

COUNTY OF PULASKI, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

ROBINSON, FARMER, COX ASSOCIATES

*A PROFESSIONAL LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS*

CHARLOTTESVILLE ♦ CHRISTIANSBURG ♦ RICHMOND ♦ STAUNTON



COUNTY OF PULASKI, VIRGINIA

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Peter Huber, Clerk

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SOCIAL SERVICES BOARD

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COUNTY OF PULASKI, VIRGINIA

OTHER OFFICIALS

Judge of the Circuit Court R. W. Grubbs
Judge of the Circuit Court C. R. Gibb
Judge of the Circuit Court Duane E. Mink
Judge of the Circuit Court J. C. Campbell
Clerk of the Circuit Court Royce G. Lookabill
Judge of the General District and Juvenile and
Domestic Relations Court Edward M. Turner, III
Judge of the General District and Juvenile and
Domestic Relations Court Daniel W. Bird, Jr.
County Attorney Thomas J. McCarthy, Jr.
Commonwealth's Attorney K. Mike Fleenor
Commissioner of the Revenue Maynard H. Sayers
Treasurer Rose Marie Tickle
Sheriff James A. Davis
Superintendent of Schools Donald Stowers
Director of Public Welfare James C. Wallis
County Administrator Peter Huber

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	1-2
 General Purpose Financial Statements:	
Exhibit 1 Combined Balance Sheet--All Funds and Account Groups and Discretely Presented Component Units	3-4
Exhibit 2 Combined Statement of Revenues, Expenditures and Changes in Fund Balances--All Governmental Funds and Discretely Presented Component Units-School Board	5
Exhibit 3 Combined Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual--General, Capital Projects Funds and Discretely Presented Component Unit-School Board	6
Exhibit 4 Statement of Revenues, Expenses, and Changes in Retained Earnings- Proprietary Fund Types and Discretely Presented Component Units	7-9
Exhibit 5 Statement of Cash Flows and Combined Reconciliation of Operating Income to Net Cash Provided by Operating Activities--Proprietary Fund Types and Discretely Presented Component Units	10
Notes to Financial Statements	11-31
 Combining Financial Statements:	
Exhibit A-1 Fiduciary Funds--Combining Balance Sheet	32
Exhibit A-2 Fiduciary Funds--Combining Statement of Changes in Assets and Liabilities	33
Exhibit B-1 Discretely Presented Component Unit School Board-- Combining Balance Sheet	34
Exhibit B-2 Discretely Presented Component Unit School Board-- Combining Statements of Revenues, Expenditures, and Changes in Fund Balance	35
Exhibit B-3 Discretely Presented Component Unit School Board-- Combining Statements of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	36

TABLE OF CONTENTS

Page

Supporting Schedules:

Schedule 1	Governmental Funds and Discretely Presented Component Unit School Board--Schedule of Revenues--Budget and Actual	37-43
Schedule 2	Governmental Funds and Discretely Presented Component Unit School Board--Schedule of Expenditures--Budget and Actual	44-48
Schedule 3	Required Supplementary Information-Analysis of Funding Progress for Defined Pension Benefit Plan	49
Schedule 4	Governmental Revenues by Source--Last Ten Fiscal Years	50
Schedule 5	Governmental Expenditures by Function--Last Ten Fiscal Years	50
Schedule 6	Assessed Valuation of All Taxable Property--Last Ten Fiscal Years	51
Schedule 7	Property Tax Levies and Collections--Last Ten Fiscal Years	52
Schedule 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita--Last Ten Fiscal Years	52
Schedule 9	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	53

Compliance:

Report on Compliance an on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54-55
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Financial Reporting in Accordance with OMB Circular A-133	56-57
Schedule of Expenditure of Federal Awards	58-60
Schedule of Findings and Questioned Costs	61

ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD COUNTY OF PULASKI PULASKI, VIRGINIA

We have audited the accompanying general-purpose financial statements and the combining financial statements of the County of Pulaski, Virginia, as of and for the year ended June 30, 2002, 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 an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the general-purpose financial statements referred to above do not include a general fixed asset account group, which should be included to conform with accounting principles generally accepted in the United States of America.

In our opinion, except that the omission of the general fixed asset account group described above results in an incomplete presentation, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Pulaski as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion the combining financial statements referred to above present fairly, in all material respects, the financial position of the County of Pulaski, Virginia, as of June 30, 2002 and the results of its operations of such funds and cash flows of individual proprietary fund types 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 a report dated November 1, 2002 on our consideration of the County of Pulaski, Virginia's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

GENERAL PURPOSE FINANCIAL STATEMENTS ~~MEC~~

COUNTY OF PULASKI, VIRGINIA

Combined Balance Sheet-All Funds and Account Groups and Discretely Presented Component Units
At June 30, 2002

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types		Account Group		Total Memorandum Only"		Component Units		Total Memorandum Only"	
	Capital Projects		Internal Services Fund		Trust and Agency		General Long-term Obligations		Primary Government		Public Service Authority		Industrial Development Authority	
	General													
ASSETS AND OTHER DEBITS														
Assets:														
Cash in bank (Note 2)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,049	\$ 0	\$ 0	\$ 0	\$ 9,049	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,249
Restricted cash (Note 2, 21)	0	0	0	0	0	0	0	0	0	0	304,988	0	0	304,988
Investments (Note 2)	13,626,647	0	0	0	74,364	0	0	13,701,011	0	648,654	0	1,100,969	0	15,450,634
Cash at public service authority (Note 2)	0	0	0	0	0	0	0	0	0	0	1,505,988	0	0	1,505,988
Receivables (Net of Allowances for Uncollectibles):														
Taxes, including penalties (Note 1, 3)	1,624,895	0	0	0	0	0	0	1,624,895	0	0	0	0	0	1,624,895
Other local taxes	268,656	0	0	0	0	0	0	268,656	0	0	0	0	0	268,656
Service Authority receivables (Note 20)	0	0	0	0	0	0	0	0	0	0	811,857	0	0	811,857
Internal service	0	0	17,651	0	0	0	0	17,651	0	0	0	0	0	17,651
Notes (Note 25)	0	0	0	0	0	0	0	0	0	0	0	158,797	0	158,797
Interest	0	0	0	0	0	0	0	0	0	0	0	444	0	444
Rent	0	0	0	0	0	0	0	0	0	0	0	14,798	0	14,798
Proprietary fixed assets (net of accumulated depreciation) (Note 7)	0	0	0	0	0	0	0	0	0	0	18,811,855	7,102,523	0	25,914,378
Organization expense (net of amortization)	0	0	0	0	0	0	0	0	0	0	9,262	0	0	9,262
Due from other governmental units (Note 5)	801,809	0	0	0	430,961	0	0	1,232,770	0	904,226	0	0	0	2,136,996
Due from other funds (Note 4, 14):														
Primary government	348,276	0	0	0	0	0	0	348,276	0	2,077,724	0	164,691	0	2,590,691
Component unit	1,055,794	0	0	0	0	0	0	1,055,794	0	0	0	0	0	1,055,794
Amount to be provided for the retirement of general long-term obligations	0	0	0	0	0	0	3,373,747	3,373,747	0	9,414,163	0	0	0	12,787,910
Total assets and other debits	\$ 17,726,077	\$ 0	\$ 17,651	\$ 514,374	\$ 3,373,747	\$ 21,631,849	\$ 13,044,967	\$ 21,443,950	\$ 8,542,222	\$ 64,662,988				
LIABILITIES														
Accounts payable	33,692	30,429	10,576	0	0	0	0	74,697	230,108	32,712	216,309	0	0	553,826
Reconciled overdraft (Note 2)	1,654,569	0	0	0	0	0	1,654,569	0	0	0	0	0	0	1,654,569
Salaries payable	0	0	0	0	0	0	0	0	2,751,842	0	0	0	0	2,751,842
Interest payable	0	0	0	0	0	0	0	0	0	11,431	27,289	0	0	38,720
Proprietary debt-current (Note 9)	0	0	0	0	0	0	0	0	0	228,938	0	0	0	228,938
Due to other funds (Note 4, 14, 24):														
Primary government	0	0	0	348,276	0	0	348,276	348,276	0	555,794	500,000	0	0	1,404,070
Component unit	2,077,724	164,691	0	0	0	0	2,242,415	2,242,415	0	0	0	0	0	2,242,415
Due to other governmental units (Note 6)	0	0	0	82,685	0	0	82,685	82,685	0	0	0	0	0	82,685
Amounts held for others	0	0	0	83,413	0	0	83,413	83,413	0	83,701	0	0	0	167,114
Deferred revenues:														
Taxes (Note 13)	1,576,729	0	0	0	0	0	1,576,729	1,576,729	0	0	0	0	0	1,576,729
Compensated absences (Note 11)	0	0	0	582,695	0	0	582,695	582,695	1,574,923	107,976	0	0	0	2,265,594
Notes payable (Note 24)	0	0	0	0	0	0	0	0	0	0	0	5,516,312	0	5,516,312
Proprietary debt-non-current (Note 9)	0	0	0	0	0	0	0	0	0	0	7,759,944	0	0	7,759,944
Landfill Post-Closure Cost (Note 22)	0	0	0	676,052	0	0	676,052	676,052	0	0	0	0	0	676,052
General obligation bonds payable (Note 10)	0	0	0	2,115,000	0	0	2,115,000	2,115,000	7,839,240	0	0	0	0	9,954,240
Total liabilities	\$ 5,342,714	\$ 195,120	\$ 10,576	\$ 514,374	\$ 3,373,747	\$ 9,436,531	\$ 12,396,113	\$ 8,964,093	\$ 6,076,313	\$ 36,873,050				

