

**FLOYD - FLOYD COUNTY
PUBLIC SERVICE AUTHORITY**

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Floyd - Floyd County Public Service Authority

Opinion

We have audited the accompanying combined financial statements of the **FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY**, which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of revenues, expenses and changes in fund equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of **FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY** as of June 30, 2023 and 2022 and the changes in its fund equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY** and to meet our ethical responsibilities in accordance with the relative ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **FLOYD-FLOYD COUNTY PUBLIC SERVICE AUTHORITY'S** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is



not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

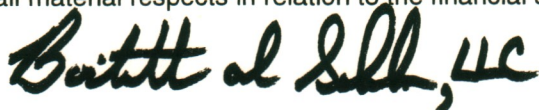
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **FLOYD-FLOYD COUNTY PUBLIC SERVICE AUTHORITY'S** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **FLOYD-FLOYD COUNTY PUBLIC SERVICE AUTHORITY'S** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedules of Revenue & Expenses - Budget and Actual for the Water Fund and Sewer Fund, and Schedule of Pledged Revenues Coverage on pages 18 - 20 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional audit procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Roanoke, Virginia
December 28, 2023

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

COMBINED STATEMENT OF FINANCIAL POSITION

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents		
Operating	\$ 349,403	\$ 564,307
Restricted cash - ARPA grants	697,260	677,767
Restricted cash - Meter deposits	17,780	-
Debt Service Reserve	145,203	142,755
	<u>1,209,646</u>	<u>1,384,829</u>
Accounts receivable - water & sewer services	83,569	79,220
Prepaid expenses	400	400
Total Current Assets	<u>1,293,615</u>	<u>1,464,449</u>
UTILITY PLANT		
Land, structures and equipment	8,309,228	7,860,148
Expansion in process	55,751	200,795
Less - accumulated depreciation	<u>(4,900,163)</u>	<u>(4,646,075)</u>
	<u>3,464,816</u>	<u>3,414,868</u>
 Total Assets	 <u>\$ 4,758,431</u>	 <u>\$ 4,879,317</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	\$ 134,569	\$ 100,588
Deferred outflows related to OPEB	14,305	15,313
Total deferred outflows of resources	<u>148,874</u>	<u>115,901</u>
CURRENT LIABILITIES		
Current portion of Long-term debt	122,677	119,829
Accounts payable	15,655	29,835
Payroll withholdings	-	1,154
Accrued wages	5,788	17,262
Accrued compensated absences	12,708	12,592
Customer deposits	18,086	14,895
Deferred revenue	697,241	677,748
Total current liabilities	<u>872,155</u>	<u>873,315</u>
LONG-TERM DEBT	<u>2,777,048</u>	<u>2,900,003</u>
FUND EQUITY		
Contributions in aid of construction	1,391,485	1,391,485
Equity	<u>(431,131)</u>	<u>(401,387)</u>
Total fund equity	<u>960,354</u>	<u>990,098</u>
 Total Deferred Outflows, Liabilities and Fund Equity	 <u>\$ 4,758,431</u>	 <u>\$ 4,879,317</u>

See accompanying notes.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY

Years ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUE		
Sewer Sales	\$ 589,025	\$ 571,949
Water Sales	388,432	335,769
Connection fees	1,000	6,241
Grant Revenue	192,507	283,623
Miscellaneous	-	130
	1,170,964	1,197,712
EXPENSES		
Salaries	333,440	288,714
Payroll taxes and employee benefits	69,146	40,750
Retirement plan expense	47,434	38,534
Utilities and telephone	77,658	56,636
Chemicals and supplies	26,015	13,850
Repairs and maintenance	154,122	182,844
Testing and lab supplies	29,064	22,920
Sludge removal	11,154	7,777
Insurance and bonds	17,388	16,695
Professional fees	18,660	16,334
Office expense	19,865	13,902
Advertising	2,110	665
Taxes and licenses	-	-
Dues and subscriptions	5,661	5,255
Vehicle expense	17,948	9,754
Depreciation	254,088	244,703
Engineering	9,780	11,225
Training	5,093	2,457
Uniforms	4,881	3,906
Miscellaneous	844	193
	1,104,351	977,114
Total operating expenses	1,104,351	977,114
Net operating income(loss)	\$ 66,613	\$ 220,598

