



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BVU Authority
A Political Subdivision of the Commonwealth of Virginia

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2021**

Prepared by Accounting Department

BVU AUTHORITY

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

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November 3, 2021

Board of Directors
BVU Authority
And Interested Parties

The Comprehensive Annual Financial Report (Annual Report) of the BVU Authority (BVU) is submitted herewith for the fiscal year ending June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations, and cash flows of BVU.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Organization and Function

BVU was created on July 1, 2010, under the BVU Authority Act, Codified as Chapter 15.2 Section 7200 of the *Code of Virginia* 1950 (as amended). The BVU Authority Act was amended in April 2016. The amendment changed the Board composition and eliminated charitable donations, among other things. This Act grants BVU the necessary and appropriate powers to provide electric, water, and sewer services. The revenues of BVU are based on consumption charges and fees from the system users. BVU does not have taxing authority.

A five-member Board of Directors governs BVU. One director is a citizen of the City of Bristol, Virginia, and is not a member of the Bristol City Council, appointed by the Speaker of the House of Delegates. One director is a member of the Bristol City Council, appointed by the Bristol City Council. One director is a citizen of Washington County and is not a member of the Washington County Board of Supervisors, appointed by the Senate Committee on Rules. One director is a member of the Washington County Board of Supervisors, appointed by the Washington County Board of Supervisors. One director who is a citizen of the City of Bristol, Virginia, is engaged in business, and is not a member of the Bristol City Council. The BVU Board appoints this director. Each of the Board members serves a four-year term. The Board hires the President and CEO, who manages BVU's operations. The Board also annually appoints an outside general counsel and selects an audit firm. The general counsel cannot concurrently serve as the general counsel of either the City of Bristol, VA, or Washington County, VA.

BVU operates the electric distribution system inside the City of Bristol, Virginia, and portions of Washington and Scott Counties, Virginia, and Sullivan County, Tennessee. BVU purchases power from the Tennessee Valley Authority (TVA). TVA provides power through two delivery points at 161 kilovolts (kV). BVU distributes this power to approximately 16,431 customers through a combination of 10 substations, 27 miles of 69kV transmission lines connecting the substations, and 577 miles of overhead distribution circuit lines at 13.2kV. The system has 13,079 poles owned by BVU, 2,709 poles leased from third parties, and 6,136 transformers. BVU leases attachments spaces on its poles to third parties such as communication companies.

BVU operates the water distribution system inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. Raw water is drawn from South Holston Lake under permission from TVA. It is then pumped to BVU's treatment plant located approximately two miles from the water intake. After treatment, BVU distributes the water to about 7,904 customers through a distribution system that consists of 5 water tanks and 161 miles of distribution lines.

BVU also provides wastewater service inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. BVU collects wastewater from approximately 7,720 customers through 141 miles of collection lines. This wastewater is then transported to the Joint Sewerage System (JSS) in Bluff City, Tennessee, for treatment. The JSS is a jointly owned system between BVU and the City of Bristol, Tennessee. After treatment, the treated water is discharged into Boone Lake under a discharge permit issued by the Tennessee Department of Environment and Conservation.

Local Economy

BVU's service area is in the southwestern part of Virginia. It is also a part of the Kingsport-Bristol-Bristol, TN-VA Metropolitan Statistical Area (MSA). The most recent population figure for the areas serviced by BVU (source: University of Virginia Weldon Cooper Center for Public Service) are as follows:

City of Bristol, VA	17,165
Washington County, VA	53,559
Scott County, VA	21,995

Community profile reports prepared by the Virginia Employment Commission reports unemployment rates for each of the localities served by BVU as follows:

City of Bristol, VA	5.7%
Washington County, VA	4.2%
Scott County, VA	4.3%
Kingsport-Bristol, MSA (VA Part)	4.5%
Statewide	4.5%

Long-Term Financial Planning

BVU prepares an annual repair and replacement budget for each division. Part of this process is to identify the long-term needs for each division and determine the best way to address these needs. Funding for these projects comes from either the revenue received by BVU's customers for their utility services or long-term debt.

Relevant Financial Policies

The President and Finance Director prepare a proposed budget for each fiscal year and submit it to the Board for their approval. Each of the three operating divisions has a separate budget prepared for them. Budgetary compliance is monitored and reported to the Board by the President and Finance Director. Projections of both revenues and expenses are understood to reflect anticipated service levels and incorporate various economic, climatic, and demographic forecasts.

BVU's accounting records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred, without regard to receipt or payment of cash. The Electric division follows the accounting guidelines issued by the Federal Energy Regulatory Commission and is regulated by TVA.

Internal controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. Internal control is maintained by the segregation of duties and data security systems in all areas of record-keeping, disbursements, and purchasing authority. All these control systems are reviewed regularly by staff. External auditors also evaluate the control systems as part of their annual audit procedures.

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of BVU by independent certified public accountants selected by the Board. The independent accountants conduct the 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 *Specifications for Audits of Authorities, Boards, and Commissions*, published by the Auditor of Public Accounts of the Commonwealth of Virginia. The independent auditor's report is presented in the Financial Section of this report.

Major Initiatives and Accomplishments

In October 2020, TVA issued a Pandemic Relief Credit for BVU. This credit lowers the wholesale power cost of the electricity purchased by the electric division. BVU chose to pass this credit to our customers. This choice resulted in a retail rate cut of \$0.63 million for all standard electric services, approximately equal to the amount of the reduction in wholesale power cost.

The Basin Area 1107 Sewer Replacement project was completed in February 2021. The project cost was \$3.20 million.

BVU spent \$1.64 million in right-of-way maintenance in FY 2021 related primarily to vegetation management. This was done to improve system reliability for the electric, water, and sewer divisions.

In April 2021, BVU purchased a new 47-foot digger derrick that is on tracks. This vehicle allows us to access steep terrain in our electric service area to reestablish power after a disruption more quickly.

In addition, several capital improvement projects were completed at the JSS. Funding for these projects came from existing reserves. The JSS is a separate reporting entity, so they are excluded from the scope of this audit.

Future Capital Improvements to Sewer Collection System

On December 11, 2018, BVU executed a consent decree with the Virginia Department of Environmental Quality (DEQ) regarding upgrades to its sewer system. Under this decree, BVU agreed to address inflow and infiltration issues regarding the sewer system by either repairing or replacing sewer lines. These projects are to be completed by August 2026. The estimated cost of the improvement is over \$32.00 million. Most of these projects will be funded by issuing bonds. Revenue bonds issued to the Virginia Resources Authority are funding the first two phases of this project.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BVU for its Annual Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparing state and local government financial reports. This is the second time that BVU has received this award.