COUNTY OF PULASKI, VIRGINIA

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
General, Capital Projects Funds and Discretely Presented Component Unit School Board
Year Ended June 30, 2002**

	Governmental Fund Types		Primary Government	Component	Total
	General	Capital Projects	Total "Memorandum Only"	Unit School Board	"Memorandum Only"
Revenue:					
General property taxes	\$ 14,656,188	\$ 0	\$ 14,656,188	\$ 0	\$ 14,656,188
Other local taxes	4,736,025	0	4,736,025	0	4,736,025
Permits, privilege fees and regulatory licenses	107,427	0	107,427	0	107,427
Fines & forfeitures	48,290	0	48,290	0	48,290
Revenues from use of money and property	169,001	21,608	190,609	106,862	297,471
Charges for services	1,212,508	0	1,212,508	1,112,771	2,325,279
Miscellaneous	69,431	37,405	106,836	241,554	348,390
Recovered costs	252,501	0	252,501	351,912	604,413
Intergovernmental	9,967,536	15,321	9,982,857	22,752,515	32,735,372
Total revenues	\$ 31,218,907	\$ 74,334	\$ 31,293,241	\$ 24,565,614	\$ 55,858,855
Expenditures:					
Current:					
General government administration	\$ 1,441,977	\$ 0	\$ 1,441,977	\$ 0	\$ 1,441,977
Judicial administration	977,660	0	977,660	0	977,660
Public safety	4,913,502	0	4,913,502	0	4,913,502
Public works	807,739	0	807,739	0	807,739
Health and welfare	5,441,584	0	5,441,584	0	5,441,584
Education	14,592	0	14,592	34,169,301	34,183,893
Parks, recreation and cultural	961,513	0	961,513	0	961,513
Community development	372,413	0	372,413	0	372,413
Capital projects	0	2,628,149	2,628,149	528,816	3,156,965
Debt service:					
Principal retirement	1,215,000	660,000	1,875,000	407,282	2,282,282
Interest and fiscal charges	272,377	122,848	395,225	269,755	664,980
Total expenditures	\$ 16,418,357	\$ 3,410,997	\$ 19,829,354	\$ 35,375,154	\$ 55,204,508
Excess (deficiency) of revenues over expenditures	\$ 14,800,550	\$ (3,336,663)	\$ 11,463,887	\$ (10,809,540)	\$ 654,347
Other financing sources (uses):					
Transfers from (to):					
Primary government	\$ (5,881,785)	\$ 5,881,785	\$ 0	\$ 10,843,572	\$ 10,843,572
Component unit	(10,166,535)	(677,037)	(10,843,572)	0	(10,843,572)
Proprietary funds (Exhibit 4)	1,469,769	(1,825,966)	(356,197)	0	(356,197)
REMSI	(106,981)	(86,698)	(193,679)	0	(193,679)
Total other financing sources (uses):	\$ (14,685,532)	\$ 3,292,084	\$ (11,393,448)	\$ 10,843,572	\$ (549,876)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 115,018	\$ (44,579)	\$ 70,439	\$ 34,032	\$ 104,471
Fund balance at the beginning of year	12,268,345	(150,541)	12,117,804	614,822	12,732,626
Fund balance at the end of year	\$ 12,383,363	\$ (195,120)	\$ 12,188,243	\$ 648,854	\$ 12,837,097

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

COUNTY OF PULASKI, VIRGINIA

Proprietary Fund Types and Discretely Presented Component Units
Statement of Revenues, Expenses and Changes In Retained Earnings
Year Ended June 30, 2002

	Internal Services Fund	Component Units		Totals "Memorandum Only"
		Public Service Authority	Industrial Development Authority	
Operating revenues:				
Charges to County departments	\$ 955,800	\$ 0	\$ 0	\$ 955,800
Water service	0	1,656,055	0	1,656,055
Sewer service	0	416,257	0	416,257
Garbage service	0	2,837,900	0	2,837,900
Reconnection fees	0	13,765	0	13,765
Contributions	0	166,735	0	166,735
Rental income	0	0	87,302	87,302
Sale of property	0	0	720,000	720,000
Miscellaneous	3,805	100,922	0	104,727
Penalties and interest on delinquent accounts	0	56,322	0	56,322
Total operating revenue	\$ 959,605	\$ 5,247,956	\$ 807,302	\$ 7,014,863
Operating expenses:				
<i>Internal Services expenses:</i>				
Data processing	\$ 223,525	\$ 0	\$ 0	\$ 223,525
Central garage	591,799	0	0	591,799
Communications	113,019	0	0	113,019
Total internal services expenses	\$ 928,343	\$ 0	\$ 0	\$ 928,343
<i>Water and sewer:</i>				
Salaries and fringes	\$ 0	\$ 496,940	\$ 0	\$ 496,940
Uniforms	0	3,122	0	3,122
Contracted professional services	0	27,361	0	27,361
Data processing	0	1,233	0	1,233
Contracted sewer treatment	0	249,758	0	249,758
Materials and supplies	0	87,160	0	87,160
Medical lab supplies	0	62,126	0	62,126
Repairs and maintenance	0	39,529	0	39,529
Garage charges	0	26,651	0	26,651
Insurance	0	3,187	0	3,187
Telephone	0	22,439	0	22,439
Electricity	0	108,343	0	108,343
Permits	0	7,879	0	7,879
Travel	0	1,202	0	1,202
Miscellaneous	0	6,390	0	6,390
Depreciation	0	722,333	0	722,333
Total water and sewer expenses	\$ 0	\$ 1,865,653	\$ 0	\$ 1,865,653
<i>Garbage collection and disposal:</i>				
Salaries and fringes	\$ 0	\$ 944,059	\$ 0	\$ 944,059
Contracted professional services	0	11,966	0	11,966
Purchase of services	0	80	0	80
User charges/NRRA	0	1,260,711	0	1,260,711
Materials and supplies	0	4,767	0	4,767
Repairs and maintenance	0	1,024	0	1,024
Garage charges	0	209,273	0	209,273
Insurance	0	10,850	0	10,850
Uniforms	0	16,647	0	16,647
Utilities	0	1,245	0	1,245
Telephone	0	1,642	0	1,642

COUNTY OF PULASKI, VIRGINIA

Proprietary Fund Types and Discretely Presented Component Units
Statement of Revenues, Expenses and Changes In Retained Earnings
Year Ended June 30, 2002