See accompanying notes.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY (Continued)

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
NON-OPERATING REVENUE (EXPENSE)		
Gain on sale of assets	\$ -	\$ 875
Interest income	6,159	4,320
Deferred outflows adjustments	(33,981)	134,548
Interest expense	<u>(68,535)</u>	<u>(74,656)</u>
 Total non-operating revenue (expense)	 <u>(96,357)</u>	 <u>65,087</u>
 Net income/(loss)	 \$ (29,744)	 \$ 285,685
 Fund Equity at beginning of year	 \$ <u>(401,387)</u>	 \$ <u>(687,072)</u>
 Fund Equity at end of year	 \$ <u><u>(431,131)</u></u>	 \$ <u><u>(401,387)</u></u>

See accompanying notes.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

COMBINED STATEMENT OF CASH FLOWS

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ (29,744)	\$ 285,685
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	254,088	244,703
Gain on Sale of Assets	-	(875)
(Increase) decrease in accounts receivable	(4,349)	2,195
Increase (decrease) in accounts payable	(14,180)	17,164
Increase (decrease) in payroll withholdings	(1,154)	180
Increase (decrease) in accrued expenses	(11,358)	7,683
Increase (decrease) in customer deposits	3,191	1,278
Increase (decrease) in pension liability	33,981	(134,548)
Increase (decrease) in OPEB liability	(1,008)	(4,449)
Increase (decrease) in unearned grant revenue	<u>19,493</u>	<u>677,748</u>
Net cash flows provided/(used) by operating activities	<u>248,960</u>	<u>1,096,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of fixed assets	-	875
Payments for fixed assets	(287,880)	(42,296)
Payments for expansion in process	<u>(16,156)</u>	<u>(168,822)</u>
Net cash flows provided/(used) in investing activities	<u>(304,036)</u>	<u>(210,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of long-term debt	<u>(120,107)</u>	<u>(136,064)</u>
Net cash flows provided/(used) by financing activities	<u>(120,107)</u>	<u>(136,064)</u>
Net increase/(decrease) in cash	(175,183)	750,457
Cash and cash equivalents at beginning of year	<u>1,384,829</u>	<u>634,372</u>
Cash and cash equivalents at end of year	<u>\$ 1,209,646</u>	<u>\$ 1,384,829</u>
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	<u>\$ 68,535</u>	<u>\$ 74,656</u>

See accompanying notes.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority's financial statements include the accounts of the water and sewer enterprise funds only. The Authority provides water and sewer services to the County and Town of Floyd. Revenue is generated based on metered consumption of these services to customers. Credit for these services is extended to its customers.

B. Measurement focus and basis of Accounting

The Authority financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for metered water and sewer services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Budgets and Budgetary Accounting

The Authority's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30.

The Authority's main funding source is the revenue generated by water and sewer services. The Authority also applies for Federal and State Grants, to provide funding income to expand the systems. In prior years money was borrowed to expand the systems. Debt service on these notes is provided by the current year revenue from water and sewer sales.

D. Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments (including certificates of deposits), are considered to be a cash equivalent.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Restricted Cash

Restricted cash consists of customer meter deposits and deferred revenue grant funding received from grantors, but with obligations that have not yet been met. Restricted cash funds are maintained in separate bank accounts. Customer meter deposits are returned to customers or applied to final billings upon termination of services with the Authority. Deferred revenue grant funds are released from restricted cash when the obligations have been met.

F. Bad Debts

It is the Authority's policy to shut off its services to overdue accounts and also to apply deposits to unpaid accounts. Consequently, no allowance for bad debt is considered necessary.

G. Land Structures and Equipment

Land, structures and equipment are stated at cost. Depreciation has been reflected in the financial statements over the following estimated useful lives using the straight-line method.

