

**PULASKI COUNTY
PUBLIC SERVICE AUTHORITY**

FINANCIAL REPORT

For the Year Ended June 30, 2004

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Statement of Net Assets
At June 30, 2004

ASSETS	
Unrestricted current assets:	
Cash	\$ 2,277,334
Receivables (Net of Allowances for for Uncollectibles)	<u>899,716</u>
Total unrestricted current assets	\$ <u>3,177,050</u>
Restricted current assets:	
Restricted cash	\$ <u>332,000</u>
Total current assets	\$ <u>3,509,050</u>
Proprietary fixed assets (net of accumulated depreciation)	\$ 16,952,918
Organization expense (net of amortization)	<u>7,650</u>
Total noncurrent assets	\$ <u>16,960,568</u>
Total Assets	\$ <u>20,469,618</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 170,123
Interest payable	12,244
Amounts held for others	72,945
Proprietary debt - current portion	303,279
Due to the County - current portion	<u>24,425</u>
Total current liabilities	\$ <u>583,016</u>
Noncurrent liabilities:	
Compensated absences	\$ 101,054
Proprietary debt - long-term portion	7,441,587
Due to the County - long-term portion	<u>334,397</u>
Total noncurrent liabilities	\$ <u>7,877,038</u>
Total Liabilities	\$ <u>8,460,054</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 9,208,052
Unreserved	<u>2,801,512</u>
Total Net Assets	\$ <u>12,009,564</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 Net Assets
Years Ended June 30, 2004

Operating revenues:

Garbage service	\$ 2,711,634
Water service	1,681,444
Sewer service	430,739
Street lights	7,722
Reconnection fees	11,790
Penalties and interest on delinquent accounts	92,651
Miscellaneous	<u>16,528</u>
 Total operating revenue	 \$ <u>4,952,508</u>

Operating expenses:

Water:

Salaries	\$ 165,872
Fringes	40,938
Professional services	16,521
County central services	20,341
Other expenses	54,117
Supplies	25,730
Capital outlay less than \$5,000	34,567
Depreciation	<u>369,758</u>
 Total water expenses	 \$ <u>727,844</u>

Water treatment plant:

Salaries	\$ 246,741
Fringes	68,347
Professional services	7,696
Professional services-Gov't	20,296
County central services	3,348
Other expenses	120,985
Supplies	<u>82,707</u>
 Total water treatment expenses	 \$ <u>550,120</u>

Sewer collection and treatment:

Salaries	\$ 42,004
Fringes	9,900
Professional services	8,284
Professional services-Gov't	349,847
County central services	5,931
Other expenses	13,282
Supplies	28,543
Capital outlay less than \$5,000	64,940
Depreciation	<u>369,758</u>
 Total sewer collection and treatment expenses	 \$ <u>892,489</u>

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
Statement of Revenues, Expenses and Changes In Net Assets
Years Ended June 30, 2004

<i>Refuse collection and disposal:</i>	
Salaries	\$ 832,314
Fringes	252,069
Professional services	58,112
Professional services-Gov't	1,125,269
County central services	277,035
Other expenses	50,506
Supplies	5,059
Capital outlay less than \$5,000	8,817
Depreciation	<u>172,571</u>
Total refuse collection and disposal	<u>\$ 2,781,752</u>
<i>Administration:</i>	
Salaries	\$ 64,433
Fringes	19,508
Professional services	82,952
County central services	16,544
Other expenses	19,873
Supplies	311
Capital outlay less than \$5,000	1,217
Depreciation/amortization	<u>7,506</u>
Total administration	<u>\$ 212,344</u>
<i>Street Lighting:</i>	
Lighting	<u>\$ 11,145</u>
Total street lighting	<u>\$ 11,145</u>
<i>Billing:</i>	
Salaries	\$ 41,148
Fringes	15,249
Professional services	13,324
County central services	15,757
Other expenses	38,587
Supplies	9,951
Capital outlay less than \$5,000	<u>3,337</u>
Total billing	<u>\$ 137,353</u>
Total operating expenses	<u>\$ 5,313,047</u>
Operating income (loss)	<u>\$ (360,539)</u>

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2004

<i>Non-operating revenues and (expenses):</i>	
Interest earned	\$ 37,323
Non-operating transfer from the County	123,189
Interest paid on debt	(364,238)
Loan cost	(28,719)
Connection fees	<u>72,178</u>
Total non-operating revenues (expenses)	\$ <u>(160,267)</u>
Net income (loss)	\$ <u>(520,806)</u>
Increase (Decrease) in net assets	\$ <u>(520,806)</u>
<i>Net assets, beginning of year, as restated</i>	\$ <u>12,530,370</u>
<i>Net assets, end of year</i>	\$ <u><u>12,009,564</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, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Government Accounting Standards Board (GASB).