	Internal Services Fund	Component Units		Totals "Memorandum Only"
		Public Service Authority	Industrial Development Authority	
Operating expenses: (Continued)				
<i>Garbage collection and disposal: (Continued)</i>				
Miscellaneous	\$ 0	\$ 21,498	\$ 0	\$ 21,498
Rent of equipment	0	30,282	0	30,282
Depreciation	0	168,700	0	168,700
Total garbage collection and disposal	\$ 0	\$ 2,682,744	\$ 0	\$ 2,682,744
<i>Administration:</i>				
Salaries and fringes	\$ 0	\$ 69,019	\$ 1,800	\$ 70,819
Professional services	0	6,300	95,837	102,137
Administrative fees	0	63,000	0	63,000
Purchase of services	0	0	19,221	19,221
Electricity	0	0	15,624	15,624
Construction	0	0	449,757	449,757
Local industry assistance	0	0	648,310	648,310
Telephone	0	297	0	297
Data processing	0	28,144	0	28,144
Printing and binding	0	101	0	101
Maintenance contract	0	440	4,356	4,796
Materials and supplies	0	956	61	1,017
Postage	0	889	0	889
Utilities	0	0	19,247	19,247
Insurance	0	1,602	113	1,715
Miscellaneous	0	2,375	6,579	8,954
Depreciation and amortization	0	12,438	0	12,438
Total administration	\$ 0	\$ 185,561	\$ 1,260,905	\$ 1,446,466
<i>Street Lighting:</i>				
Lighting	\$ 0	\$ 6,934	\$ 0	\$ 6,934
Total street lighting	\$ 0	\$ 6,934	\$ 0	\$ 6,934
<i>Billing:</i>				
Salaries and fringes	\$ 0	\$ 43,039	\$ 0	\$ 43,039
Professional services	0	14,510	0	14,510
Data processing	0	64,738	0	64,738
Telephone	0	3,281	0	3,281
Machinery and equipment	0	400	0	400
Maintenance contract	0	608	0	608
Postage	0	26,600	0	26,600
Travel	0	136	0	136
Materials and supplies	0	5,522	0	5,522
Total billing	\$ 0	\$ 158,834	\$ 0	\$ 158,834
Total operating expenses	\$ 928,343	\$ 4,899,726	\$ 1,260,905	\$ 7,088,974
Operating income (loss)	\$ 31,262	\$ 348,230	\$ (453,603)	\$ (74,111)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements As of June 30, 2002

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. The Financial Reporting Entity:

As required by generally accepted accounting principles, these financial statements present the County (primary government) and its component units. The component units discussed in Note B are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

B. Individual Component Unit Disclosures:

Blended Component Units - The County has no blended component units.

Discretely Presented Component Units - The Component unit columns in the combined financial statements include the financial data of the County's component units. They 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 public schools in the County. 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 Pulaski County Public Service Authority provides water, sewer and garbage service to the County. The Public Service Authority board members are appointed by the Board of Supervisors. The Board of Supervisors have issued several of the bonds payable by the Authority. The complete financial report for the Authority may be obtained directly from the Authority.

The Pulaski County Industrial Development Authority encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The complete financial report for the Authority may be obtained from the Authority.

C. *Related Organizations* - The County has no related organizations

D. *Jointly Governed Organizations* - The County and the Counties of Floyd, Giles, Montgomery and the City of Radford participate in supporting the New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2002 the County contributed \$66,571.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements As of June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. *Jointly Governed Organizations (Continued)*

The County and the Towns of Dublin and Pulaski and the City of Radford participate in supporting the New River Resource Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

The County and the County of Montgomery, the Towns of Dublin and Pulaski and the City of Radford participate in supporting the Peppers Ferry Regional Waste Water Treatment Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

The County and the Counties of Bland, Carroll, Giles, Grayson, Floyd and Wythe and the City of Radford participate in the New River Valley Regional Jail. The governing body is appointed by the respective governing bodies of the participating jurisdictions.

E. *Other Organizations*

The County provides funding and/or oversight in the form of board participation for many other organizations including the New River Valley Juvenile Detention Home, Fairview Home and the New River Valley Airport.

F. Financial Statement Presentation:

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. Each fund is a separate set of self balancing accounts that consists of assets, liabilities, fund equity, revenues and expenditures or expenses. Account groups are used to establish accounting control over certain assets and liabilities that are not recorded in funds. The various funds and account groups are grouped in the financial statements as follows:

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Fund measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

General Fund

The General Fund accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds.

Capital Projects Funds

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. Capital Project Funds consist of the Capital Improvements Fund.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

As of June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

G. Basis of Accounting: (Continued)

1. Governmental Funds (Continued)

Sales, utility and meals taxes, which are collected by the State, utilities or restaurants and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State, utility, or restaurant 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 in which the grant applies. Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Interest on long-term debt is recognized when due except for interest due on July 1, which is accrued.

2. Proprietary Funds

The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred. The Proprietary Funds apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

3. Fiduciary Funds

Agency Funds utilize the modified accrual basis of accounting.

H. Budgets and Budgetary Accounting:

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

1. Prior to May 1, 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.
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.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. 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 categories.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

As of June 30, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Budgets and Budgetary Accounting: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budget data presented in the accompanying financial statements is the original budget for the year.

I. Property, Plant and Equipment:

Property, plant and equipment purchased is stated at cost. Contributions received from subdividers and customers which are used to defray a part or all of the cost of installing a portion of the utility plant are credited to contributions in aid of construction. The Authority amortizes construction contributions against depreciation of utility plant in the ratio that such contributions bear to utility plant in service. Depreciation of proprietary fund fixed assets has been provided over the following estimated useful lives using the Straight Line Method. Depreciation on plant commences on the first day of the fiscal year following the date initially placed in service.

COMPONENT UNIT - PUBLIC SERVICE AUTHORITY:

Structures, lines and accessories	40 Years
Equipment	3-10 Years

J. Allowance for Uncollectible Accounts:

Taxes

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$650,138 at June 30, 2002 and is comprised of uncollectible local taxes.

Pulaski County Public Service Authority

The Service Authority estimates uncollectible accounts using historical analysis. The allowance for uncollected water, sewer and garbage bills at June 30, 2002 amounted to approximately \$385,884.

K. Cash and Cash Equivalents:

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short term highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less.

L. Investments:

Investments are stated at their fair value. Certificates of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

M. 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.

NOTE 2--CASH AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize the 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 for 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).

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its safekeeping agent in the County's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the broker's or dealer's trust department or safekeeping agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or safekeeping agent but not in the County's name.

PRIMARY GOVERNMENT:

	Category			Fair Value
	1	2	3	
Investments subject to categorization:				
Repurchase agreements	\$ -	\$ 9,125,175	\$ -	\$ 9,125,175
Investments not subject to categorization:				
LGIP				\$ <u>4,575,836</u>
Total Investments				\$ 13,701,011
Total Deposits (reconciled over-draft)				<u>(1,649,581)</u>
Total Deposits and Investments				\$ <u>12,051,430</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

As of June 30, 2002

NOTE 2--CASH AND INVESTMENTS: (Continued)

PRIMARY GOVERNMENT: (Continued)

Cash on Hand (Schedule 3)	\$ 1,290
Treasurer's Debit Account (Schedule 3)	2,641
Petty Cash	<u>130</u>
 Total Adjusted Deposits and Investments- Primary Government	 <u>\$ 12,055,491</u>

COMPONENT UNIT - SCHOOL BOARD:

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments subject to categorization:				
Repurchase Agreements	\$ -	\$ 644,375	\$ -	\$ 644,375
Investments not subject to categorization:				
SNAP				\$ <u>4,279</u>
Total Investments				\$ 648,654
Petty Cash				<u>200</u>
 Total Adjusted Deposits and Investments- Component Unit-School Board				 <u>\$ 648,854</u>

COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY:

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments subject to categorization:				
Repurchase agreements	\$ -	\$ 1,100,969	\$ -	\$ <u>1,100,969</u>

Reconciliation of Deposits and Investments to Exhibit 1:

Primary Government	\$ 12,055,491
Component Unit-School Board	648,854
Component Unit-Industrial Dev. Authority	<u>1,100,969</u>
Add cash not in Treasurer's custody:	
Component Unit-Public Service Authority	<u>1,810,976</u>
Per Exhibit 1	<u>\$ 15,616,290</u>

The fair value of the positions in the external investment pools (Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP)) are the same as the value of the pool shares. As these pools are not SEC regulated, regulatory oversight of the pools rests with the Virginia State Treasurer.