Building	15 - 25 Years
Water/Sewer System	25 - 50 Years
Machinery	5 - 10 Years

Depreciation expense of \$254,088 for the year ended June 30, 2023 and \$244,703 for the year ended June 30, 2022, has been reflected in the financial statements.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Leases

The Authority determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our combined statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our combined statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, we consider factors such as if we have obtained substantially all of the rights to the underlying asset through exclusivity, if we can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

K. Advertising Costs

Advertising costs are expensed as incurred, and amounted to \$2,110 and \$665 for the years ended June 30, 2023 and 2022 respectively.

L. Grant revenue recognition

The Authority receives grants from U.S. Government and various other grantors for direct and indirect program costs associated with specific programs and projects. The grants received from U.S. government are subject to certain restrictions, which are met by incurring qualifying expenses for a particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. Deferred revenues are recorded to recognize receipt of grant funds that have not met grant restrictions.

For unconditional grants, revenue is recognized at the time the grant is received, and the funds are released from restriction when the qualifying expenses have been incurred.

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 2 - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Authority maintains its cash balances in two financial institutions located in Floyd, Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions. As of June 30, 2023, the Authority's uninsured cash balance totaled \$907,765.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Authority manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Authority operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures .

	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 1,209,646	\$ 1,384,829
Contracts and grants receivable	83,569	79,220
Financial Assets at year end	1,293,215	1,464,049
Less amounts not available to be used within one year:		
Restricted cash - ARPA grant funds	(697,260)	(677,767)
Restricted cash - Meter deposits	(17,780)	-
Debt service cash reserves	(145,203)	(142,755)
Financial assets available to meet cash needs for general expenditures within one year	\$ 432,972	\$ 643,527

NOTE 4 - UTILITY PLANT

	2023	2022
A summary of Land, Structures, and Equipment follows:		
Land, structures & equipment - Water Fund	\$ 3,469,533	\$ 3,466,583
Land, structures & equipment - Sewer Fund	4,839,695	4,393,565
	8,309,228	7,860,148
Less accumulated depreciation	(4,900,163)	(4,646,075)
Book value	\$ 3,409,065	\$ 3,214,073

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 5 - LONG-TERM DEBT

Long-Term Debt consisted of the following:

	2023	2022
Water Revenue Bond - Series A, payable to USDA Rural Development, bearing interest at 3.25%, payable in installments of \$6,801 including interest, due June 2043	\$ 1,181,496	\$ 1,223,956
Water Revenue Bond - Series B, payable to USDA Rural Development, bearing interest at 4.5%, payable in installments of \$1,148 including interest, due June 2043	178,002	183,630
Revenue Bond - Series 2017, payable to Floyd County Board of Supervisors, bearing interest at 1.0%. Payable in installments of \$1,840 including interest, due December 2037	307,367	307,367
Virginia Water Facilities Revolving Fund Loan, payable to Virginia Resource Authority, secured by a pledge of water and sewer system revenues, bearing interest at 1.65%, payable in bi-annual installments of \$46,627 including interest, due May 2038	1,232,860	1,304,879
	2,899,725	3,019,832
Subtotal	2,899,725	3,019,832
Less current maturities	122,677	119,829
Long-term debt	\$ 2,777,048	\$ 2,900,003

Principle maturities of Long-term debt are as follows:

<u>For the year ending June 30</u>	
2024	\$ 122,677
2025	144,657
2026	147,855
2027	151,137
2028	154,507
Thereafter	2,178,892
	\$ 2,899,725

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 6 - DEBT SERVICE RESERVES

The Authority secured financing from the US Department of Agriculture Rural Development to fund Water Improvements. The financing agreement requires a minimum of \$95,388 to be secured with a Revenue Bond. The Authority has \$145,203 and \$142,755 of Debt Service Reserves in interest bearing accounts as of June 30, 2023 and 2022 respectively.

NOTE 7 - PENSION PLAN

The Authority's employees are covered under the Virginia Retirement System (VRS) Plan. The plan is an multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The Authority participates in the plan in conjunction with the County of Floyd, Virginia and reports its proportionate information based upon the basis of a cost-sharing plan.

Contributions for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The Authority's Employer contribution rate was 12.80% of covered employee compensation. The rate was based on an Actuarial Valuation as of June 30, 2021. The employer rate when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$47,434 and \$38,534 for the years ended June 30, 2023 and 2022 respectively.

