377,492	372,165	(5,327)
Adult Education	6,164	6,164	30,000	23,836
Basic school aid	13,701,422	13,701,422	13,441,646	(259,776)
Career technology education	50,335	50,335	12,319	(38,016)
Early reading intervention	71,491	71,491	84,489	12,998
English as a second language	430,507	430,507	251,251	(179,256)
Gifted and talented	144,143	144,143	142,027	(2,116)
GLI instructional	32,032	32,032	31,562	(470)
Governor's School	369,089	369,089	325,320	(43,769)
Homebound education	49,391	49,391	46,947	(2,444)
ISAEP	15,717	15,717	15,717	-
Mentor teaching program	4,579	4,579	3,377	(1,202)

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

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

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of Supervisors	\$ 125,944	\$ 171,675	\$ 168,955	\$ 2,720
General and Financial Administration:				
County Administrator	\$ 445,003	\$ 500,445	\$ 336,983	\$ 163,462
Assistant County Administrator	164,767	171,248	170,271	977
County Attorney	39,200	39,200	30,630	8,570
Operations	83,394	89,011	87,558	1,453
Independent Auditor	46,800	47,510	47,510	-
Commissioner of the Revenue	434,948	434,948	387,468	47,480
Treasurer	444,643	444,643	409,236	35,407
Management Services	111,231	114,667	113,197	1,470
Director of Finance	116,051	136,857	129,032	7,825
Other General and Financial Administration	253,990	53,990	38,831	15,159
Total General and Financial Administration	\$ 2,140,027	\$ 2,032,519	\$ 1,750,716	\$ 281,803
Board of Elections:				
Electoral Board	\$ 75,624	\$ 83,174	\$ 76,827	\$ 6,347
Registrar	167,218	175,409	87,950	87,459
Total Board of Elections	\$ 242,842	\$ 258,583	\$ 164,777	\$ 93,806
Total General Government Administration	\$ 2,508,813	\$ 2,462,777	\$ 2,084,448	\$ 378,329
Judicial Administration:				
Courts:				
Circuit Court	\$ 63,699	\$ 63,699	\$ 59,445	\$ 4,254
General District Court	3,003	4,033	3,569	464
Juvenile and Domestic Relations Court	2,685	10,549	5,237	5,312
Clerk of the Circuit Court	547,871	593,577	553,565	40,012
Law Library	11,400	12,900	12,636	264
Victim's Witness Assistance	132,999	148,089	135,254	12,835
Domestic Relations Legal Services	40,000	40,000	50,000	(10,000)
Womens Resource Victims Assistance	22,000	22,000	22,000	-
Total Courts	\$ 823,657	\$ 894,847	\$ 841,706	\$ 53,141
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 802,990	\$ 815,465	\$ 778,443	\$ 37,022
Total Judicial Administration	\$ 1,626,647	\$ 1,710,312	\$ 1,620,149	\$ 90,163
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,152,777	\$ 3,419,009	\$ 3,378,062	\$ 40,947
Fire and Rescue Services:				
E-911	\$ 161,475	\$ 162,852	\$ 136,372	\$ 26,480
Wireless E-911	40,000	40,000	19,192	20,808
Forest Fire Protection	7,793	7,793	7,793	-
Volunteer Fire Departments	256,512	276,808	262,040	14,768
Western Virginia EMS	7,352	7,352	7,352	-
Contribution to REMSI	106,891	106,891	106,891	-
Total Fire and Rescue Services	\$ 580,023	\$ 601,696	\$ 539,640	\$ 62,056
Correction and Detention:				
Regional Jail Payments	\$ 1,935,026	\$ 1,935,026	\$ 1,729,698	\$ 205,328
Court Services	5,785	6,275	5,421	854
Pretrial Services Grant	289,719	321,312	254,271	67,041
NRV Juvenile Detention Home	183,661	183,661	183,661	-
Community Corrections	505,697	531,197	476,950	54,247
Total Correction and Detention	\$ 2,919,888	\$ 2,977,471	\$ 2,650,001	\$ 327,470