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 9--PROPRIETARY DEBT: (Continued)

COMPONENT UNIT - PUBLIC SERVICE AUTHORITY: (Continued)

Details of Long-term Indebtedness: (Continued)

\$2,439,700 revenue bond issued October 15, 1996, for the Landfill Sewer line extension project, with combined principal and interest payments totaling \$11,199 per month beginning on November 15, 1998 until paid in full, interest payable at 4.5%. Although the project is an asset for the PSA, the County is assuming the debt payments	\$ <u>2,277,185</u>
Total proprietary debt	\$ <u><u>7,988,882</u></u>

NOTE 10--LONG-TERM OBLIGATIONS:

PRIMARY GOVERNMENT:

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

Year Ending June 30,	General Obligation Bonds	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 520,000	\$ 91,579
2004	540,000	69,064
2005	575,000	45,681
2006	<u>480,000</u>	<u>20,784</u>
	<u>\$ 2,115,000</u>	<u>\$ 227,108</u>

Changes in Long-term Debt:

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2002:

Long-term obligations payable at July 1, 2001	\$ <u>10,122,141</u>
Retirements:	
Decrease in landfill postclosure liability	\$ 4,267,656
Decrease in compensated absences	21,790
Retirement of indebtedness	<u>1,875,000</u>
Total retirements	<u>\$ 6,164,446</u>
Long-term obligations payable at June 30, 2002	\$ <u><u>3,957,695</u></u>

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 10--LONG-TERM OBLIGATIONS: (Continued)

PRIMARY GOVERNMENT: (Continued)

Details of Long-term Indebtedness:

General Obligation Bonds:

Refunding Bond of \$3,390,000 issued August 20, 1998 to refinance courthouse and Pepper's Ferry bonds, with principal payments ranging from \$480,000 to \$615,000 due annually on May 15. Interest is due semi-annually on May 15 and November 15 through 2006 at a rate of 4.33% per annum. \$ 2,115,000

Compensated absences (Note 11) \$ 582,695

Accrued landfill postclosure monitoring obligation (Note 23) \$ 1,260,000

Total Long-Term Debt \$ 3,957,695

COMPONENT UNIT - SCHOOL BOARD:

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2003	\$ 408,174	\$ 250,551
2004	408,440	237,685
2005	408,761	224,764
2006	409,143	211,782
2007	409,544	198,780
After 2007	<u>5,795,178</u>	<u>1,398,372</u>
	<u>\$ 7,839,240</u>	<u>\$ 2,521,934</u>

Changes in Long-term Debt:

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2002:

	<u>Amount</u>
Long-term obligations payable at July 1, 2001	\$ <u>9,533,914</u>
Issuances:	
Increase in compensated absences	\$ <u>287,531</u>

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 10--LONG-TERM OBLIGATIONS: (Continued)

COMPONENT UNIT - SCHOOL BOARD: (Continued)

Changes in Long-term Debt: (Continued)

Retirements:

Retirement of Bonds	\$ <u>407,282</u>
Long-term obligations payable at June 30, 2002	\$ <u>9,414,163</u>

Details of Long-term Indebtedness:

General Obligation Bond:

\$746,522 GO Bond issued November 16, 2000 for the High School chiller with interest payable on the 15th of January and July at variable rates ranging from 4.85% to 5.60%. Principal portions of variable amounts is due on each July 15 through 2020 \$ 714,240

\$7,500,000 GO Bond issued on December 15, 2000 for the Snowville and Critzer Elementary School renovations with interest payable each December 15 at a fixed rate of 3.00%. Principal portions of \$375,000 due each December 15 through 2020. 7,125,000

Total General Obligation Bonds \$ 7,839,240

Compensated absences (Note 11) \$ 1,574,923

Total Long-Term Debt \$ 9,414,163

NOTE 11-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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements

As of June 30, 2002

NOTE 11-COMPENSATED ABSENCES: (Continued)

County employees earn vacation leave at various rates and sick leave at the rate of one and a quarter day for each month. No benefits or pay is received for unused sick leave upon termination. Accumulated vacation is paid upon termination. Accumulated vacation pay up to forty-two days is paid upon termination. The County primary government and component unit School Board have outstanding accrued vacation pay totaling \$582,695 and \$1,574,923 respectively in the General Long-term Obligation Account Group. The Pulaski County Public Service Authority had \$107,976 outstanding accrued vacation pay.

NOTE 12--DEFINED BENEFIT PENSION PLAN:

COUNTY EMPLOYEES:

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the System 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% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the County 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 contribution rates for the fiscal year ended 2002 was 2.50% of annual covered payroll.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements
As of June 30, 2002

NOTE 14--ADVANCES TO VARIOUS AUTHORITIES: (Continued)

A \$50,000 advance, bearing same terms;

On March 27, 1985 \$150,000 was advanced for the purpose of satisfying escrow requirements of United States Financial Guaranty Insurance Company on the 1985 Series of Peppers Ferry Regional Waste Water Treatment Authority Revenue bonds. This advance was made with no repayment terms;

The remaining loan balance of \$99,795 is an interest free loan receivable in 360 monthly payments of \$1,667 which began on July 1, 1984. In November 1985, the monthly payment increased to \$1,879.

Pulaski County Industrial Development Authority:

During the fiscal year ended June 30, 1991, \$500,000 was advanced to the Industrial Development Authority for construction of a building for Renfro, Inc. said advance was made with no repayment terms or stated interest rate.

NOTE 15--CONTINGENT LIABILITIES:

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

NOTE 16--DESIGNATED AND RESTRICTED FUND EQUITY:

Fund Equity has been designated and restricted as follows:

PRIMARY GOVERNMENT:

General Fund:

Designated for future capital outlay	\$ 1,479,030
Designated for general fund carryover	230,706
Designated for school carryovers	1,446,746
Designated for school construction	614,108
Total Designated	<u>\$ 3,770,590</u>
Reserved for PSA and IDA advances	<u>\$ 1,055,794</u>
Total reserved and designated fund balances	
Primary Government	<u>\$ 4,826,384</u>

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 16--DESIGNATED AND RESTRICTED FUND EQUITY: (Continued)

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD:

Special Revenue Funds:

School Fund:

Designated for operation of school cafeterias \$ 648,654

NOTE 17--LEGAL COMPLIANCE:

There were no excess of expenditures over appropriations for the fiscal year ended June 30, 2002.

NOTE 18--DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the County of Pulaski and Public Employees Benefit Services Corporation (PebSCO).

The Plan, available to all full-time County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In compliance with revisions to Section 457 of the Internal Revenue Code, the assets are held for the exclusive benefit of County employees. Accordingly, assets and the resulting liabilities of the Deferred Compensation Plan are no longer recorded in the County's financial statements.

NOTE 19--FUND BALANCE DEFICIT:

PRIMARY GOVERNMENT:

At year-end June 30, 2002 the County Capital Projects Fund had a negative fund balance due to year-end accruals.

NOTE 20--ACCOUNTS RECEIVABLE:

COMPONENT UNIT - PUBLIC SERVICE AUTHORITY:

Water and sewer	\$ 352,260
Garbage	496,700
Other	119,431
Unbilled receivables	<u>229,350</u>
Sub-total	\$ 1,197,741
Less: allowance for uncollectible accounts	<u>(385,884)</u>
Net accounts receivable	<u>\$ 811,857</u>

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 21--RESTRICTED CASH:

COMPONENT UNIT:

Public Service Authority:

Debt service reserves:

Pursuant to bond resolution, for future debt expenses \$ 304,988

NOTE 22--LANDFILL CLOSURE:

State and federal laws and regulations require the County to place a final cover on its Cloyd's Mountain landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for at least thirty years after closure or until leachate ceases to exist. The County closed its landfill in 1989. \$676,052 is reported as landfill postclosure care liability at June 30, 2002. These amounts are based on what it would cost to perform all postclosure care in 2002. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 23--NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT (GASB):

GASB has issued Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for state and local governments, which establishes specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. This statement will become effective for the County in fiscal year 2003. Management has not yet determined the impact of this statement on the financial statements.