A Certificate of Achievement is valid for one year only. We believe that the current Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the hard work and dedication of the entire Accounting Department. We would also like to express our appreciation to all the departments who contributed information to prepare this report. We would also like to thank the Board for their continued involvement and support in planning and conducting the financial operation of BVU responsibly and professionally.

Respectfully submitted,



Donald L. Bowman, PE
President and CEO



Matthew T. Boothe, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**BVU Authority
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**BVU AUTHORITY
BACKGROUND INFORMATION
June 30, 2021**

On July 29, 1943, the City of Bristol, VA (City), executed a purchase power contract with the Tennessee Valley Authority (TVA). The original term of this contract was for twenty years. It would expire on June 30, 1965, or twenty years from the date that power was first delivered to the City by TVA. At that time, East Tennessee Light and Power served the residents of BVU's service area. The contract was signed in anticipation of TVA's future expansion into this area.

On April 24, 1945, and May 8, 1945, the Council of the City of Bristol, VA, adopted an ordinance outlined in the minutes of the Council's meetings authorizing the issuance of bonds for \$1.25 million, subject to the later-obtained consent of the qualified voters of the City. The bond proceeds were used to purchase the electric distribution system from TVA. The City sold these bonds on June 28, 1945. These bonds were paid from funds collected through ratepayers' monthly invoices.

On June 12, 1945, the City created a new department known as the Power Board to manage the new electric distribution system when acquired. A five-member board of directors governed the Power Board.

On June 29, 1945, the City executed a contract with TVA to purchase the electric distribution system in Bristol, VA, and the area adjacent to it in the State of VA. The net purchase price was \$1.05 million. TVA previously purchased this system from East Tennessee Light and Power. TVA sold that system to six different entities: Bristol, VA, Bristol, TN, Elizabethton, TN, Johnson City, TN, Mountain Electric Cooperative, and Erwin, TN.

In 1950, the City of Bristol, VA, and the City of Bristol, TN, formed a joint venture called the Joint Sewerage System. This joint venture currently operates under an agreement executed in May 1996.

On November 13, 1951, the City created the Bristol Virginia Utilities Board to manage the electric, water, and wastewater systems. This Board replaced the Power Board on January 1, 1952. A five-member board of directors governed the Utilities Board.

In 1952, BVU began constructing a five-million-gallon Water Treatment Plant at 22479 Watauga Road in Abingdon, VA. It became operational in 1954.

On February 13, 1997, BVU executed a seven-year purchase power contract with Cinergy Companies. This contract became effective on January 1, 1998. BVU ceased buying power from TVA on December 31, 1997.

On July 1, 2000, the BVU Board of Directors voted to create a fiber-optic services fund. This fund operated under the trade name "BVU OptiNet." It initially provided internet and telephone services in part of BVU's service area.

In 2002, BVU moved its headquarters from its previous location in downtown Bristol at 300 Lee Street to its current location in Washington County at 15022 Lee Highway.

**BVU AUTHORITY
BACKGROUND INFORMATION
June 30, 2021**

In 2003, the Virginia legislature allowed BVU to begin offering cable television services. BVU became the first electric utility in Virginia to sell cable television services.

On September 2, 2004, BVU executed a three-year purchase power contract with American Electric Power Service Corporation. This contract became effective on January 1, 2005. BVU ceased buying power from Cinergy Companies on December 31, 2004.

On September 29, 2006, BVU executed a twenty-year power contract with TVA. This contract became effective January 1, 2008. BVU ceased buying power from American Electric Power Service Corporation on December 31, 2007. The agreement would expire in 2026 with five years' advance notice.

On July 1, 2010, the Virginia General Assembly passed the BVU Authority Act. This Act created the BVU Authority as an independent entity. The Authority replaced the Bristol Virginia Utilities Board. A nine-member board governed the Authority.

On July 1, 2016, the General Assembly amended the BVU Authority Act. One part of this amendment reduced the Board of Directors from nine to seven members. This amendment also required separate legal counsel and ended donations made by BVU.

On August 2, 2018, BVU sold the assets of the OptiNet division to Sunset Digital. The proceeds from the sale were used to defease the 2010 revenue bonds related to the OptiNet division. In addition, the electric and water divisions used their existing cash to defease their respective portions of the 2010 revenue bond. The terms of the 2010 bond did not require full repayment until 2034. Upon the sale of the OptiNet assets, BVU's Board of Directors decreased from seven members to five members.

On December 11, 2018, BVU entered a consent decree with the Virginia Department of Environmental Quality (DEQ) regarding upgrades to its wastewater collection system. This order addressed legacy issues related to the 1974 City annexation in Washington County, VA. It also addressed other matters related to closing the industrial park wastewater treatment plant and expansion to the City-owned golf course and landfill in the mid-1990s.

In September 2019, BVU executed an amended wholesale power agreement with TVA. This extended the term to 20 years for TVA to be the wholesale power supplier for BVU. Under this agreement, BVU received a reduction in wholesale purchased power expenses of 3.10%. This reduction is known as the long-term partnership credit. The contract is a rolling contract with a twenty-year notice to terminate.

In 2019, BVU completed a multi-year project to upgrade the electrical system and pumps at the water treatment plant. This project replaced pumps initially installed in the 1970s and electrical equipment dating to the 1950s. This project was paid for out of BVU cash reserves.

In 2019, BVU was awarded the Safety Award of Excellence from the American Public Power Association (APPA). This award recognizes utilities with the lowest safety rate within their groups. BVU is part of Group D, 60,000 to 109,999 worker hours of exposure.