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Public Safety (continued)				
Inspections:				
Building Inspections	\$ 154,209	\$ 167,110	\$ 162,664	\$ 4,446
Code Enforcement	48,338	59,112	58,888	224
Total Inspections	<u>\$ 202,547</u>	<u>\$ 226,222</u>	<u>\$ 221,552</u>	<u>\$ 4,670</u>
Other Protection:				
Animal Control	\$ 235,381	\$ 255,934	\$ 256,787	\$ (853)
Medical Examiner	500	640	640	-
Emergency Management	94,235	111,806	107,092	4,714
Emergency Services Grants	-	568,752	250,011	318,741
Total Other Protection	<u>\$ 330,116</u>	<u>\$ 937,132</u>	<u>\$ 614,530</u>	<u>\$ 322,602</u>
Total Public Safety	<u>\$ 7,185,351</u>	<u>\$ 8,161,530</u>	<u>\$ 7,403,785</u>	<u>\$ 757,745</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 116,219	\$ 116,519	\$ 116,075	\$ 444
Landfill	71,652	95,792	75,261	20,531
Clean Community Council	29,096	40,811	38,537	2,274
Total Sanitation and Waste Removal	<u>\$ 216,967</u>	<u>\$ 253,122</u>	<u>\$ 229,873</u>	<u>\$ 23,249</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 759,588	\$ 799,674	\$ 766,540	\$ 33,134
Cleaning Services	165,309	165,309	153,767	11,542
NRV Salaries and Benefits Reimbursement	252,526	261,482	175,416	86,066
NRV Airport Maintenance Contribution	-	-	84,124	(84,124)
Natural disaster cleanup	-	248,000	213,207	34,793
Property cleanup	50,000	50,000	39,990	10,010
Total Maintenance of General Buildings and Grounds	<u>\$ 1,227,423</u>	<u>\$ 1,524,465</u>	<u>\$ 1,433,044</u>	<u>\$ 91,421</u>
Total Public Works	<u>\$ 1,444,390</u>	<u>\$ 1,777,587</u>	<u>\$ 1,662,917</u>	<u>\$ 114,670</u>
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 279,768	\$ 279,768	\$ 279,768	\$ -
Mental health and mental Retardation:				
Community Services Board	\$ 89,353	\$ 89,353	\$ 89,353	\$ -
Welfare:				
Public Assistance	\$ 6,266,064	\$ 6,306,711	\$ 5,614,465	\$ 692,246
Welfare Administration	46,800	46,800	27,556	19,244
Comprehensive Services Act-Administration	171,069	171,069	43,653	127,416
Comprehensive Services Act	4,180,766	4,180,766	4,091,768	88,998
Area Agency on Aging	15,758	15,758	15,758	-
Office on Youth	97,968	109,697	118,389	(8,692)
Pulaski Area Transit	55,000	58,750	55,000	3,750
New River Community Action	52,757	52,757	52,757	-
NRV Disability Services	10,598	10,598	10,598	-
Virginia Juvenile Commission on Crime	51,268	54,207	54,283	(76)
Fairview District Home	87,616	87,616	87,616	-
Brain Injury Services of SWVa	5,000	5,000	5,000	-
RSVP Program	12,886	12,886	12,886	-
Beans and Rice	5,800	6,900	4,600	2,300
Crossroads Shelter	3,000	6,000	6,000	-
NRV Cares	4,600	4,600	4,600	-
Free Clinic of Pulaski County	27,000	27,000	27,000	-
Literacy Volunteers of America	2,500	2,500	2,500	-
Commission on Children and Families	4,000	4,000	-	4,000
Goodwill Industries	9,928	9,928	9,928	-
Total Welfare	<u>\$ 11,110,378</u>	<u>\$ 11,173,543</u>	<u>\$ 10,244,357</u>	<u>\$ 929,186</u>
Total Health and Welfare	<u>\$ 11,479,499</u>	<u>\$ 11,542,664</u>	<u>\$ 10,613,478</u>	<u>\$ 929,186</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
General Fund: (continued)				
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 15,292	\$ 15,292	\$ 15,292	\$ -
Contribution to Pulaski County School Board	11,845,596	12,154,724	11,627,400	527,324
Total Education	<u>\$ 11,860,888</u>	<u>\$ 12,170,016</u>	<u>\$ 11,642,692</u>	<u>\$ 527,324</u>
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 20,908	\$ 22,542	\$ 19,794	\$ 2,748
Recreation	314,561	366,681	336,419	30,262
Friends of Claytor Lake	26,898	56,898	55,346	1,552
Randolph Park	274,231	313,531	316,273	(2,742)
Claytor Lake Aquatic Restoration	50,000	87,460	15,296	72,164
Claytor Lake Celebration	2,500	17,000	5,000	12,000
Total Parks and Recreation	<u>\$ 689,098</u>	<u>\$ 864,112</u>	<u>\$ 748,128</u>	<u>\$ 115,984</u>
Cultural Enrichment:				
Fine Arts Center	\$ 19,500	\$ 32,000	\$ 39,000	\$ (7,000)
Historical Landmarks	6,000	6,000	6,000	-
Friends of the Pulaski Theater	2,500	5,000	5,000	-
Round the Mountain	10,000	12,500	10,000	2,500
Return to Roots	1,000	1,000	1,000	-
Jamestown 2007 Celebration	-	50	31	19