The following is a summary of the more significant policies:

A. The Financial Reporting Entity:

The Authority is a discretely presented component unit of the County of Pulaski, Virginia and is presented as such in the County's financial report for the fiscal year ended June 30, 2004.

B. Basis of Accounting:

Proprietary Funds - The accrual basis of accounting is used for the Authority. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred. The Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (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.

C. Capital Assets:

Capital Assets, which include property, plant and equipment, are reported in the financial statements. Capital assets are defined by the Authority 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not to be capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the current or previous fiscal year.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water & Sewer System	5-50
Equipment	3-10
Buildings	30-50

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2004**

NOTE 4 – PROPRIETARY DEBT:

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

Year Ending June 30,	Water and Sewer Revenue Bonds	
	Principal	Interest
2005	\$ 303,279	\$ 292,654
2006	281,186	311,918
2007	293,803	302,618
2008	301,542	292,455
2009	314,405	281,141
2001-2014	1,779,868	1,199,165
2015-2019	1,839,230	784,939
2020-2024	845,253	480,145
2025-2029	822,806	304,643
2030-2034	899,730	100,634
Totals	<u>\$ 7,681,102</u>	<u>\$ 4,350,312</u>

Changes in Long-Term Debt:

The following is a summary of changes in long-term obligations of the Authority for the fiscal year ended June 30, 2004:

	Balance July 1, 2003	(1) Adjustments	Issuances	Retirements	Balance June 30, 2004
Revenue bonds	\$ 7,756,999	\$ (20,015)	\$ 4,300,000	\$ (4,355,882)	\$ 7,681,102
Premium on revenue bonds	-	-	63,764	-	63,764
Compensated absences	105,890	-	-	(4,836)	101,054
Total	<u>\$ 7,862,889</u>	<u>\$ (20,015)</u>	<u>\$ 4,363,764</u>	<u>\$ (4,360,718)</u>	<u>\$ 7,845,920</u>

(1) See Restatement Note # 7

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2004**

NOTE 4 – PROPRIETARY DEBT: (Continued)

Details of Long-Term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Rural Development (RD) Water and Sewer Revenue Bonds:		
\$212,600 revenue bond, issued February 19, 1992, for the New River sewer project, with combined principal and interest payments totaling \$1,044 monthly through September 2030, interest payable at 5%.	\$ 182,958	\$ 3,380
\$98,860 revenue bond, issued April 19, 1994, for the Stigger Hill project, with combined principal and interest payments totaling \$449 monthly through April, 2034, interest payable at 4.5%.	87,386	1,452
\$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 through March 13, 2035 interest payable at 4.5%	364,811	5,739
\$498,500 revenue bond, issued March 13, 1995, for the Claytor Lake state park project, with combined principal and interest payments totaling \$2,289 monthly through March 13, 2035, interest payable at 4.5%	443,794	7,482
\$2,242,042 revenue bond, issued October 15, 1996, for the Landfill Sewer Line extension line project, with combined principal and interest payments totaling \$11,199 monthly through October 15, 2036, interest payable 4.5%	<u>2,211,721</u>	<u>35,589</u>
Total RD Water and Sewer Revenue Bonds	\$ <u>3,290,670</u>	\$ <u>53,642</u>

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PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2004**

NOTE 4 – PROPRIETARY DEBT: (Continued)

Details of Long-Term Indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Virginia Resource Authority (VRA) Water and Sewer Revenue Bonds:		
\$130,000 interest free loan, issued December 1, 1993 for the Shrader Hill project, with semi annual principal payments totaling \$2,319 through December 1, 2034	\$ 90,432	\$ 4,637
\$4,300,000 revenue bond, issued June 30, 2004 to refinance all GMAC revenue bonds and one Rural Development revenue bond issued May 5, 1992 for \$220,000. The remaining amount was deposited into a Commonwealth Cash Reserve Fund to pay off another Rural Development revenue bond issued February 19, 1992 for \$212,600 at a later date. The bond will mature annually on October 1 in amounts ranging from \$15,000 to \$325,000 through October 1, 2031. Interest is payable semi-annually on October 1 and April 1 at rates varying from 2.9571% to 5.1313%.	4,300,000	245,000
Add: Premium on issuance of \$4,300,000 VRA revenue bond	<u>63,764</u>	<u>-</u>
Total VRA Water and Sewer Revenue Bonds	<u>\$ 4,454,196</u>	<u>\$ 249,637</u>
Other Obligations:		
Compensated absences	<u>\$ 101,054</u>	<u>\$ -</u>
Total Long-term Obligations	<u><u>\$ 7,845,920</u></u>	<u><u>\$ 303,279</u></u>

NOTE 5 – CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:

In accordance with FASB Statement No. 16 "Accounting for Claims, Judgments and Compensated Absences," the Authority has accrued liability arising from outstanding claims, judgments and compensated absences.