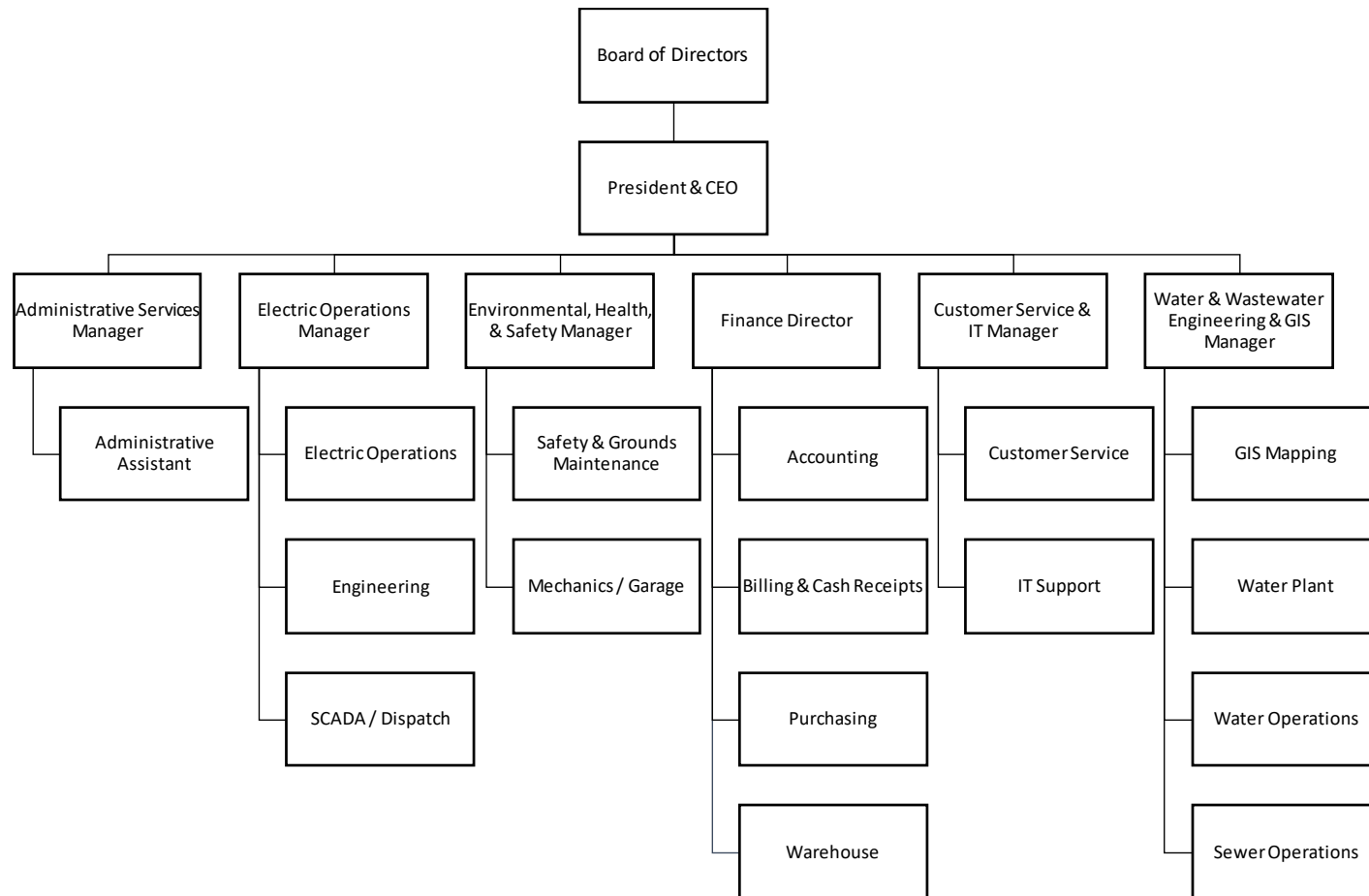
BVU AUTHORITY
BACKGROUND INFORMATION
June 30, 2021

In January 2021, BVU implemented its sixth retail rate reduction since 2017.

In April 2021, BVU was awarded Gold Award for Excellence in Clarification, Filtration, and Backwash from the Virginia Department of Health Office of Drinking Water. BVU has received this award numerous times since its inception. BVU has received the highest honors for the last five years.

In June 2021, BVU was awarded the Certificate of Achievement for Excellence in Financial Reporting (COA) by the Government Finance Officers Association (GFOA). This award recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. This is the second consecutive year that BVU has received this award.

BVU AUTHORITY
ORGANIZATIONAL CHART
June 30, 2021



**BVU AUTHORITY
LIST OF BOARD MEMBERS AND MANAGERS
June 30, 2021**

DIRECTORS

Gary A. Bagnall, Chairman

Richard H. Kiser, Vice Chairman

Scott D. Griffin

Saul A. Hernandez

PRESIDENT and CEO

Donald L. Bowman, P.E.

DEPARTMENT DIRECTORS AND MANAGERS

Richard Adkins, P.E.	Electric Department
Donna Biggs, SHRM	Human Resources/Administrative Services
Matthew Boothe, CPA	Accounting/Purchasing/Billing & Cash Receipts
Brad Griswold, SSEM	Environmental, Health, & Safety/Fleet Management/Building & Grounds
Chris Hall, MBA	Key Accounts/Customer Service/Information Technology
Philip King, P.E., MBA	Water/Wastewater/GIS

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
BVU Authority
Bristol, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of BVU Authority (BVU), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise BVU's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Joint Sewerage System, which represents 5.4% of the assets of BVU. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Joint Sewerage System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material aspects, the financial position of the business-type activities of BVU, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the net pension asset and net OPEB liabilities, as listed in the table of contents, on pages 4-17 and 65-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise BVU's basic financial statements. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021, on our consideration of BVU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BVU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BVU's internal control over financial reporting and compliance.


BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

1. Purpose

The Management's Discussion and Analysis report focuses on BVU Authority's (BVU) fiscal year ending June 30, 2021, resulting changes, and currently known facts. The discussion and analysis section is designed to assist the reader in focusing on BVU's (a) significant financial issues, (b) provide an overview of financial activity, (c) identify significant changes in financial position, and (d) identify any financial concerns. The reader should read this discussion and analysis in conjunction with the basic audited financial statements.

2. Background

In 2010, the Virginia General Assembly created BVU as a political subdivision of the Commonwealth of Virginia. The Act that created BVU was amended in 2016 to reduce the size of the Board and address other changes in roles and authority. A five-member Board of Directors governs BVU. Three operating divisions comprise BVU. They are the Electric, Water, and Wastewater divisions. Through its three operating divisions, BVU provides services to over 32,000 accounts throughout the City of Bristol, Virginia, portions of Washington and Scott Counties, Virginia, and a portion of Sullivan County, Tennessee. A summary of BVU's utility services is listed below:

2.1. Electric

BVU provides electric services inside the City of Bristol, Virginia, portions of Washington and Scott Counties, Virginia, and a portion of Sullivan County, Tennessee. The Tennessee Valley Authority (TVA) sells electricity to BVU under a twenty-year wholesale power contract. This contract contains a twenty-year termination notice. BVU receives power from TVA at two delivery points. The electric system has approximately 27 miles of 69kV transmission lines that connect ten substations to the two delivery points. The distribution system has 577 miles of conductors operated at 13.2kV.