Total Cultural Enrichment	<u>\$ 39,000</u>	<u>\$ 56,550</u>	<u>\$ 61,031</u>	<u>\$ (4,481)</u>
Library:				
Library Administration	\$ 452,989	\$ 460,132	\$ 437,067	\$ 23,065
Library State Aid	114,122	107,492	92,809	14,683
Total Library	<u>\$ 567,111</u>	<u>\$ 567,624</u>	<u>\$ 529,876</u>	<u>\$ 37,748</u>
Total Parks, Recreation and Cultural	<u>\$ 1,295,209</u>	<u>\$ 1,488,286</u>	<u>\$ 1,339,035</u>	<u>\$ 149,251</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 97,473	\$ 107,403	\$ 104,951	\$ 2,452
Economic Development	545,144	557,458	302,218	255,240
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	700	700	623	77
Visitors' Center	91,867	114,040	88,352	25,688
Planning and Zoning	117,234	118,934	117,277	1,657
NRV Planning District Commission	32,068	32,068	32,068	-
Baskerville Housing Project	741,313	1,325,680	241,279	1,084,401
NR Highland	700	700	700	-
NRV Competitiveness Center	37,224	57,224	25,578	31,646
Tourism	-	71,488	5,158	66,330
Contributions to other entities	46,000	46,000	41,000	5,000
Contribution to Pulaski County IDA	673,163	2,974,534	5,216,637	(2,242,103)
Contribution to Pulaski County PSA	134,389	853,597	134,388	719,209
Total Planning and Community Development	<u>\$ 2,527,275</u>	<u>\$ 6,269,826</u>	<u>\$ 6,320,229</u>	<u>\$ (50,403)</u>
Environmental Management:				
Contribution to Soil and Water District	\$ 12,269	\$ 12,269	\$ 12,269	\$ -
Cooperative Extension Program:				
Extension Office	\$ 97,583	\$ 99,083	\$ 84,951	\$ 14,132
Total Community Development	<u>\$ 2,637,127</u>	<u>\$ 6,381,178</u>	<u>\$ 6,417,449</u>	<u>\$ (36,271)</u>
Debt Service:				
Principal Retirement	\$ 2,073,570	\$ 2,131,083	\$ 2,074,988	\$ 56,095
Interest and Other Fiscal Charges	1,290,936	1,326,741	1,291,818	34,923
Total Debt Service	<u>\$ 3,364,506</u>	<u>\$ 3,457,824</u>	<u>\$ 3,366,806</u>	<u>\$ 91,018</u>
Total General Fund	<u>\$ 43,402,430</u>	<u>\$ 49,152,174</u>	<u>\$ 46,150,759</u>	<u>\$ 3,001,415</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-Major Special Revenue Funds:				
Tornado Relief Fund				
Health and Welfare:				
Welfare:				
Tornado relief cleanup	\$ -	\$ -	\$ 746,583	\$ (746,583)
Total Tornado Relief Fund	\$ -	\$ -	\$ 746,583	\$ (746,583)
Non-Major Capital Project Funds:				
School Construction Fund:				
Capital Projects:				
Pulaski County High School	\$ -	1,695,098	\$ 1,596,418	\$ 98,680
Phone system	-	250,000	245,244	4,756
Total School Construction Fund	\$ -	\$ 1,945,098	\$ 1,841,662	\$ 103,436
Non-Major Capital Project Fund:				
County CIP Fund:				
General Government Administration:				
Treasurer	\$ 69,000	\$ 229,000	\$ 30,705	\$ 198,295
Information Technology	50,000	141,349	135,823	5,526
Communications	-	-	39,470	(39,470)
Total General and Financial Administration	\$ 119,000	\$ 370,349	\$ 205,998	\$ 164,351
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 115,000	\$ 1,142,709	\$ 390,402	\$ 752,307
Fire and Rescue Services:				
Volunteer Fire Departments	\$ 310,000	\$ 717,483	\$ 235,574	\$ 481,909
Total Public Safety	\$ 425,000	\$ 1,860,192	\$ 625,976	\$ 1,234,216
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ -	\$ 13,772	\$ 12,884	\$ 888
Refuse collection and disposal	28,000	26,456	26,455	1
Total Sanitation and Waste Removal	\$ 28,000	\$ 40,228	\$ 39,339	\$ 889
Maintenance of Highways, Streets, Bridges, and Sidewalks				
Maintenance	\$ -	\$ 616,582	\$ 5,747	\$ 610,835
Maintenance of General Building and Grounds:				
General Properties	\$ 5,000	\$ 1,042,378	\$ 104,144	\$ 938,234
Total Public Works	\$ 33,000	\$ 1,699,188	\$ 149,230	\$ 1,549,958
Education:				
Other Instructional Costs:				
Contribution to NR Community College	\$ -	\$ 875	\$ 684	\$ 191
School Buses	216,000	216,035	216,033	2
Total Education	\$ 216,000	\$ 216,910	\$ 216,717	\$ 193
Parks, Recreational and Cultural:				
Parks and Recreation:				
Recreation	\$ 73,500	\$ 332,341	\$ 91,839	\$ 240,502
Swimming pools	-	22,674	3,901	18,773
Loving field	-	45,348	45,328	20
NRV Fair	15,000	30,000	27,398	2,602
Historical landmarks	10,000	15,000	12,049	2,951
Calfe park	2,000	2,000	2,000	-
Total Parks and Recreation	\$ 100,500	\$ 447,363	\$ 182,515	\$ 264,848