Net Pension Liability ~ The Authority's net pension liability was measured as of June 30, 2022. The total pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2023 and 2022. Creditable compensation was used as a basis for allocation to determine the Authority's proportionate share of the net pension liability. The Authority has Net Pension Liability of \$134,568 and \$100,586 as of June 30, 2023 and 2022 respectively. The financial statements reflect \$33,982 Net Pension expense as of June 30, 2023 and \$134,548 of Net Pension benefit as of June 30, 2022.

Pension Plan Data ~ The Authority has omitted additional details of the plan including, actuarial assumptions discount rates, and long-term expected rates of return, which are required disclosures in accordance with Governmental Accounting Standards. The effect of this omission is not considered material to the financial statements. This same information is publically available for the VRS Plan on their website at www.varetire.org/pdf/publications/2022-annual-report.pdf for the VRS Comprehensive Annual Financial Report

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 8 - COMMITMENTS

In accordance with NCGA Statement of "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the Authority has accrued the liability arising from compensated absences. Under the policies of the Authority, employees earn leave time at a rate depending on years of employment. Accumulated annual leave up to twenty-four days is paid upon termination. The Authority has outstanding accrued annual leave totaling \$12,708 and \$12,592 as of June 30, 2023 and 2022 respectively.

NOTE 9 - LEASES

The Authority does not have any leases in effect for the years ended June 30, 2023 or 2022. Accordingly, no information on Operating leases, Finance leases or Amortization of right-of-use assets have been presented in the financial statements.

As of December 28, 2023, the Authority does not have any additional operating or finance leases that have not yet commenced, nor are they aware of any pending future leases.

NOTE 10 - DEFERRED REVENUE

The Authority received pass thru federal grants from the American Rescue Plan Act (ARPA) with restrictions for repairs and improvements to the Authority's water and sewer infrastructures. The ARPA funds must be obligated on or before December 31, 2024. Any projects that utilized ARPA funds must be completed by December 31, 2026 or the funding must be returned to the federal government.

The schedule below denotes the deferred revenue as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning refundable grant advances	\$ 677,748	\$ -
ARPA grant funds received	177,000	878,543
ARPA grant expenditures incurred	<u>(157,507)</u>	<u>(200,795)</u>
Ending refundable grant advances	<u>\$ 697,241</u>	<u>\$ 677,748</u>

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Authority consists solely of Enterprise Funds created to provide the following services to the general public: Water Service & Sewer Service. Segment information for these Enterprise Funds is summarized below for the year ended June 30, 2023.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Combined</u>
Operating revenues	\$ 405,588	\$ 765,376	\$ 1,170,964
Depreciation	(113,082)	(141,006)	(254,088)
Operating expenses	(403,225)	(447,038)	(850,263)
Non-Operating revenue/(expense)	(50,800)	(45,558)	(96,357)
Net income/(loss)	\$ (161,519)	\$ 131,775	\$ (29,744)
Total assets	\$ 2,435,546	\$ 2,322,886	\$ 4,758,431
Land, structures, and equipment Additions (Disposals)	\$ 2,950	\$ 446,130	\$ 449,080
Net working capital	\$ 450,730	\$ 93,408	\$ 544,137
Long-term liabilities payable from operating revenues	\$ 1,488,863	\$ 1,410,862	\$ 2,899,725
Contribution in aid of construction	\$ 470,668	\$ 920,817	\$ 1,391,485
Total fund equity	\$ (16,299)	\$ (414,833)	\$ (431,131)

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2023, the date which the financial statements were available to be issued in accordance with U.S. generally accepted accounting principles. There were no items noted which required disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF REVENUES & EXPENSES - BUDGET AND ACTUAL