2.2. Water

BVU provides water services inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. Water is drawn from South Holston Lake and treated at BVU's water treatment plant in Washington County, Virginia. The plant has a rated capacity of ten million gallons per day (MGD). After treatment, water is transported to customers. Water plant operations are permitted and regulated by the Virginia Department of Health. The water intake located at the lake has two 750 horsepower (HP) motors capable of transporting 10 MGD. The treatment plant is approximately 2 miles away from the water intake. The treatment plant has a rapid flash mixer, two flocculators, two sedimentation basins, four rapid sand filters, a fluoridation and chlorination system, a backwash system, a one-million-gallon clearwell, and three 450 HP motors. Located throughout the system are five storage tanks that hold the treated water. The system has three pressure-reducing valves and three zones. Approximately 161 miles of water lines comprise the water distribution system.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

2.3. Wastewater

BVU provides wastewater collection services inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. The collection system located in Virginia is permitted and regulated by the Virginia Department of Environmental Quality (DEQ). After collection, the wastewater is transported to Bluff City, Tennessee, treated in a wastewater treatment plant. BVU and the City of Bristol, Tennessee, jointly own the wastewater treatment plant (Joint Sewer System). BVU's ownership interest is recorded as an equity investment. Constructed in 1973, the Joint Sewer System has a rated capacity of 15 MGD. It also has a five-million-gallon surge basin. The Joint Sewer System is licensed and permitted by the Tennessee Department of Environment and Conservation (TDEC). InfraMark®, a third-party contractor, conducts the daily operations of the Joint Sewer System.

3. System Highlights

3.1. Total Accounts

On June 30, 2021, BVU served 32,055 accounts across all three operating divisions. Compared to June 30, 2020, this is a gain of 183 accounts or 0.57%.

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Change</u>	<u>%</u>
Total Accounts	<u>32,055</u>	<u>31,872</u>	<u>183</u>	<u>0.57%</u>

3.2. Electric

The Electric system serviced 16,431 accounts as of June 30, 2021. This is an increase of 100 accounts or 0.61% from June 30, 2020. The Electric system sold 437,396,560 kilowatt-hours (kWh) of electricity. This represents an increase of 1,701,538 kWh or 0.39% from the fiscal year 2020. Large industrial volumes decreased by 5,133,629 kWh or 2.54%. Residential consumption increased by 6,728,633 kWh or 3.48%. Commercial and small industrial consumption increased by 111,762 kWh or 0.32%. Street and outdoor lighting decreased by 5,228 kWh or 0.09%.

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Change</u>	<u>%</u>
Residential	200,052,498	193,323,865	6,728,633	3.48%
Commercial and Industrial	34,690,975	34,579,213	111,762	0.32%
Large Industrial	196,844,541	201,978,170	(5,133,629)	-2.54%
Athletic and Street Lights	<u>5,808,546</u>	<u>5,813,774</u>	<u>(5,228)</u>	<u>-0.09%</u>
Total kWh Sold	<u>437,396,560</u>	<u>435,695,022</u>	<u>1,701,538</u>	<u>0.39%</u>
 Total Accounts	 <u>16,431</u>	 <u>16,331</u>	 <u>100</u>	 <u>0.61%</u>

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

3.3. Water

The Water system serviced 7,904 accounts as of June 30, 2021. This is an increase of 30 accounts or 0.38% from June 30, 2020. The Water system sold 586,228,800 gallons of water. This represents an increase of 5,673,000 gallons or 0.98% from the previous year. The commercial and industrial rate class experienced an increase of 10,092,300 gallons or 3.32%. Residential consumption also decreased by 4,419,300 gallons, or 1.60% from the prior year.

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Change</u>	<u>%</u>
Residential	272,573,800	276,993,100	(4,419,300)	-1.60%
Commercial and Industrial	313,655,000	303,562,700	10,092,300	3.32%
Total Gallons Sold	<u>586,228,800</u>	<u>580,555,800</u>	<u>5,673,000</u>	<u>0.98%</u>
 Total Accounts	 <u>7,904</u>	 <u>7,874</u>	 <u>30</u>	 <u>0.38%</u>

3.4. Wastewater

The Wastewater system serviced 7,720 accounts as of June 30, 2021. This is an increase of 53 or 0.69% from June 30, 2020. Wastewater volumes billed were 730,361,500 gallons. This represents a decrease of 9,514,200 gallons or 1.29% from the previous year. Residential volumes decreased by 11,396,700 gallons, or 3.83%. Volumes at the Industrial Park decreased 3,500,000 gallons or 10.88%. Commercial and industrial volumes grew by 5,382,500 gallons, or 1.31% from the prior year.

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Change</u>	<u>%</u>
Residential	286,494,400	297,891,100	(11,396,700)	-3.83%
Commercial and Industrial	415,187,800	409,805,300	5,382,500	1.31%
Industrial Park	28,679,300	32,179,300	(3,500,000)	-10.88%
Total Gallons Sold	<u>730,361,500</u>	<u>739,875,700</u>	<u>(9,514,200)</u>	<u>-1.29%</u>
 Total Accounts	 <u>7,720</u>	 <u>7,667</u>	 <u>53</u>	 <u>0.69%</u>

4. Overview of the Comprehensive Annual Financial Report (Annual Report)

The Annual Report is presented in four sections: introductory, financial, statistical, and internal control and compliance.

4.1. Introductory Section

The introductory section includes a letter of transmittal submitted by BVU's President and CEO and Finance Director, a listing of Board Members and management, and an organizational chart as of June 30, 2021.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

4.2. Financial Section

The financial section consists of the Independent Auditor's Report, Management's Discussion and Analysis, and BVU's basic financial statements, including notes to the financial statements and required supplementary information, discussed below.

4.2.1. Statement of Net Position

The Statement of Net Position reports BVU's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This statement provides information about the nature and amounts of investments in resources (assets), consumption of net position applicable to future periods (deferred outflows), obligations to creditors (liabilities), and acquisition of net position applicable to future periods (deferred inflows). The reader can use this statement to evaluate the capital structure, liquidity, and financial flexibility of BVU.

4.2.2. Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position reflects the revenue and expense activity of BVU for the fiscal year. This statement allows the reader to measure BVU's profitability and creditworthiness by its operations' financial performance and determine whether BVU has successfully recovered its operating costs through rates, fees, and other charges.

4.2.3. Statement of Cash Flows

The Statement of Cash Flows presents BVU's inflows and outflows of cash during the financial reporting period by reporting cash receipts, cash payments, and the net changes in cash. Cash flows are categorized by operating, capital and related financing, and investing activities.