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Non-Major Capital Project Fund: (continued)				
County CIP Fund: (continued)				
Cultural Enrichment:				
Library	\$ -	\$ 145,875	\$ 83,253	\$ 62,622
Total Parks, Recreation and Cultural	\$ 100,500	\$ 593,238	\$ 265,768	\$ 327,470
Community Development:				
Planning and Community Development:				
Planning and Zoning	\$ 5,000	\$ 19,500	\$ 6,676	\$ 12,824
County building improvements	-	10,500	19,712	(9,212)
Contribution to REMSI	85,000	140,000	45,000	95,000
Contribution to IDA	-	1,540,634	1,146,906	393,728
Total Community Development	\$ 90,000	\$ 1,710,634	\$ 1,218,294	\$ 492,340
Total County CIP Fund	\$ 983,500	\$ 6,450,511	\$ 2,681,983	\$ 3,768,528
Total Primary Government	\$ 44,385,930	\$ 57,547,783	\$ 51,420,987	\$ 6,126,796
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 3,590,880	\$ 2,099,077	\$ 1,790,201	\$ 308,876
Instructional:				
Instruction	\$ 32,553,310	\$ 34,396,694	\$ 31,911,915	\$ 2,484,779
Other operating costs				
Pupil transportation	\$ 2,168,275	\$ 2,249,275	\$ 2,253,977	\$ (4,702)
Operation and maintenance of school plant	4,963,459	5,103,046	5,009,287	93,759
Food services	2,172,303	2,348,120	2,659,937	(311,817)
Technical resources	2,230,204	2,568,889	2,476,781	92,108
Total other operating costs	\$ 11,534,241	\$ 12,269,330	\$ 12,399,982	\$ (130,652)
Total Discretely Presented Component Unit-School Board	\$ 47,678,431	\$ 48,765,101	\$ 46,102,098	\$ 2,663,003