NOTE 24--COMPONENT UNIT INDUSTRIAL DEVELOPMENT AUTHORITY-NOTES PAYABLE:

<u>Payable to:</u>	<u>Original Loan</u>	<u>Date of Loan</u>	<u>Date Due</u>	<u>Interest Rate</u>	<u>Monthly Payment Quarterly</u>	<u>Outstanding Balance</u>
Banks:						
First Union (Volvo assistance)	\$ 2,731,280	5/19/95	8/15/06	variable	\$ 68,282	\$ 1,069,211
Bank of America (Bob White Blvd. building)	4,248,034	6/06/96	3/01/03	7.5%	40,177	3,535,931
Local Governments:						
County of Pulaski (Bob White Blvd. building)	500,000	9/01/90	Open	Open	Open	500,000
Town of Pulaski (Bob White Blvd. building)	500,000	5/29/96	2/29/02	7.50%	2,778	383,096
First City Services (Bob White Blvd. building)	700,000	11/14/96	11/14/02	6.00%	5,907	510,757
(Bob White Blvd. building)	50,000	4/07/95	4/07/05	6.00%	555	<u>17,317</u>
Total payable at June 30, 2002						<u>\$ 6,016,312</u>

COUNTY OF PULASKI, VIRGINIA

**Notes to Financial Statements
As of June 30, 2002**

NOTE 25--COMPONENT UNIT INDUSTRIAL DEVELOPMENT AUTHORITY-NOTES RECEIVABLE:

<u>Receivable From:</u>	<u>Original Loan</u>	<u>Date of Loan</u>	<u>Date Due</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Outstanding Balance</u>
LH Corporation	\$ 78,521	4/01/95	3/11/11	7.75%	\$ 715	\$ 18,057
	215,000	6/15/90	3/1/11	7.75%	2,516	54,740
Motion Control	100,000	9/17/99	9/17/09	7.00%	1,161	<u>86,000</u>
						<u>\$ 158,797</u>

NOTE 26--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; injuries to employees; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of worker's compensation with Virginia Municipal Group Self Insurance. The Component Unit-School Board participates with other localities in a public entity risk pool for their coverage of public officials liability with Virginia Association of Counties Group Self Insurance. The County and Component Unit-School Board pay an annual premium to the pools for the general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. 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 insurance coverage in any of the past three fiscal years.

NOTE 27--SURETY BONDS:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland:	
Royce G. Lookabill, Clerk of the Circuit Court	\$ 145,000
Rose Marie Tickle, Treasurer	500,000
Maynard H. Sayers, Commissioner of the Revenue	65,000
James A. Davis, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
Jean O. Cox, Clerk of the School Board	100,000
All School Board employees - blanket bond	25,000
All County employees - blanket bond	100,000
All Social Service employees	100,000
United States Fidelity and Guaranty:	
Peter Huber, County Administrator	2,000

COMBINING FINANCIAL STATEMENTS

COUNTY OF PULASKI, VIRGINIA

FIDUCIARY FUNDS

Combining Balance Sheet
At June 30, 2002

	Performance Bond Fund	Special Welfare Fund	Local Sales Tax Fund	Totals
ASSETS				
Cash	\$ 49,025	\$ 34,388	\$ 0	\$ 83,413
Due from other governmental units	0	0	430,961	430,961
Total assets	\$ 49,025	\$ 34,388	\$ 430,961	\$ 514,374
LIABILITIES				
Due to other governmental units	\$ 0	\$ 0	\$ 82,685	\$ 82,685
Due to other funds	0	0	348,276	348,276
Amounts held for others	49,025	34,388	0	83,413
Total liabilities	\$ 49,025	\$ 34,388	\$ 430,961	\$ 514,374

COUNTY OF PULASKI, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

**Combining Balance Sheet
At June 30, 2002**

	School <u>Fund</u>	Account Group General Long-term <u>Obligations</u>	<u>Totals</u>
ASSETS AND OTHER DEBITS			
Cash	\$ 648,854	\$ 0	\$ 648,854
Due from other governmental units	904,226	0	904,226
Due from other funds	2,077,724	0	2,077,724
Amount to be provided for the retirement of general long-term debt	0	9,414,163	9,414,163
 Total assets	 \$ <u>3,630,804</u>	 \$ <u>9,414,163</u>	 \$ <u>13,044,967</u>
 LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 230,108	\$ 0	\$ 230,108
Salaries payable	2,751,842	0	2,751,842
Compensated absences	0	1,574,923	1,574,923
Bond payable	0	7,839,240	7,839,240
 Total liabilities	 \$ <u>2,981,950</u>	 \$ <u>9,414,163</u>	 \$ <u>12,396,113</u>
 Fund Balances:			
Unreserved:			
Designated	\$ 648,654	\$ 0	\$ 648,654
Undesignated	200	0	200
 Total fund balances	 \$ <u>648,854</u>	 \$ <u>0</u>	 \$ <u>648,854</u>
 Total liabilities and fund balances	 \$ <u>3,630,804</u>	 \$ <u>9,414,163</u>	 \$ <u>13,044,967</u>

COUNTY OF PULASKI, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

Combining Statements of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2002

	School Fund	School Construction Fund	Total
Revenue:			
Revenues from use of money and property	\$ 13,731	\$ 93,131	\$ 106,862
Charges for services	1,112,771	0	1,112,771
Miscellaneous	241,554	0	241,554
Recovered costs	351,912	0	351,912
Intergovernmental	22,752,515	0	22,752,515
Total revenues	\$ 24,472,483	\$ 93,131	\$ 24,565,614
Expenditures:			
Education	\$ 34,169,301	\$ 0	\$ 34,169,301
Capital projects	482,823	45,993	528,816
Debt Service:			
Principal retirement	407,282	0	407,282
Interest and fiscal charges	269,755	0	269,755
Total expenditures	\$ 35,329,161	\$ 45,993	\$ 35,375,154
Excess (deficiency) of revenues over expenditures	\$ (10,856,678)	\$ 47,138	\$ (10,809,540)
Other Financing Sources (Uses):			
Transfers (to) from primary government	\$ 10,890,710	\$ (47,138)	\$ 10,843,572
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 34,032	\$ 0	\$ 34,032
Fund balance at the beginning of year	614,822	0	614,822
Fund balance at end of year	\$ 648,854	\$ 0	\$ 648,854

SUPPORTING SCHEDULES

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Revenues-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PRIMARY GOVERNMENT:			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 7,550,000	\$ 8,018,163	\$ 468,163
Real and personal public service corporation taxes	450,000	488,911	38,911
Personal property taxes	2,838,240	2,966,969	128,729
Machinery and tools taxes	2,350,000	2,576,520	226,520
Merchants capital taxes	321,000	281,612	(39,388)
Mobile home taxes	60,000	55,198	(4,802)
Penalties	129,500	125,192	(4,308)
Interest and collection fees	95,500	143,623	48,123
 Total general property taxes	 \$ 13,794,240	 \$ 14,656,188	 \$ 861,948
Other local taxes:			
Local sales and use tax	\$ 2,400,000	\$ 1,941,364	\$ (458,636)
Consumer's utility tax	1,074,000	1,042,666	(31,334)
Local consumption tax	74,000	99,948	25,948
Utility license tax	26,000	27,432	1,432
Franchise license tax	50,000	49,131	(869)
Motor vehicle licenses	415,000	423,607	8,607
Meals tax	600,000	666,054	66,054
Bank stock tax	28,000	10,100	(17,900)
E-911 tax	150,000	155,510	5,510
Taxes on recordation and wills	100,000	105,702	5,702
Transient occupancy tax	300,000	214,511	(85,489)
 Total other local taxes	 \$ 5,217,000	 \$ 4,736,025	 \$ (480,975)
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 12,000	\$ 21,210	\$ 9,210
Land use application fees	350	395	45
Transfer fees	1,000	1,335	335
Erosion and sediment control permits	0	2,526	2,526
Zoning and subdivision permits	3,000	3,077	77
Building permits	90,000	78,884	(11,116)
 Total permits, privilege fees and regulatory licenses	 \$ 106,350	 \$ 107,427	 \$ 1,077
Fines & forfeitures:			
Court fines & forfeitures	\$ 30,000	\$ 48,290	\$ 18,290
Revenue from use of money and property:			
Revenue from use of money	\$ 237,500	\$ 161,546	\$ (75,954)
Revenue from the use of property	41,200	7,455	(33,745)
 Total revenue from the use of money and property	 \$ 278,700	 \$ 169,001	 \$ (109,699)