4.2.4 Notes to the Financial Statements and the Required Supplementary Information

The notes to the financial statements and the required supplementary information provide necessary disclosures essential to a complete understanding of the data provided in the basic financial statements.

4.3. Statistical Section

The statistical section includes selected financial trends, revenue, debt, demographic, and economic information presented on a multi-year basis.

4.4. Internal Control and Compliance Section

The internal control and compliance section contains the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Schedule of Findings and Responses.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

5. Condensed Financial Statements

The following financial statements are in condensed form. Full statements are in the audit report.

5.1. Statement of Net Position

The following table reflects the condensed Statement of Net Position for BVU compared to the prior fiscal year.

Statements of Net Position June 30, 2021 and 2020 (in thousands of dollars)		
	2021	2020
Assets		
Current Assets	\$ 42,252	\$ 44,451
Non-Current Assets	32,362	26,647
Capital Assets, Net	61,393	58,246
Total Assets	<u>136,007</u>	<u>129,344</u>
Deferred Outflows of Resources	<u>1,082</u>	<u>874</u>
Liabilities		
Current Liabilities	7,902	8,488
Non-Current Liabilities	9,300	6,167
Total Liabilities	<u>17,202</u>	<u>14,655</u>
Deferred Inflows of Resources	<u>3,088</u>	<u>2,342</u>
Net Position		
Net Investment in Capital Assets	53,682	55,157
Restricted - Net Pension Asset	2,894	1,629
Unrestricted	60,223	56,435
	<u>\$ 116,799</u>	<u>\$ 113,221</u>

5.1.1. Assets

Total assets increased by \$6.66 million or 5.15%. There are two main reasons for this increase. First is an increase in Non-Current Assets of \$5.72 million or 21.45%. The second is an increase in Capital Assets of \$3.15 million or 5.40%.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

5.1.2. Current Assets

Current assets decreased by \$2.20 million or 4.94%. Cash and cash equivalents decreased by \$3.11 million or 15.17%. The most significant portion of this decrease is due to a transfer of funds to create a reserve fund for future retiree health insurance benefits.

5.1.3. Non-Current Assets

Non-current assets increased by \$5.72 million or 21.45%. Investments – Reserves increased by \$2.39 million or 36.61%. This increase is due to a cash transfer to establish a reserve fund for future retiree health insurance benefits. Cash – Reserves increased by \$1.96 million or 22.18%. This increase is due to an increase in the repair and replacement reserves. There has been an increase in the repair and replacement budgets.

5.1.4. Capital Assets, Net

Capital Assets, Net increased by \$3.15 million or 5.40%. This increase is due to work in process on two sewer improvement construction projects. Note 5 of the Financial Statements contains additional information related to capital assets.

5.1.5. Deferred Outflows of Resources

Deferred outflows of resources increased by \$0.21 million or 23.80%. This change is due to current year activity related to other post-employment benefits.

5.1.6. Liabilities

Total liabilities increased by \$2.55 million or 17.38%. This increase is due to debt related to work in process on two sewer improvement construction projects.

5.1.7. Current Liabilities

Current and other liabilities decreased by \$0.59 million or 6.89% in the current fiscal year. This decrease is due to reduced accounts payable and accrued liabilities related to invoices for the two sewer improvement construction projects.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

5.1.8. Non-current Liabilities

Non-current liabilities increased by \$3.13 million or 50.82%. Notes payable increased by \$4.42 million or 160.01%. This increase is due to the debt incurred for the work in process on the two sewer improvement construction projects. Note 6 to the Financial Statements contains additional details related to long-term debt.

The net OPEB liability decreased by \$1.28 million or 46.46%. This decline is a result of a decrease in the post-employment liabilities for retiree health insurance.

5.1.9. Deferred Inflows of Resources

Deferred inflows of resources increased by \$0.75 million or 31.85%. This change is due to current year activity related to other post-employment benefits.

5.1.10. Change in Net Position

Net position increased by \$3.58 million for the fiscal year, with an ending net position of \$116.80 million compared to the fiscal year 2020 net position of \$113.22 million. This increase is due to current year earnings from operations.

5.2. Statement of Revenues, Expenses, and Changes in Net Position

The following table reflects the condensed statement of Revenues, Expenses, and Changes in Net Position for BVU compared to the prior year.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2021 and 2020
(in thousands)

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	\$ 50,232	\$ 50,672
Rent From Property	1,119	1,160
Forfeited Discounts and Penalties	68	288
Connections and Transfers	245	283
Other	428	302
Total Operating Revenues	<u>52,092</u>	<u>52,705</u>
Operating Expenses		
Electric Wholesale Power	32,410	33,497
Electric Operations and Maintenance	4,034	3,457
Water Operations and Maintenance	1,059	1,026
Wastewater Operations and Maintenance	1,673	1,597
Billing and Collection	2,161	2,120
General and Administrative	2,929	4,594
Depreciation	4,046	3,921
Total Operating Expenses	<u>48,312</u>	<u>50,212</u>
Operating Income	3,780	2,493
Non-Operating Expenses		
Other Income (Deductions)	(162)	313
Interest Expense	(41)	(46)
Total Non-Operating Expenses	<u>(203)</u>	<u>267</u>
Change in Net Position	3,577	2,760
Net Position at July 1	<u>113,221</u>	<u>110,461</u>
Net Position at June 30	<u>\$ 116,798</u>	<u>\$ 113,221</u>

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

5.2.1. Charges for Services

BVU's total operating revenue was \$52.09 million, a decrease of \$0.61 million or 1.16%. The main reason for this is a combination of rate cuts in the Electric department and a reduction in forfeited discounts and penalties. BVU implemented a rate reduction for all standard service electric customers that went into effect on January 1, 2021. At two separate times during the fiscal year, BVU voluntarily suspended disconnects of our customers in response to the ongoing COVID 19 pandemic. During these suspension periods, BVU did not charge any fees generally associated with late payments and disconnects.

5.2.2. Operating Expenses

BVU's total operating expenses were \$48.31 million, a \$1.90 million or 3.78% decrease. Electric wholesale power decreased by \$1.09 million or 3.25%. This decrease is due to the implementation of the Pandemic Relief Credit issued by TVA beginning in October 2021. Also, FY 2021 contained a full 12 months of the Partnership Credit from TVA compared to only ten months in FY 2020. General and administrative expenses dropped \$1.67 million, a decrease of 36.24% over FY 2020. This reduction is due to a change in the retiree health insurance post-employment benefit plan and the net pension asset increase.

