

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2001

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

BOARD OF DIRECTORS

H. W. Huff, Jr., Chairman

Carl Mathes

Winston Snead

Archa Vaughan, Jr.

J. Mack Baker

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD PULASKI COUNTY PUBLIC SERVICE AUTHORITY PULASKI, VIRGINIA

We have audited the accompanying financial statements of the Pulaski County Public Service Authority, a component unit of the County of Pulaski, Virginia, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Authority'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 Authorities, Boards, and Commissions*, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pulaski County Public Service Authority as of June 30, 2001, and the results of its operations and cash flows 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 October 5, 2001 on our consideration of the Pulaski County Public Service Authority'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 the audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Pulaski County Public Service Authority, taken as a whole.

Robinson, Farmer, Cox Associates

Radford, Virginia
October 5, 2001

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**Balance Sheet
At June 30, 2001**

ASSETS

Cash (Note 2)	\$	1,365,737
Restricted cash (Note 2, 10)		304,236
Receivables (Net of Allowances for for Uncollectibles) (Note 3)		679,804
Proprietary fixed assets (net of accumulated depreciation) (Note 4)		19,319,929
Organization expense (net of amortization)		<u>9,798</u>
 Total Assets	 \$	 <u><u>21,679,504</u></u>

LIABILITIES

Accounts payable	\$	189,849
Interest payable		9,059
Amounts held for others		73,269
Compensated absences (Note 9)		209,366
Proprietary debt-Current portion (Note 6)		234,336
Proprietary debt-Long-term portion (Note 6)		7,619,427
Due the County (Note 7)		<u>578,341</u>
 Total Liabilities	 \$	 <u>8,913,647</u>

EQUITY

Contributed capital:		
Contributions in aid of construction (Note 5)	\$	<u>11,457,407</u>
Retained earnings		
Unreserved	\$	<u>1,308,450</u>
 Total Equity	 \$	 <u>12,765,857</u>
 Total Liabilities and Equity	 \$	 <u><u>21,679,504</u></u>

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
 Statement of Revenues, Expenses and Changes In Retained Earnings
 Year Ended June 30, 2001

Operating revenues:

Garbage service	\$ 2,666,298
Water service	1,508,217
Sewer service	300,415
Reconnection fees	13,210
Operating contribution from Pulaski County	134,388
Penalties and interest on delinquent accounts	71,353
Miscellaneous	<u>40,127</u>
 Total operating revenue	 \$ <u>4,734,008</u>

Operating expenses:*Water and sewer:*

Salaries and fringes	\$ 541,154
Contracted sewer treatment	218,645
Professional services	629,833
Data processing	1,363
Electricity	109,580
Materials and supplies	64,448
Medical and lab supplies	62,044
Repairs and maintenance	22,485
Garage charges	31,597
Telephone	20,445
Permits	8,487
State surcharge	6,849
Insurance	3,760
Miscellaneous	4,008
Printing and binding	453
Uniform and wearing apparel	2,855
Travel	1,084
Depreciation	<u>678,333</u>
 Total water and sewer expenses	 \$ <u>2,407,423</u>

Garbage collection and disposal:

Salaries and fringes	\$ 951,999
Contracted professional services	90,132
Purchase of services	3,194
User charges/NRRA	1,252,004
Garage charges	240,398
Electricity and other utilities	1,452

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
Statement of Revenues, Expenses and Changes In Retained Earnings (Continued)
Year Ended June 30, 2001

<i>Garbage collection and disposal: (Continued)</i>	
Telephone	\$ 1,260
Rent of equipment	20,116
Machinery and equipment	2,015
Insurance	19,215
Uniform and wearing apparel	16,978
Miscellaneous	12,042
Repairs and maintenance	2,373
Materials and supplies	5,143
Depreciation	<u>120,829</u>
Total garbage collection and disposal	\$ <u>2,739,150</u>
<i>Administration:</i>	
Salaries and fringes	\$ 108,524
Administrative fees	63,000
Data processing	41,108
Professional services	14,847
Miscellaneous	1,388
Insurance	2,495
Materials and supplies	1,257
Postage	1,343
Depreciation/Amortization	4,325
Recording fees	111
Maintenance service contract	459
Telephone	308
Printing and binding	<u>342</u>
Total administration	\$ <u>239,507</u>
<i>Street Lighting:</i>	
Lighting	\$ <u>8,893</u>
Total street lighting	\$ <u>8,893</u>
<i>Billing:</i>	
Salaries and fringes	\$ 68,153
Professional services	14,918
Maintenance contract	752
Data processing	49,705
Travel	125
NSF checks	1,097
Machinery and equipment	1,079

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
Statement of Revenues, Expenses and Changes In Retained Earnings (Continued)
Year Ended June 30, 2001