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**Statistical Section**

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2011-12	\$ 2,733,560	\$ 1,594,599	\$ 8,092,547	\$ 1,701,286	\$ 11,078,762	\$ 14,686,128	\$ 1,457,169	\$ 7,503,176	\$ 1,145,941	\$ 49,993,168
2010-11	2,354,362	1,598,836	7,767,882	1,631,480	10,646,521	12,492,540	1,461,399	4,730,543	938,678	43,622,241
2009-10	2,227,515	1,548,396	7,995,638	1,480,384	11,030,808	10,321,494	1,345,770	5,006,587	1,661,533	42,618,125
2008-09	2,645,693	1,483,884	6,411,555	1,426,527	10,201,396	13,587,527	1,411,956	3,808,164	1,289,490	42,266,192
2007-08	2,232,051	1,252,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130
2006-07	2,103,757	1,238,375	7,335,947	682,855	8,562,139	10,531,127	1,411,041	963,542	764,711	33,593,494

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

Fiscal Year	Program Revenues			General Revenues					Grants and Contributions Not Restricted to Specific Programs	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous			
2011-12	\$ 725,715	\$ 12,511,682	\$ 72,633	\$ 21,993,777	\$ 6,523,924	\$ 379,141	\$ 391,985	\$ 2,514,364	\$ 45,113,221	
2010-11	1,256,990	11,842,138	1,766,976	21,623,192	5,617,664	329,563	394,290	1,040,960	43,871,773	
2009-10	1,212,825	12,010,339	3,682,304	21,173,271	5,171,842	297,227	208,630	2,631,288	46,387,726	
2008-09	1,236,901	12,077,362	-	20,175,233	6,565,919	540,453	526,812	2,143,390	43,266,070	
2007-08	476,063	11,410,564	-	19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045	
2006-07	640,715	10,311,656	81,476	18,839,172	6,580,583	1,167,434	57,658	1,868,491	39,547,185	

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Debt Service (3)	Total
2011-12	\$ 2,290,446	\$ 1,620,149	\$ 8,029,761	\$ 1,812,147	\$ 11,360,061	\$ 46,334,107	\$ 1,604,803	\$ 7,635,743	\$ -	\$ 3,366,806	\$ 84,054,023
2010-11	2,127,956	1,581,628	7,775,675	1,542,354	10,859,550	44,568,538	1,547,452	4,840,124	-	3,165,949	78,029,226
2009-10	1,962,852	1,547,625	7,370,735	1,408,091	11,192,888	47,643,617	1,397,056	5,571,584	-	11,032,436	89,146,884
2008-09	2,593,215	1,479,967	7,241,921	1,458,888	10,394,049	48,062,018	1,604,803	7,635,743	-	3,293,977	83,764,561
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,399,957	1,596,685	-	2,634,931	73,668,115
2006-07	2,102,862	1,270,573	7,521,231	1,142,631	8,532,401	45,176,749	1,336,274	1,025,802	-	2,003,993	70,112,516
2005-06	1,760,809	1,123,294	6,704,826	1,099,401	8,386,534	42,441,597	1,425,356	4,371,013	7,818	2,295,970	69,616,418
2004-05	1,674,073	1,080,946	5,560,193	952,694	7,707,076	41,485,801	1,281,964	474,394	-	2,452,233	62,669,374
2003-04	1,563,617	982,095	5,193,199	861,974	7,203,941	36,749,954	1,237,552	449,950	-	2,563,189	56,805,451
2002-03	1,803,091	986,582	5,574,657	837,842	5,600,114	36,261,301	1,177,918	2,072,037	-	1,286,574	55,600,116