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Revenues-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
PRIMARY GOVERNMENT: (Continued)			
General Fund: (Continued)			
Revenue from local sources: (Continued)			
Charges for Services:			
Charges for law enforcement and traffic control	\$ 2,500	\$ 2,449	\$ (51)
Commonwealth's Attorney fees	1,700	2,073	373
Sale of maps and publications	1,400	634	(766)
Courthouse maintenance fees	25,000	26,122	1,122
Clerk's copy fees	3,000	4,576	1,576
Library fees	8,000	8,220	220
Law library fees	6,000	4,865	(1,135)
History book fees	0	1,024	1,024
Charges for animal control	4,000	3,420	(580)
Swimming pool and recreation fees	78,500	158,842	80,342
Sale of sewer capacity	0	1,000,000	1,000,000
Other charges for services	220	283	63
 Total charges for services	 \$ 130,320	 \$ 1,212,508	 \$ 1,082,188
Miscellaneous:			
Miscellaneous	\$ 32,847	\$ 58,215	\$ 25,368
Sale of property	0	11,216	11,216
 Total miscellaneous	 \$ 32,847	 \$ 69,431	 \$ 36,584
Recovered costs:			
Prisoners medical copayment	\$ 0	\$ 120	\$ 120
Town of Dublin-dispatcher	24,500	26,036	1,536
Jury costs	12,000	17,172	5,172
Health department reimbursements	9,300	19,709	10,409
Town of Pulaski-reimbursements	0	203	203
Pulaski County PSA-reimbursements	81,000	64,134	(16,866)
Welfare reimbursements-supplies	39,450	5,964	(33,486)
DEQ reimbursements	0	1,756	1,756
Prisoner extradition	0	12,689	12,689
Resource officer	0	60,741	60,741
Court reporter	11,600	13,250	1,650
Giles County reimbursements	0	9,682	9,682
Seized property	0	2,015	2,015
New River Criminal Justice Academy	0	10,895	10,895
Emergency services	0	4,200	4,200
Other reimbursements	0	3,935	3,935
 Total recovered costs	 \$ 177,850	 \$ 252,501	 \$ 74,651
 Total revenue from local sources	 \$ 19,767,307	 \$ 21,251,371	 \$ 1,484,064

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Revenues-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
COMPONENT UNIT - SCHOOL BOARD			
Special Revenue Funds: (Continued)			
<i>School Fund: (Continued)</i>			
Revenue from local sources: (Continued)			
Charges for services:			
Cafeteria sales	\$ 940,500	\$ 951,221	\$ 10,721
Summer school fees	15,000	19,698	4,698
Substitute teacher fees	0	140,052	140,052
Transportation of pupils	0	1,800	1,800
Total charges for services	<u>\$ 955,500</u>	<u>\$ 1,112,771</u>	<u>\$ 157,271</u>
Miscellaneous revenue:			
Miscellaneous	\$ 30,600	\$ 241,554	\$ 210,954
Recovered costs:			
Title I reimbursements	\$ 13,000	\$ 4,423	\$ (8,577)
School activity reimbursements	23,900	0	(23,900)
Governor's school	0	258,389	258,389
School nursing services	0	2,364	2,364
Comprehensive services reimbursement	0	86,736	86,736
Total recovered costs	<u>36,900</u>	<u>351,912</u>	<u>315,012</u>
Total revenue from local sources	<u>\$ 1,052,000</u>	<u>\$ 1,719,968</u>	<u>\$ 667,968</u>
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales and use taxes	\$ 3,790,716	\$ 3,547,498	\$ (243,218)
Basic school aid	9,971,539	10,137,541	166,002
Incentive payment	11,099	11,099	0
Enrollment loss	62,000	66,010	4,010
SOL teaching materials	33,398	33,385	(13)
Gifted and talented children	120,233	120,185	(48)
Special education	1,289,166	1,288,645	(521)
Reduced K-3 class sizes	357,974	354,017	(3,957)
Report card grant	0	2,005	2,005
Free/rental textbooks	204,563	204,481	(82)
Vocational education	458,527	454,886	(3,641)
Early reading intervention	76,555	78,184	1,629
Maintenance	50,097	50,077	(20)
Magnet school	0	260,900	260,900
Dropout prevention	68,483	68,483	0
GED funding	15,717	9,898	(5,819)
Foster children	0	4,326	4,326
Homebound	39,023	66,024	27,001
Share of fringe benefits	1,064,224	981,361	(82,863)
School food	33,000	31,347	(1,653)
Remediation assistance	82,900	87,061	4,161
Remedial education	223,767	220,338	(3,429)

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Revenues-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>COMPONENT UNIT - SCHOOL BOARD (Continued)</i>			
Capital Projects Funds:			
<i>School Construction Fund:</i>			
Revenue from local sources:			
Revenue from the use of money and property:			
Revenue from the money	\$ 0	\$ 93,131	\$ 93,131
	<hr/>	<hr/>	<hr/>
Grand Total Revenues-Component Unit-School Board	\$ 23,756,673	\$ 24,565,614	\$ 808,941
	<hr/>	<hr/>	<hr/>

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Expenditures-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Function, Activity and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
PRIMARY GOVERNMENT: (Continued)			
General Fund: (Continued)			
Public Safety: (Continued)			
Fire and Rescue Services:			
Fire Departments	\$ 182,334	\$ 180,792	\$ 1,542
Purchased Fire Protection	28,750	28,750	0
Western Virginia EMS System	6,821	6,821	0
Forest Fire Protection	4,800	4,788	12
Total Fire and Rescue Services	<u>\$ 222,705</u>	<u>\$ 221,151</u>	<u>\$ 1,554</u>
Correction and Detention:			
Regional Jail	\$ 860,030	\$ 1,088,253	\$ (228,223)
Court Services	6,900	7,234	(334)
New River Valley Juvenile Detention Home	39,703	40,203	(500)
Pretrial Services Grant	0	618,520	(618,520)
Community oriented justice	0	27,440	(27,440)
Total Correction and Detention	<u>\$ 906,633</u>	<u>\$ 1,781,650</u>	<u>\$ (875,017)</u>
Inspections:			
Building Inspector	\$ 109,173	\$ 105,038	\$ 4,135
Other Protection:			
Emergency Services	\$ 67,268	\$ 61,447	\$ 5,821
Medical Examiner	1,200	1,700	(500)
Animal Control	174,600	164,844	9,756
Enforcement property	0	8,722	(8,722)
Total Other Protection	<u>\$ 243,068</u>	<u>\$ 236,713</u>	<u>\$ 6,355</u>
Total Public Safety	<u>\$ 3,962,194</u>	<u>\$ 4,913,502</u>	<u>\$ (951,308)</u>
Public Works:			
Sanitation and Waste Removal:			
Sanitary Landfill	\$ 75,200	\$ 65,955	\$ 9,245
General Engineering	105,837	97,797	8,040
Clean Community Council	44,016	56,037	(12,021)
Total Sanitation and Waste Removal	<u>\$ 225,053</u>	<u>\$ 219,789</u>	<u>\$ 5,264</u>
Maintenance of Buildings and Grounds:			
General Properties	\$ 591,193	\$ 564,820	\$ 26,373
Contribution-Airport Maintenance	23,130	23,130	0
Total Maintenance of Buildings and Grounds	<u>\$ 614,323</u>	<u>\$ 587,950</u>	<u>\$ 26,373</u>
Total Public Works	<u>\$ 839,376</u>	<u>\$ 807,739</u>	<u>\$ 31,637</u>