5.2.3. Operating Income

BVU's operating income was \$3.78 million, an increase of \$1.29 million or 51.62%. Savings in wholesale purchased power from TVA, and post-employment benefits drove this increase.

5.2.4. Non-Operating Revenue (Expenses)

Total non-operating revenue (expenses) was (\$0.20) million, a decrease of \$0.47 million or 176.03%. There was a larger loss in the Joint Sewer System. The loss is \$0.29 million in FY 2021 and was \$0.18 million in FY 2022. \$0.09 million of grant revenues were received in FY 2020 that were not received during FY 2021. There was also a decrease in interest income due to lower rates being earned from deposits with the Virginia Investment Pool.

5.2.5. Change in Net Position

BVU's net position increased by \$3.58 million for the year ended June 30, 2021. This increase is due to the results of current year operations.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

5.3. Statement of Cash Flows

The following table reflects the condensed Statement of Cash Flows for BVU compared to the prior year.

Statements of Cash Flows June 30, 2021 and 2020 (thousands of dollars)		
	2021	2020
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 51,225	\$ 53,094
Payments of Customer Deposits	122	92
Payments to Employees	(6,453)	(5,086)
Payments to Suppliers	(40,734)	(41,237)
Net Cash Provided By (Used For)		
Operating Activities	4,160	6,863
Cash Flows from Capital & Related		
Financing Activities		
Proceeds from Issuance of Debt	4,947	1,761
Proceeds from Sale of Equipment	174	72
Interest Paid on Capital Debt	(41)	(47)
Principal Paid on Capital Debt	(326)	(126)
Acquisition and Construction of Capital Assets	(7,295)	(5,795)
Net Cash Provided By (Used For)		
Capital & Related Financing Activities	(2,541)	(4,135)
Cash Flows from Investing Activities		
Interest Received	56	567
Capital Contribution to Joint Sewer System	(275)	(275)
Purchase of Investments	(2,422)	(813)
Net Cash Provided By (Used For)		
Investing Activities	(2,641)	(521)
Net Increase in Cash and Cash Equivalents	(1,022)	2,207
Cash and Cash Equivalents, Beginning of the Year	31,057	28,850
Cash and Cash Equivalents, End of the Year	\$ 30,035	\$ 31,057

**BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

5.3.1. Cash Flows from Operating Activities

BVU's annual cash flow from operating activities was \$4.16 million in FY 2021 compared to \$6.86 million in FY 2020. There was both a decrease in receipts from customers and users and an increase in payments to employees. The reduction in receipts from customers is due to a decrease in rates in the Electric division. The increase in payments to employees is due to changes in post-employment benefits. A combination of an increase in the net pension asset and a decrease in the retiree health insurance liability, and related deferred inflows and deferred outflows of resources, resulted in a change of \$2.01 million in the payments to employees.

5.3.2. Cash Flows from Capital and Related Financing Activities

There was a decrease in cash flows from capital and financing activities of \$2.54 million in FY 2021 compared to a reduction of \$4.14 million in FY 2020. Payments for the construction of capital assets were \$7.30 million, driven mainly by the projects related to the consent order in the wastewater department. Principal paid on capital debt was \$0.33 million in FY 2021 compared to \$0.13 million in FY 2020. BVU made the first payment on the debt related to the first phase of consent order projects in the spring of FY 2021. Proceeds from debt were \$4.95 million. These debt proceeds were for the consent order projects.

5.3.3. Cash Flows from Investing Activities

Cash flows used by investing activities were \$2.64 million in FY 2021 compared to \$0.52 million in FY 2020. In FY 2021, BVU transferred \$2.39 million to fully fund a reserve fund for the projected future costs of the retiree health insurance plan. Interest received dropped to \$0.06 million in FY 2021 from \$0.57 million in FY 2020. This decline is due to a drop in interest rates earned in the Virginia Investment Pool.

6. Other Matters of Significance

6.1. Auditor of Public Accounts report

The APA performed an audit of BVU because of changes to the BVU Authority Act. This audit examined all areas of BVU and contained 56 recommendations. The APA's report was issued in October 2016. Both BVU management and the Board take these recommendations seriously and are working to implement these recommendations. The final report is located at <http://www.apa.virginia.gov/reports/BVUA2016-web.pdf>. The status is as follows:

- 46 are fully implemented,
- 5 are waiting on the action of third parties and are outside of BVU's control,
- 4 are nearing completion or partially implemented, and
- 1 is a continuing or ongoing generic recommendation.

Management anticipates that all the findings that don't require third-party action will be fully addressed by June 30, 2022.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

6.2. Inter-department debt

There are two different inter-department notes between BVU divisions. Both notes are consolidated on the basic financial statements.

6.2.1. Inter-department debt between the Electric and OptiNet systems

One of the findings from the APA was an inter-department loan from the Electric system to the OptiNet system was improperly removed from financial statements in FY 2007. Prior management removed this loan without formal action by the Board. The audit conducted by the APA determined that Virginia law on July 1, 2006, permitted BVU to cross-subsidize internet services, but not cable and telephone. As a result, the portion of the debt related to cable and telephone services was reinstated by the BVU Board on June 23, 2017. The loan has an outstanding balance of \$14.72 million. Payments began in January 2021.

6.2.2. Inter-department debt between the Sewer and Water systems

In FY 2019, BVU defeased its 2010 VRA Refunding Bond Debt. The Board approved a loan for \$1.70 million between the Water and Wastewater Divisions to accomplish this. The note has a principal balance of \$1.51 million as of June 30, 2021. The Water Division is repaying the loan based on the terms of the note.

6.3. Long Term Debt

In January 2020, BVU issued a \$7.86 million revenue bond to the Virginia Resources Authority (VRA). The proceeds are for two sewer improvement construction projects. As of June 30, 2021, BVU has drawn down \$6.51 million on this revenue bond.

6.4. Electric Division Rate Cuts

Effective January 1, 2021, TVA approved a temporary local rate adjustment to reduce all standard service, electric rate classes, by approximately \$0.63 million per year, based on average weather and customer usage. This adjustment is tied to the Pandemic Relief Credit issued by TVA. It is scheduled to expire at the end of September 2022. BVU's rate adjustment is timed to expire when the TVA credit ceases.

As part of the TVA Electric Power Contract, BVU must evaluate rates to determine if there are sufficient funds to maintain system reliability and cover anticipated operating expenses and adequate reserves. TVA's review validates that BVU has the adequate financial strength to adjust rates lower. BVU anticipates further rate reviews in FY 2022.

**BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

6.5. Consent Order on the Sewer Division

In December 2018, BVU executed a corrective action plan, also known as a Consent Order, with the Virginia Department of Environmental Quality (DEQ) to correct overflow events along a portion of two sewer zones. Preliminary estimates are that the actions will take approximately eight years to complete at an estimated cost of \$32.00 million to \$40.00 million. BVU intends to use its existing cash reserves, annual free cash flow, and loans to complete the projects within the time frames established by DEQ.

6.6. COVID-19

In March 2020, BVU voluntarily suspended service disconnects due to COVID-19. BVU also suspended late fees at this time. This voluntary suspension remained in effect until August 2020. A second voluntary suspension was implemented in November 2020 and lasted until July 2021. In FY21, BVU disconnected 1,304 customers. In FY20, BVU disconnected 1,690. This is a decrease of 396 customers. BVU also saw a drop in forfeited discounts and penalties of \$0.22 million from FY20 to FY21.

6.7. Long Term Debt

In July 2020, BVU received a commitment letter from the VRA for \$7.29 million. This amount includes \$1.83 million in principal forgiveness, resulting in a net payable amount of \$5.46 million. These funds are for the second phase of sewer projects related to the DEQ Consent Order. The second phase of the project will be awarded in FY 2022.

6.8. City Lawsuit

In July 2020, BVU was sued by the City of Bristol, VA (City) for \$6.50 million in Bristol Circuit Court. The City is claiming this amount is due to them from the sale of OptiNet in 2018. The case was removed to the Federal District Court located in Abingdon, Virginia. The parties are currently in mediation. A trial date has not been scheduled.

6.9. BVU Counterclaim

In August 2020, BVU filed a lawsuit against the City for the return of properties in and around 300 Lee Street and rent. The properties were purchased by BVU. The parties are currently in mediation. A trial date has not been scheduled.

**BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

7. Subsequent Events

7.1. Temporary Electric Rate Cut

In August 2021, the BVU Board approved a temporary rate cut across all standard rate classes for \$0.63 million. This cut is possible because TVA passed a temporary wholesale rate cut called the Pandemic Recovery Credit. Once approved by TVA, BVU's retail rate cut will go into effect in October 2021. When TVA removes its temporary wholesale power rate cut, BVU will also remove its temporary retail rate cut.

7.2. Purchase of Substation Transformers

In July 2021, BVU signed a contract to purchase three new 69kV to 13.2kV substation transformers. These transformers will replace aging equipment. The total cost for the project is estimated at \$1.81 million. Delivery is expected by the end of FY 2022.

BASIC FINANCIAL STATEMENTS

BVU AUTHORITY
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 17,382,262
Investments	16,551,909
Accounts Receivable, Net of Allowance	5,778,097
Notes Receivable	44,401
Other Receivables	724,142
Due from Other Governmental Entities	322,740
Prepays	425,221
Inventories	1,014,241
Other Current Assets	9,402
Total Current Assets	<u>42,252,415</u>

Noncurrent Assets

Restricted Cash - Customer Deposits	1,829,334
Cash - Reserves	10,823,350
Investments - Reserves	8,931,992
Restricted Investments	567,775
Notes Receivable	17,979
Investment in Joint Sewerage System	7,298,250
Net Pension Asset	2,893,587
Capital Assets, Net	61,392,611
Total Noncurrent Assets	<u>93,754,878</u>

TOTAL ASSETS

136,007,293

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to OPEB	288,418
Deferred Outflows Related to Pension	<u>793,844</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES

1,082,262

(Continued)

BVU AUTHORITY
STATEMENT OF NET POSITION
June 30, 2021

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	4,221,518
Accrued Interest Payable	9,587
Accrued Payroll and Related Liabilities	34,374
Customer Security Deposits	1,829,334
Due to Other Governmental Entities	867,520
Unearned Revenue	27,089
Notes Payable	526,468
Compensated Absences	386,433
Total Current Liabilities	<u>7,902,323</u>

Noncurrent Liabilities

Notes Payable	7,183,877
Compensated Absences	641,501
Net OPEB Liabilities	1,475,249
Total Noncurrent Liabilities	<u>9,300,627</u>

TOTAL LIABILITIES	<u>17,202,950</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to OPEB	1,656,574
Deferred Inflows Related to Pension	1,431,463

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,088,037</u>
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NET POSITION

Net Investment in Capital Assets	53,682,266
Restricted - Net Pension Asset	2,893,587
Unrestricted	<u>60,222,715</u>

TOTAL NET POSITION	<u><u>\$ 116,798,568</u></u>
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See accompanying notes to the financial statements.

BVU AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

OPERATING REVENUES	
Charges for Services	\$ 50,231,585
Rent from Property	1,119,289
Forfeited Discounts and Penalties	68,992
Connections and Transfers	244,825
Other	427,664
	<hr/>
TOTAL OPERATING REVENUES	52,092,355
	<hr/>
OPERATING EXPENSES	
Electric Wholesale Power	32,410,046
Electric Operations and Maintenance	4,033,610
Water Operations and Maintenance	1,058,798
Wastewater Operations and Maintenance	1,673,049
Billing and Collection	2,161,535
General and Administrative	2,929,048
Depreciation	4,045,918
	<hr/>
TOTAL OPERATING EXPENSES	48,312,004
	<hr/>
OPERATING INCOME	3,780,351
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	55,590
Interest Expense	(40,605)
Loss on Investment in Joint Sewerage System	(286,569)
Gain on Disposal of Assets	68,597
	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(202,987)
	<hr/>
Change in Net Position	3,577,364
	<hr/>
NET POSITION, JULY 1, 2020	113,221,204
	<hr/>
NET POSITION, JUNE 30, 2021	\$ 116,798,568
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See accompanying notes to the financial statements.