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

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

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

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

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
2011-12	\$ 21,788,104	\$ 6,523,924	\$ 129,393	\$ 35,874	\$ 398,689	\$ 1,706,348	\$ 430,075	\$ 1,829,882	\$ 47,272,325	\$ 80,114,614
2010-11	21,658,330	5,617,664	692,279	37,738	340,570	1,594,988	529,614	1,853,759	45,719,285	78,044,227
2009-10	20,836,110	5,171,842	664,789	31,439	311,542	1,528,819	222,348	1,947,692	52,933,326	83,647,907
2008-09	20,112,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,558,694	49,182,768	80,803,971
2007-08	19,158,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571
2006-07	18,762,559	6,580,583	125,564	46,158	804,624	1,571,533	337,750	1,523,869	45,088,763	74,841,403
2005-06	18,162,045	5,972,264	131,295	41,858	443,408	1,546,531	248,459	1,087,512	41,256,945	68,890,317
2004-05	18,104,757	5,393,167	128,038	42,290	132,667	1,451,416	324,965	988,947	39,864,833	66,431,080
2003-04	16,938,019	5,281,449	125,968	42,329	82,074	1,882,954	382,137	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

(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
2011-12	\$ 24,009,139	\$ 22,561,415	93.97%	\$ 761,290	\$ 23,322,705	97.14%	\$ 2,612,718	10.88%
2010-11	23,286,597	22,070,924	94.78%	540,891	22,611,815	97.10%	2,970,797	12.76%
2009-10	22,938,080	22,037,293	96.07%	82,243	22,119,536	96.43%	2,468,936	10.76%
2008-09	21,519,644	21,160,816	98.33%	120,144	21,280,960	98.89%	2,571,593	11.95%
2007-08	19,683,092	18,819,285	95.61%	80,471	18,899,756	96.02%	2,400,211	12.19%
2006-07	20,591,949	19,426,752	94.34%	629,228	20,055,980	97.40%	2,356,776	11.45%
2005-06	20,067,829	19,084,868	95.10%	507,414	19,592,282	97.63%	2,529,481	12.60%
2004-05	19,428,887	18,455,844	94.99%	818,692	19,274,536	99.21%	2,672,458	13.76%
2003-04	18,257,636	17,536,375	96.05%	806,919	18,343,294	100.47%	2,874,468	15.74%
2002-03	17,081,301	15,817,128	92.60%	559,140	16,376,268	95.87%	2,834,355	16.59%

(1) Includes penalty and interest.

Table 6

**County of Pulaski, Virginia**  
**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
	\$	\$	\$	\$	\$	\$
2011-12	2,749,057,900	283,251,757	173,603,157	-	132,152,095	3,338,064,909
2010-11	2,607,713,654	277,054,341	186,011,482	-	132,610,234	3,203,389,711
2009-10	2,627,789,925	285,048,023	182,554,833	-	129,791,012	3,225,183,793
2008-09	2,286,209,060	311,944,879	127,627,258	-	91,287,377	2,817,068,574
2007-08	1,984,287,485	286,718,297	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