<i>Billing: (Continued)</i>	
Postage	\$ 36,919
Telephone	2,956
Materials and supplies	<u>6,971</u>
Total billing	\$ <u>182,675</u>
Total operating expenses	\$ <u>5,577,648</u>
Operating income (loss)	\$ <u>(843,640)</u>
<i>Non-operating revenues and (expenses):</i>	
Interest earned	\$ 73,930
Interest paid on debt	(379,102)
Connection fees	<u>94,333</u>
Total non-operating revenues (expenses)	\$ <u>(210,839)</u>
Net income (loss)	\$ <u>(1,054,479)</u>
<i>Depreciation on assets acquired or constructed through capital grants</i>	
	\$ <u>481,683</u>
Increase (Decrease) in retained earnings	\$ <u>(572,796)</u>
<i>Retained earnings, beginning of year</i>	\$ <u>1,881,246</u>
<i>Retained earnings, end of year</i>	\$ <u><u>1,308,450</u></u>

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

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2001**

NOTE 2—CASH AND INVESTMENTS: (CONTINUED)

Total Deposits, in Custody of the Pulaski County PSA:	
PSA Office	\$ 1,669,863
Cash on Hand	<u>110</u>
Per Exhibit 1	<u><u>\$ 1,669,973</u></u>

NOTE 3—ACCOUNTS RECEIVABLE:

Accounts receivable are as follows:

	<u>Amount</u>
Water and sewer service	\$ 307,527
Garbage	312,217
Other	75,854
Unbilled receivables	<u>356,495</u>
Sub-Total	<u>\$ 1,052,093</u>
Less: Allowance for doubtful accounts (Liens filed):	
Water and sewer service	\$ (98,366)
Garbage	<u>(273,923)</u>
Sub-Total	<u>(372,289)</u>
Accounts receivable per Exhibit 1	<u><u>\$ 679,804</u></u>

NOTE 4—FIXED ASSETS:

Water and sewer plant	\$ 28,578,852
Land and land rights	127,700
Vehicles and other equipment	<u>1,952,635</u>
Sub-Total	<u>\$ 30,659,187</u>
Less: Accumulated Depreciation	<u>(11,339,258)</u>
Per Exhibit 1	<u><u>\$ 19,319,929</u></u>

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2001

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term indebtedness:

\$708,000 revenue bond, issued April 26, 1976, for the Thorn Spring project, with combined principal and interest payments totaling \$3,441 per month through April, 2016, interest payable at 5%	\$ 431,561
\$181,500 revenue bond, issued February 28, 1978, for the Morgan's Cut project, with combined principal and interest payments totaling \$884 per month through February, 2018, interest payable at 5%	119,330
\$3,405,000 revenue bond, issued April 19, 1978, for the County wide system project, with combined principal and interest payments totaling \$16,855 per month through April, 2018, interest payable at 5%	2,296,904
\$1,925,800 revenue bond, issued October 9, 1980, for the Draper's West project, with combined principal and interest payments totaling \$9,456 per month through October, 2020, interest payable at 5%	1,397,700
\$306,400 revenue bond, issued April 9, 1981, for refuse equipment, with combined principal and interest payments totaling \$1,480 per month through April, 2021, interest payable at 5%	221,820
\$220,000 revenue bond, issued May 18, 1992, for the Brookmont water project, with combined principal and interest payments totaling \$1,072 per month through May 18, 2032, interest payable at 5%	198,638
\$212,367 revenue bond, issued February 19, 1992, for the New River sewer project, with combined principal and interest payments totaling \$1,044 per month through February 18, 2032, interest payable at 5%	192,870
\$98,860 revenue bond, issued April 19, 1994, for the Schrader Hill project, with combined principal and interest payments totaling \$449 per month through April 19, 2034, interest payable at 4.5%	91,688
\$130,000 VRA interest free loan, issued December 1, 1993, for the Schrader Hill project, with semi-annual principal payments totaling \$2,319 through December 1, 2034	104,345
\$402,500 revenue bond, issued March 13, 1995, for the Claytor Lake state park project, with combined principal and interest payments totaling \$1,848 per month beginning on April 13, 1997 until paid in full, interest payable at 4.5%	381,883

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2001**

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term indebtedness:(Continued)

\$498,500 revenue bond, issued March 13, 1995, for the Claytor Lake state park project, with combined principal and interest payments totaling \$2,289 per month beginning on April 13, 1997 until paid in full, interest payable at 4.5%	\$ 463,899
\$2,074,035 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 bond proceeds were used for a PSA owned asset, the County is assuming the debt payments on this bond	<u>1,953,125</u>
Total Long-term obligations	<u>\$ 7,853,763</u>

NOTE 7—ADVANCES DUE THE COUNTY OF PULASKI:

Advances to the Authority by the County of Pulaski amounted to \$578,341 at June 30, 2001, as follows:

A \$179,599 advance was provided on October 9, 1980, bearing interest at the rate of 5% per annum payable on demand	\$ 179,599
A \$76,400 advance was provided in 1979, bearing interest at the rate of 5% per annum payable on demand	76,400
A \$50,000 advance was provided in 1979, bearing interest at the rate of 5% per annum payable on demand	50,000
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 Pepper's Ferry Regional Waste Water Treatment Authority Revenue bonds. This advance was made with no repayment terms	150,000
A loan with a balance of \$122,342 is an interest free loan receivable in 360 monthly payments of \$1,666.60 which began on July 1, 1984. In November 1985, the monthly payment increased to \$1,878.89	<u>122,342</u>
Total advances due the County of Pulaski	<u>\$ 578,341</u>