WATER OPERATING FUND

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Water Sales	\$ 384,000	\$ 388,432	\$ 4,432
Connection fees	4,000	1,000	(3,000)
Grants	20,000	16,156	(3,844)
Miscellaneous	-	-	-
Interest income	4,000	5,342	1,342
	<u>\$ 412,000</u>	<u>\$ 410,930</u>	<u>\$ (1,070)</u>
EXPENSES			
Salaries	\$ 158,040	\$ 166,720	\$ (8,680)
Payroll taxes and employee benefits	62,717	58,290	4,427
Utilities and telephone	21,000	28,609	(7,609)
Chemical & supplies	2,000	9,720	(7,720)
Repairs & maintenance	60,000	79,139	(19,139)
Testing & lab supplies	8,000	8,562	(562)
Sludge removal	-	-	-
Insurance & bonds	10,000	8,694	1,306
Professional fees	16,000	9,710	6,290
Office expense	6,300	10,125	(3,825)
Advertising	750	822	(72)
Taxes & licenses	500	-	500
Dues & subscriptions	2,800	2,375	425
Vehicle expense	6,500	9,636	(3,136)
Engineering fees	10,000	4,890	5,110
Training	1,200	2,854	(1,654)
Uniforms	2,000	2,657	(657)
Miscellaneous	250	422	(172)
Capital Projects	-	-	-
Loan Payments	82,000	42,460	39,540
Interest	-	39,151	(39,151)
	<u>\$ 450,057</u>	<u>\$ 484,836</u>	<u>\$ (34,780)</u>
NET INCOME (LOSS)	<u>\$ (38,057)</u>	<u>\$ (73,906)</u>	<u>\$ (35,850)</u>

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF REVENUES & EXPENSES - BUDGET AND ACTUAL

SEWER OPERATING FUND

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Sewer sales	\$ 576,000	\$ 589,025	\$ 13,025
Connection fees	4,000	-	(4,000)
Grants	-	176,351	176,351
Miscellaneous	-	-	-
Interest income	-	817	817
	<u>\$ 580,000</u>	<u>\$ 766,193</u>	<u>\$ 186,193</u>
EXPENSES			
Salaries	\$ 158,040	\$ 166,720	\$ (8,680)
Payroll taxes and employee benefits	62,717	58,290	4,427
Utilities and telephone	34,000	49,049	(15,049)
Chemical & supplies	11,000	16,295	(5,295)
Repairs & maintenance	30,000	74,983	(44,983)
Testing & lab supplies	16,000	20,502	(4,502)
Sludge removal	10,000	11,154	(1,154)
Insurance & bonds	10,000	8,694	1,306
Professional fees	16,000	8,950	7,050
Office expense	6,300	9,740	(3,440)
Advertising	750	1,288	(538)
Taxes & licenses	5,000	-	5,000
Dues & subscriptions	4,000	3,286	714
Vehicle expense	6,500	8,312	(1,812)
Engineering fees	10,000	4,890	5,110
Training	1,600	2,239	(639)
Uniforms	2,000	2,224	(224)
Miscellaneous	250	422	(172)
Capital projects	-	-	-
Loan payments	107,300	77,647	29,653
Interest	-	29,384	(29,384)
	<u>\$ 491,457</u>	<u>\$ 554,069</u>	<u>\$ (62,613)</u>
NET INCOME (LOSS)	<u>\$ 88,544</u>	<u>\$ 212,124</u>	<u>\$ 123,581</u>

FLOYD - FLOYD COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF PLEDGED REVENUES COVERAGE

Year ended June 30, 2023

The Authority secured financing for a Sewer Pump Station and improvements in the 2019 year. The financing agreement requires pledged revenues for the loan. The schedule below denotes the pledged revenues coverage during the finance period.

<u>Fiscal Year</u>	<u>Gross Revenues</u> (1)	<u>Operating Expenses</u> (2)	<u>Net Revenue available for debt service</u>	<u>Principle</u>	<u>Interest</u>	<u>Coverage</u>
2019	736,352	635,032	101,320	33,899	12,728	217%
2020	736,734	641,025	95,709	68,442	24,812	103%
2021	1,164,939	737,536	427,403	69,721	23,533	458%
2022	1,202,032	732,411	469,621	70,681	22,573	504%
2023	1,177,123	850,263	326,860	72,019	21,235	351%

- (1) Operating revenues, interest and connection fees
- (2) Net of depreciation and amortization