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Expenditures-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Function, Activity and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
PRIMARY GOVERNMENT: (Continued)			
General Fund: (Continued)			
Health and Welfare:			
Health:			
Supplement to Local Health Department	\$ 272,723	\$ 272,723	\$ 0
Mental Health and Mental Retardation:			
Institutional Care	\$ 66,571	\$ 66,571	\$ 0
Welfare/Social Services:			
Welfare Administration	\$ 2,434,728	\$ 2,312,532	\$ 122,196
Public Assistance	1,433,651	1,158,109	275,542
Comprehensive Services Act	1,036,510	1,272,305	(235,795)
State and local hospitalization	15,410	9,758	5,652
Office on Youth	11,135	67,731	(56,596)
Retired Seniors Program	10,403	10,403	0
New River Community Action	42,004	42,004	0
NRV Disability Services	11,204	11,204	0
Literacy Volunteers of America	3,350	3,350	0
Area Agency on Aging	13,390	13,390	0
Virginia Juvenile Crime	60,606	64,760	(4,154)
Other Welfare	22,387	136,744	(114,357)
Total Welfare/Social Services	\$ 5,094,778	\$ 5,102,290	\$ (7,512)
Total Health and Welfare	\$ 5,434,072	\$ 5,441,584	\$ (7,512)
Education:			
Community Colleges	\$ 13,324	\$ 13,324	\$ 0
Blue Ridge Regional Education	1,268	1,268	0
Total Education	\$ 14,592	\$ 14,592	\$ 0
Parks, Recreation and Cultural:			
Parks and Recreation:			
Parks	\$ 440,916	\$ 251,153	\$ 189,763
Randolph Park	236,408	172,001	64,407
Total Parks and Recreation	\$ 677,324	\$ 423,154	\$ 254,170
Cultural:			
Fine Arts Center	\$ 8,650	\$ 13,650	\$ (5,000)
Friends of Claytor Lake	12,000	12,467	(467)
County Celebration	3,500	5,000	(1,500)
Historical Preservation	5,570	5,570	0
Highland Cultural Coalition	500	500	0
Total Cultural	\$ 30,220	\$ 37,187	\$ (6,967)

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Expenditures-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Function, Activity and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PRIMARY GOVERNMENT: (Continued)			
General Fund: (Continued)			
Parks, Recreation and Cultural: (Continued)			
Library:			
Library	\$ 484,972	\$ 501,172	\$ (16,200)
Total Parks, Recreation and Cultural	\$ 1,192,516	\$ 961,513	\$ 231,003
Planning and Community and Development:			
Planning	\$ 82,240	\$ 97,365	\$ (15,125)
Economic Development	56,145	50,531	5,614
Community Development	64,209	64,160	49
Chamber of Commerce	10,000	10,000	0
New River Highlands	700	700	0
New River Planning District	18,275	18,275	0
Visitors' Center	56,000	34,852	21,148
Greater Pulaski Alliance	200	200	0
Industrial Park Maintenance	8,100	6,114	1,986
Total Planning and Community Development	\$ 295,869	\$ 282,197	\$ 13,672
Environmental Management:			
Skyline Soil Conservation	\$ 5,000	\$ 5,000	\$ 0
Cooperative Extension Program:			
VPI Extension Office	\$ 90,281	\$ 85,216	\$ 5,065
Total Community Development	\$ 391,150	\$ 372,413	\$ 18,737
Debt Service:			
Principal on Debt	\$ 0	\$ 1,215,000	\$ (1,215,000)
Interest on Debt	0	272,377	(272,377)
Total Debt Service	\$ 0	\$ 1,487,377	\$ (1,487,377)
Total General Fund	\$ 14,277,424	\$ 16,418,357	\$ (2,140,933)
Capital Projects Fund:			
<i>Capital Improvements Fund:</i>			
Capital Projects	\$ 2,653,117	\$ 2,628,149	\$ 24,968
Debt Service:			
Principal of Bonds	\$ 607,027	\$ 660,000	\$ (52,973)
Interest on Bonds and other Debt Service Costs	113,052	122,848	(9,796)
Total Debt Service	\$ 720,079	\$ 782,848	\$ (62,769)

COUNTY OF PULASKI, VIRGINIA

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Schedule of Expenditures-Budget and Actual
Year Ended June 30, 2002

<u>Fund, Function, Activity and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PRIMARY GOVERNMENT: (Continued)			
Capital Projects Fund: (Continued)			
<i>Capital Improvements Fund: (Continued)</i>			
Total Capital Improvements Fund	\$ 3,373,196	\$ 3,410,997	\$ (37,801)
Grand Total Expenditures, Primary Government	<u>\$ 17,650,620</u>	<u>\$ 19,829,354</u>	<u>\$ (2,178,734)</u>
COMPONENT UNIT - SCHOOL BOARD			
Special Revenue Funds:			
<i>School Fund:</i>			
Education:			
Administration of Schools	\$ 1,437,820	\$ 1,433,866	\$ 3,954
Instruction Costs:			
Instructional Costs	\$ 25,844,699	\$ 26,363,856	\$ (519,157)
Operating Costs:			
Pupil Transportation	\$ 1,242,012	\$ 1,369,299	\$ (127,287)
School Food	1,813,000	1,710,313	102,687
Operation and Maintenance of School Plant	3,193,190	3,291,967	(98,777)
Total Operating Costs	<u>\$ 6,248,202</u>	<u>\$ 6,371,579</u>	<u>\$ (123,377)</u>
Total Education	<u>\$ 33,530,721</u>	<u>\$ 34,169,301</u>	<u>\$ (638,580)</u>
Capital Projects			
Facilities	\$ 687,840	\$ 482,823	\$ 205,017
Debt Service:			
Principal of Bonds	\$ 407,608	\$ 407,282	\$ 326
Interest on Bonds and other Debt Service Costs	269,482	269,755	(273)
Total Debt Service	<u>\$ 677,090</u>	<u>\$ 677,037</u>	<u>\$ 53</u>
Total School Fund	<u>\$ 34,895,651</u>	<u>\$ 35,329,161</u>	<u>\$ (433,510)</u>
Capital Projects Fund:			
<i>School Construction Fund:</i>			
Capital Projects	\$ 0	\$ 45,993	\$ (45,993)
Grand Total Expenditures- Component Unit-School Board	<u>\$ 34,895,651</u>	<u>\$ 35,375,154</u>	<u>\$ (479,503)</u>

COUNTY OF PULASKI, VIRGINIA

ASSESSED VALUATION OF ALL TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (2)	Machinery & Tools (2)	Merchants' Capital	Public Service	Total
1992-93	\$ 857,501,688	\$ 131,586,368	\$ 37,486,890	\$ 4,517,589	\$ 79,187,553	\$ 1,110,280,088
1993-94	870,850,939	143,457,010	41,604,080	4,276,500	78,311,166	1,138,499,695
1994-95	883,945,567	156,038,611	51,082,196	4,212,740	90,689,553	1,185,968,667
1995-96	899,852,568	186,710,006	61,551,360	4,531,800	81,674,363	1,234,320,097
1996-97	929,051,838	199,251,433	114,743,770	5,179,738	77,140,617	1,325,367,396
1997-98	1,486,718,087	211,664,609	134,342,070	5,290,190	38,737,073	1,876,752,029
1998-99	1,226,465,162	218,636,615	145,169,133	5,208,979	55,697,903	1,651,177,792
1999-00(3)	1,203,723,178	224,149,419	152,479,740	7,085,390	86,520,951	1,673,958,678
2000-01(3)	1,216,537,254	243,929,790	156,636,700	7,649,710	86,547,367	1,711,300,821
2001-02(3)	1,263,351,827	256,306,443	180,434,300	6,940,767	79,355,700	1,786,389,037

(1) Assessment at 100% of value.

(2) Personal property assessments for fiscal years 1987 through 1989 were at 25% of fair value.

(3) Data for personal property tax relief data is included.

PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchants' Capital	Mobile Homes
1992-93	\$ 0.70	\$ 1.50	\$ 1.50	\$ 4.80	\$ 0.70
1993-94	0.70	1.50	1.50	4.80	0.70
1994-95	0.70	1.50	1.50	4.80	0.70
1995-96	0.70	1.50	1.50	4.80	0.70
1996-97	0.70	1.50	1.50	4.80	0.70
1997-98	0.70	1.50	1.50	4.80	0.70
1998-99	0.62	1.50	1.50	4.80	0.62
1999-00	0.62	1.50	1.50	4.80	0.62
2000-01	0.62	2.00	1.50	4.80	0.62
2001-02 (1)	0.66	2.00	1.50	4.80	0.62

(1) Real estate rate increased from \$0.62 to \$0.66 for first half 2002.