The Authority's employees earn vacation leave at various rates. No benefit or pay is received for unused sick leave upon termination. Accumulated vacation is paid upon termination. The Authority has outstanding accrued vacation pay totaling \$101,054.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2004**

NOTE 6 – ADVANCES DUE THE COUNTY OF PULASKI:

Advances to the Authority by the County of Pulaski amounting to \$358,822 at June 30, 2004 were as follows:

A \$179,599 advance was provided on October 9, 1980, bearing interest at the rate of 5% per annum payable on demand.

A \$76,400 advance was provided in 1979, bearing interest at the rate of 5% per annum payable on demand.

A \$50,000 advance was provided in 1979, bearing interest at the rate of 5% per annum payable on demand.

A loan with a balance of \$52,823 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.

NOTE 7 – RESTATEMENT OF BEGINNING NET ASSETS:

Net Assets, as previously reported	\$ 12,226,080
Adjustments:	
Decrease to beginning GMAC revenue bond debt balances	20,015
Decrease in Due to County	150,000
Increase in accounts receivable to reconcile from previous year	<u>134,275</u>
Net Assets, as restated	<u>\$ 12,530,370</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN:

Through the County of Pulaski, Virginia, the Authority contributes to the Virginia Retirement System (VRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. Actuarial information, trend information and the funding status and progress of the plan are included in the annual financial report for the County of Pulaski, Virginia.

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
Comparative Statement of Revenues, Expenses and Changes In Net Assets
Two Years Ended June 30, 2004

	FY 2004	FY 2003
Operating revenues:		
Garbage service	\$ 2,711,634	\$ 3,047,800
Water service	1,681,444	1,533,913
Sewer service	430,739	682,350
Street lights	7,722	1,363
Reconnection fees	11,790	9,664
Penalties and interest on delinquent accounts	92,651	45,721
Miscellaneous	16,528	12,664
	<u>4,952,508</u>	<u>5,333,475</u>
Total operating revenue	\$ 4,952,508	\$ 5,333,475
Operating expenses:		
<i>Water:</i>		
Salaries	\$ 165,872	\$ 179,560
Fringes	40,938	41,407
Professional services	16,521	18,575
County central services	20,341	19,498
Other expenses	54,117	56,639
Supplies	25,730	50,820
Capital outlay less than \$5,000	34,567	25,940
Depreciation	369,758	369,943
	<u>727,844</u>	<u>762,382</u>
Total water expenses	\$ 727,844	\$ 762,382
<i>Water treatment plant:</i>		
Salaries	\$ 246,741	\$ 230,899
Fringes	68,347	56,423
Professional services	7,696	1,517
Professional services-Gov't	20,296	33,990
County central services	3,348	1,741
Other expenses	120,985	108,852
Supplies	82,707	76,485
	<u>550,120</u>	<u>509,907</u>
Total water treatment expenses	\$ 550,120	\$ 509,907
<i>Sewer collection and treatment:</i>		
Salaries	\$ 42,004	\$ 60,749
Fringes	9,900	11,783
Professional services	8,284	948
Professional services-Gov't	349,847	283,523
County central services	5,931	6,923
Other expenses	13,282	32,858
Supplies	28,543	27,042
Capital outlay less than \$5,000	64,940	10,584
Depreciation	369,758	369,943
	<u>892,489</u>	<u>804,353</u>
Total sewer collection and treatment expenses	\$ 892,489	\$ 804,353

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Proprietary Fund Type
Comparative Statement of Revenues, Expenses and Changes in Net Assets
Two Years Ended June 30, 2004

	<u>FY 2004</u>	<u>FY 2003</u>
<i>Non-operating revenues and (expenses):</i>		
Interest earned	\$ 37,323	\$ 48,800
Non-operating transfer from the County	123,189	246,287
Interest paid on debt	(364,238)	(377,049)
Loan cost	(28,719)	-
Connection fees	<u>72,178</u>	<u>86,055</u>
 Total non-operating revenues (expenses)	 \$ <u>(160,267)</u>	 \$ <u>4,093</u>
 Net income (loss)	 \$ <u>(520,806)</u>	 \$ <u>208,998</u>
 Increase (Decrease) in net assets	 \$ <u>(520,806)</u>	 \$ <u>208,998</u>
 <i>Net assets, beginning of year, as restated</i>	 \$ <u>12,530,370</u>	 \$ <u>12,017,082</u>
 <i>Net assets, end of year</i>	 \$ <u><u>12,009,564</u></u>	 \$ <u><u>12,226,080</u></u>