(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
2011-12	\$ 0.54	\$ 2.14	\$ 1.50	\$ -	0.54
2010-11	0.54	2.14	1.50	-	0.54
2009-10 (4)	0.50/0.54	2.14	1.50	-	0.50
2008-09 (3)	0.62/0.50	2.14	1.50	-	0.50
2007-08	0.62	2.00	1.50	4.80	0.62
2006-07	0.62	2.00	1.50	4.80	0.62
2005-06	0.62	2.00	1.50	4.80	0.62
2004-05	0.62	2.00	1.50	4.80	0.62
2003-04 (2)	0.66/0.62	2.00	1.50	4.80	0.66/0.62
2002-03	0.66	2.00	1.50	4.80	0.66

(1) Per \$100 of assessed value.

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

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

(4) 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
2011-12	34,872	3,338,065	\$ 28,919,439	\$ 28,919,439	0.87%	\$ 829
2010-11	34,872	3,203,390	30,994,428	30,994,428	0.97%	889
2009-10	35,127	3,225,184	33,006,407	33,006,407	1.02%	940
2008-09	35,127	2,817,069	35,315,701	35,315,701	1.25%	1,005
2007-08	35,127	2,548,425	36,984,070	36,984,070	1.45%	1,053
2006-07	35,127	2,474,426	30,478,933	30,478,933	1.23%	868
2005-06	35,127	2,365,443	15,478,557	15,478,557	0.65%	441
2004-05	35,127	2,330,218	16,917,563	16,917,563	0.73%	482
2003-04	35,127	2,059,098	18,451,174	18,451,174	0.90%	525
2002-03	35,127	1,822,671	19,941,066	19,941,066	1.09%	568
2001-02	35,127	1,786,389	9,954,240	9,954,240	0.56%	283

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Governmental Expenditures
2011-12	\$ 2,074,988	\$ 1,291,818	\$ 3,366,806	\$ 83,932,254	4.01%
2010-11	2,094,711	1,091,238	3,185,949	78,029,226	4.08%
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	83,764,581	3.93%
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%

(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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated January 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

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

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

*Robinson, Faamer, Co. Associates*

Blacksburg, Virginia  
January 11, 2013

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Honorable 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, 2012. The County of Pulaski, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Pulaski, Virginia's management. Our responsibility is to express an opinion on the County of Pulaski, Virginia's compliance based on our audit.

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

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### 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.

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.

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

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

*Robinson, Faimer, Cox Associates*

Blacksburg, Virginia  
January 11, 2013

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-through Payments:			
Department of Social Services:			
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	90544, 90545	\$ 59,421
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	90116, 90117, 90118, 90236 90237, 90238, 90378	115,792
Promoting Safe and Stable Families	93.556	90249, 90360	23,731
Temporary Assistance for Needy Families (TANF)	93.558	90109, 90110, 90111, 90112 90127, 90228, 90230, 90231 90232, 90247, 90366, 90409 90411, 90412, 90413	460,638
Refugee and Entrant Assistance - State Administered Programs	93.566	90113, 90233, 90413, 90713	778
Low-Income Home Energy Assistance	93.568	90114, 90115, 90234, 90235	44,977
Stephanie Tubbs Jones Child Welfare Services Program	93.645	90251	1,582
Foster Care - Title IV-E	93.658	90105, 90106, 90107, 90209 90225, 90226, 90227, 90253 90258, 90405, 90406, 90407 90636, 90637, 90639, 90658 90705, 90706, 90707, 90733 90738	869,701
Adoption Assistance	93.659	90108, 90214, 90228, 90408 90606, 90708	118,107
Social Services Block Grant	93.667	90120, 90122, 90123, 90240 90242, 90243, 90262, 90306 90312, 90322, 90339, 90340	321,711
Chafee Foster Care Independence Program	93.674	90254	13,171
Children's Health Insurance Program	93.767	90102, 90222, 90402, 90702	13,612
Medical Assistance Program	93.778	90101, 90146, 90213, 90221 90266, 90401, 90446, 90701 90746	284,595
Chafee Education and Training Vouchers Program	93.599	90353	<u>4,643</u>
Total Department of Health and Human Services			<u>\$ 2,332,459</u>
Department of Agriculture:			
Pass-through Payments:			
Department of Agriculture and Consumer Affairs:			
Child Nutrition Discretionary Grants Limited Availability	10.579	40623	\$ 1,887
Child Nutrition Cluster:			
Department of Agriculture:			
Summer Food Service Program for Children	10.559	N/A	56,034
Food Distribution (Note 3)	10.555	40623	\$ 119,882
Department of Education:			
School Breakfast Program	10.553	40591	359,021
National School Lunch Program	10.555	40623	1,100,311
Fresh Fruit and Vegetable Program	10.582	40599	29,219
Schools and Roads - Grants to States	10.655	43841	<u>23,183</u>
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	90103, 90104, 90212, 90223 90224, 90403, 90404, 90703	\$ 466,231
Total Department of Agriculture			<u>\$ 2,155,768</u>