COUNTY OF PULASKI, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax(2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes(3)	Percent of Delinquent Taxes to Tax Levy
1992-93	\$ 9,335,423	\$ 8,740,046	93.62%	401,189	\$ 9,141,235	97.92%	\$ 1,339,169	14.35%
1993-94	9,469,580	9,016,996	95.22%	301,320	9,318,316	98.40%	1,241,567	13.11%
1994-95	10,123,687	9,365,858	92.51%	649,731	10,015,589	98.93%	1,757,260	17.36%
1995-96	10,709,346	10,292,937	96.11%	525,381	10,818,318	101.02%	1,614,702	15.08%
1996-97	11,827,990	10,945,904	92.54%	584,265	11,530,169	97.48%	1,682,750	14.23%
1997-98	12,716,787	11,841,315	93.12%	900,621	12,741,936	100.20%	1,533,752	12.06%
1998-99	13,517,106	12,628,853	93.43%	597,383	13,226,236	97.85%	1,661,236	12.29%
1999-00(4)	13,877,601	13,192,813	95.07%	423,490	13,616,303	98.12%	1,664,768	12.00%
2000-01(4)	15,495,202	14,574,007	94.05%	395,508	14,969,515	96.61%	2,158,990	13.93%
2001-02(4)	16,567,173	15,408,834	93.01%	527,959	15,936,793	96.20%	2,450,424	14.79%

Note: (1) Exclusive of penalties and interest.
 (2) Does not include land redemptions for years prior to 1994-95.
 (3) For all years previous to 1994-95, delinquent taxes include three years delinquent taxes.
 Effective 1994-95 delinquent taxes include all prior years delinquent taxes.
 (4) Data for personal property tax relief is included.

RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Population(1)	Assessed Value	Bonded Debt(2)	Ratio of Assessed Value	Net Bonded Capita
1992-93	34,496	\$ 1,110,280,088	\$ 6,842,348	0.0062	198.35
1993-94	34,496	1,138,499,695	6,145,000	0.0054	178.14
1994-95	34,496	1,185,968,667	5,460,000	0.0046	158.28
1995-96	34,496	1,234,320,097	4,730,000	0.0038	137.12
1996-97	34,496	1,325,367,396	3,990,000	0.0030	115.67
1997-98	34,496	1,876,752,029	3,205,000	0.0017	92.91
1998-99	34,496	1,651,177,792	9,890,000	0.0060	286.70
1999-00	34,496	1,673,958,678	9,890,000	0.0059	286.70
2000-01	35,127	1,711,300,821	11,021,522	0.0064	313.76
2001-02	35,127	1,786,389,037	9,954,240	0.0056	283.38

Note: (1) Bureau of the Census
 (2) Includes all long-term general obligation debt

COUNTY OF PULASKI, VIRGINIA

**Ratio of Annual Debt Service Expenditures for General Bonded Debt to
Total General Governmental Expenditures
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1992-93	\$ 651,056	\$ 442,011	\$ 1,093,067	\$ 38,042,740	2.87%
1993-94	697,348	405,044	1,102,392	37,146,433	2.97%
1994-95	685,000	587,356	1,272,356	40,324,721	3.16%
1995-96	730,000	542,994	1,272,994	39,972,975	3.18%
1996-97	740,000	248,702	988,702	42,724,014	2.31%
1997-98	860,515	521,566	1,382,081	47,306,816	2.92%
1998-99 (3)	1,443,815	264,504	1,708,319	52,965,863	3.23%
1999-00	1,029,343	362,447	1,391,790	52,611,461	2.65%
2000-01 (3)	7,115,000	263,486	7,378,486	62,568,520	11.79%
2001-02	2,282,282	664,980	2,947,262	55,204,508	5.34%

(1) Excluded bond issuance and other costs

(2) Includes general, capital project funds and discretely presented component unit.

(3) Principal retirement increased due to issuance of advanced refunding bond

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO THE MEMBERS OF THE BOARD COUNTY OF PULASKI PULASKI, VIRGINIA

We have audited the general purpose and combining financial statements of the County of Pulaski, Virginia, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 1, 2002, which was qualified due to the omission of a general fixed asset account group. 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.

Compliance

As part of obtaining reasonable assurance about whether the County of Pulaski, Virginia's general purpose and combining financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County of Pulaski, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

However, we did note certain matters involving the internal control structure and its operations that we have reported to the management of the County of Pulaski in a separate letter dated November 1, 2002.

This report is intended for the information of management, the Board of Supervisors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified users. However, this report is a matter of public record and its distribution is not limited.

Robinson, Jacome, Co. Associate

Christiansburg, Virginia
November 1, 2002

risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Supervisors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified users. However, this report is a matter of public record and its distribution is not limited.

Robinson, James, & Associates

Christiansburg, Virginia

November 1, 2002

COUNTY OF PULASKI, VIRGINIA

Schedule of Expenditure of Federal Awards
Year Ended June 30, 2002

<u>Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE:		
Pass Through Payments:		
<i>Department of Agriculture:</i>		
Food Distribution-Schools (NOTE B)	10.555	\$ 105,306
Summer Feeding Program (NOTE B)	10.550	844
<i>Department of Social Services:</i>		
State Administrative Matching Grant for Food Stamps Program	10.561	439,226
<i>Department of Education:</i>		
Summer Feeding Program	10.550	10,801
National School Breakfast Program	10.553	153,852
National School Lunch Program	10.555	571,223
Forest Reserve Funds	10.665	6,077
Total Department of Agriculture		\$ <u>1,287,329</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Pass Through Payments:		
<i>Department of Social Services:</i>		
Temporary Assistance for Needy Families	93.558	\$ 407,259
Refugee and Entrant Assistance	93.566	2,088
Low Income Home Energy Assistance	93.568	22,332
Payments to States for Child Care Assistance	93.575	145,803
Child Care and Development	93.596	106,657
Foster Care - Title IV-E	93.568	290,151
Adoptions Assistance	93.659	61,422
Medical Assistance Program	93.778	222,349
Social Services Block Grant	93.667	286,304
Independent Living	93.674	3,657
Total Department of Health and Human Services		\$ <u>1,548,022</u>
DEPARTMENT OF INTERIOR:		
Direct Payments:		
Payment in lieu of taxes - PL 97-258	N/A	\$ 34,442
INSTITUTE OF MUSEUM & LIBRARY SERVICES:		
Pass Through Payments:		
<i>Library of Virginia:</i>		
Public Library Construction & Technology Grant	45.310	\$ 1,000

COUNTY OF PULASKI, VIRGINIA

Schedule of Expenditure of Federal Awards
Year Ended June 30, 2002

<u>Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Federal Disbursements</u>
DEPARTMENT OF JUSTICE:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Drug Control and System Improvement Grant	16.579	\$ 37,500
Crime Victims Assistance	16.575	69,453
Local Law Enforcement Block Grant	16.592	14,796
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Total Department of Justice		\$ 121,749
DEPARTMENT OF NATIONAL COMMUNITY SERVICE:		
Pass Through Payments:		
Department of Education:		
National Community Service Act	90.004	\$ 3,845
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FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Pass Through Payments:		
Department of Emergency Services:		
Emergency Management Preparedness Grant	83.552	\$ 14,982
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DEPARTMENT OF EDUCATION:		
Pass Through Payments:		
<i>Department of Education:</i>		
Education Consolidation and Improvement Act of 1981:		
Adult Education	84.002	\$ 85,291
Title I:		
Financial Assistance to Meet Special Educational Needs of Disadvantaged Children - Programs Operated by Local Education Agencies	84.010	615,053
Class Size Reduction	84.340	209,171
Title II-D and E Projects	84.298	32,457
Title VI-B:		
Assistance to States for Education of Handicapped Children:		
Handicapped Preschool and School Programs	84.027	421,502
Preschool Grant	84.173	37,741
Vocational Education:		
Basic Grants to States	84.048	104,251
Special Projects:		
Goals 2000	84.276	570
Literacy Challenge Grant	84.318	50,026
Reading Excellence Grant	84.338	141,496
Advanced Placement	84.330	392
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Total Department of Education		\$ 1,697,950
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