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice: Pass-through Payments: Department of Criminal Justice Services: Crime Victims Assistance	16.575	09VAGX0007	\$ 92,110
Department of Transportation: Pass-through payments: Department of Motor Vehicles: Alcohol Open Container Requirements State and Community Highway Safety	20.607 20.600	SC-2010 50357 3977 RS - 2011 51382 4324	\$ 24,428 14,510
<b>Total Department of Transportation</b>			<b>\$ 38,938</b>
Department of Education: Pass-through Payments: Department of Education: <i>Title I, Part A Cluster:</i> Title I: Grants to Local Education Agencies ARRA - Title I: Grants to Local Education Agencies <i>Special Education Cluster:</i> Special Education - Grants to States ARRA - Special Education - Grants to States Special Education - Preschool Grants <i>Education Technology State Grants Cluster:</i> Education Technology State Grants ARRA - Education Technology State Grants Career and Technical Education - Basic Grants to States Safe and Drug Free Schools and Communities - State Grants Twenty-first Century Community Learning Centers Gaining Early Awareness and Readiness for Undergraduate Programs International Education - Technological Innovation and Cooperation for Foreign Information Access ARRA - School Improvement Grants ARRA - State Fiscal Stabilization Fund - Education State Grants Improving Teacher Quality State Grants	84.010 84.389  84.027 84.391 84.173  84.318 84.386 84.048 84.186 84.287 84.334 84.337 84.388 84.394 84.367	42892, 42901 42913  43071 61245 62521  61600 60897 61095 65011 60565 N/A 43040 42990 62532 61480	\$ 1,278,683 1,416  929,161 420,098 36,859  18,822 311,276 81,535 84,997 291,167 40,941 149,918 188,482 1,150,802 211,096
<b>Total Department of Education</b>			<b>\$ 5,195,251</b>
Department of Housing and Urban Development: Pass Through Payments: Department of Housing and Community Development: Community development block grants/State's Program and non-entitlement Grants in Hawaii HOME Investment Partnerships Program	14.228 14.239	50797	\$ 72,633 5,905
<b>Total Department of Housing and Urban Development</b>			<b>\$ 78,538</b>
Department Energy Direct Payments: Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 520,827
Department of Homeland Security: Pass-through Payments: Department of Emergency Management: Emergency Management Performance Grant State Homeland Security Program	97.042 97.073	52749 52707	\$ 35,328 136,357
<b>Total Department of Homeland Security</b>			<b>\$ 171,685</b>
<b>Total Federal Expenditures</b>			<b>\$ 10,585,576</b>

**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, 2012. 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.

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

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Note 3 -- Food Donation

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

Note 4 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:

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

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

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

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

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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?	No
Significant deficiencies?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs	\$317,567
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Auditee qualified as low-risk auditee?	No
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**County of Pulaski, Virginia**

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

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**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

None reported.

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

Financial statement finding 2011-1 was resolved in the current year.