BVU AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 51,225,470
Receipts of Customer Deposits	121,581
Payments to Suppliers	(40,734,157)
Payments to Employees	<u>(6,452,807)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,160,087</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Equipment	174,219
Acquisition and Construction of Capital Assets	(7,294,918)
Proceeds from Debt	4,947,459
Principal Paid on Capital Debt	(325,901)
Interest Paid on Capital Debt	<u>(41,641)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,540,782)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Contribution to Joint Sewerage System	(275,000)
Purchase of Investments	(2,421,464)
Interest Received	<u>55,590</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(2,640,874)</u>
Net Decrease in Cash and Cash Equivalents	(1,021,569)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,056,515</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 30,034,946</u></u>
RECONCILIATION TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	\$ 17,382,262
Restricted Cash - Customer Deposits	1,829,334
Cash - Reserves	<u>10,823,350</u>
	<u><u>\$ 30,034,946</u></u>

(Continued)

BVU AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 3,780,351
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	4,045,918
Unrealized Gain on VIP Accounts	(3,548)
(Increase) Decrease in Assets	
Net Accounts Receivable	(554,935)
Notes Receivable	41,914
Other Receivables	(158,021)
Due from Other Governmental Entities	(69,242)
Prepays	(32,612)
Inventories	(88,354)
Other Current Assets	(185,091)
Net Pension Asset	(1,264,185)
(Increase) Decrease in Deferred Outflows of Resources	(207,908)
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	(714,634)
Accrued Payroll and Related Liabilities	(2,036)
Customer Security Deposits	121,581
Due to Other Governmental Entities	(3,986)
Unearned Revenue	661
Net OPEB Liabilities	(1,279,952)
Compensated Absences	(11,573)
Increase (Decrease) in Deferred Inflows of Resources	745,739

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 4,160,087</u></u>
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See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As of July 1, 2010, BVU Authority (BVU) was created from the separately managed and financed division of the City of Bristol, Virginia (the City), formerly known as Bristol Virginia Utilities, by an act of the General Assembly of the Commonwealth of Virginia. BVU was governed by a Board of Directors consisting of seven members. Once the sale of the OptiNet division assets occurred on August 2, 2018, the Board of Directors was reduced from seven to five members. The Board of Directors consists of a chairman, vice chairman, and three other Board members.

BVU has three operating divisions consisting of Electric, Water, and Wastewater. BVU has two discontinued divisions, OptiNet and CPC OptiNet, as a result of the sale in August 2018. BVU had an agreement with Cumberland Plateau Company, Inc. (CPC) and Cumberland Plateau Planning District Commission (CPPDC) that formed CPC OptiNet to construct, maintain and operate the fiber optic system in the CPC/CPPDC four-county area. The Virginia Auditor of Public Accounts (APA), as required by legislation of the Virginia General Assembly, conducted an audit of BVU and issued their report in October 2016. In accordance with the APA's audit recommendation, the CPC OptiNet activity is included as another division of BVU.

The basic financial statements of BVU have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Joint Venture

BVU, along with the City of Bristol, Tennessee, established a jointly-owned wastewater facility located in Bluff City, Tennessee. The two are joint equitable owners of the facility. A six-member Sewer Oversight Committee has advisory authority with respect to the facility. Each equitable owner appoints three members to the Oversight Committee. BVU has an ongoing financial interest in this joint venture and has recorded this as an investment. Separate financial statements of the Joint Sewerage System are available and may be obtained by writing to BVU Authority at P.O. Box 8100, Bristol, Virginia 24203.

BVU has a receivable of \$322,740 from the Joint Sewerage System as of June 30, 2021.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Venture (Continued)

Revenues	\$ 3,390,819
Expenses	<u>(3,413,959)</u>
Change in Net Position	(23,140)
Net Position - Beginning	<u>15,491,640</u>
Net Position - Ending	<u><u>\$ 15,468,500</u></u>
Assets	\$ 16,258,179
Liabilities	<u>(789,679)</u>
Net Position	<u><u>\$ 15,468,500</u></u>

B. Measurement Focus and Basis of Accounting

BVU's financial statements are reported using the *economic resources measurement focus* and 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.

BVU distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with BVU's principal ongoing operations. The principal operating revenues of BVU are charges to customers for sales and services. BVU also recognizes as operating revenue the portion of available charges intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Joint Administration

BVU utilizes a joint administrative department for the Electric, Water, and Wastewater operations, which includes accounting, administration, billings, and collections. The shared administration, customer service, and other general expenses are allocated monthly based on the number of customers serviced by each division, operating revenues of each division, and plant in service of each division. For the year ended June 30, 2021, the expenses of this department were allocated 64.41% to the electric system, 19.06% to the water system, and 16.53% to the wastewater system.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

BVU considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments in the Virginia Investment Pool (VIP) are carried at amortized cost, which approximates fair value. BVU's investment practices are governed by its formal investment policy.

F. Accounts Receivable

Billings for services rendered by the electric, water, and wastewater systems are handled by Central Service Association (CSA). CSA provides separate revenue billings for each system, but is unable to render separate detailing of accounts receivable. As a result, the electric division "purchases" the accounts receivable from the water and wastewater divisions monthly. Accounts deemed uncollectible attributable to the water or wastewater systems are charged back against those systems as bad debt expense.

G. Allowance for Uncollectible Accounts

BVU provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection data and specific account analysis. It is reasonably possible that the estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$273,741 at June 30, 2021.

H. Inventories

Inventories, consisting of materials and supplies, are valued at the average unit acquisition price.

I. Capital Assets

Capital assets are defined by BVU as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years except for certain Electric division assets where capitalization is determined by TVA. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method either by individual asset or the composite method for assets such as electric poles over the following estimated useful lives:

Utility Systems	10 – 50 years
Buildings	8 – 50 years
Equipment, Machinery and Vehicles	3 – 20 years

J. Compensated Absences

BVU has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. BVU has items that qualify for reporting in this category. The items include pension and other post-employment benefits (OPEB) changes in experience, assumptions, investment earnings, and contributions to the pension and OPEB plans subsequent to the respective measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. BVU has items which are required to be reported as deferred inflows for the year ended June 30, 2021 which include the pension and OPEB changes in experience, proportions, and assumptions.

L. Pension

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of BVU's Retirement Plan and the additions to/deductions from BVU's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the VRS.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pension (Continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. OPEB - Group Life Insurance

The VRS Group Life Insurance Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

All cash and certificates of deposit of BVU are 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.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, BVU's deposits may not be returned to it. BVU's policy for custodial credit rate risk on deposits is to follow state statutes.

At year-end, BVU had \$3,000 of cash on hand, which has been included in cash and cash equivalents. BVU's carrying amount of deposits, including restricted cash, was \$30,031,946. The entire bank balance was collateralized in accordance with the Virginia Security for Public Deposits Act or covered by the Federal Deposit Insurance Corporation (FDIC).

Investments

The Board has adopted an investment policy that sets forth the guidelines for BVU's investment of funds. These guidelines are in accordance in Virginia statutes governing public funds. The statutes authorize BVU 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, the State Treasurer's Local Government Investment Pool (LGIP), and the VIP.

BVU invested funds in the VIP Stable NAV Liquidity Pool which is rated AAAM by Standard's & Poor (S&P) during the year ended June 30, 2021. VML/VACo Finance is the administrator of VIP and Public Trust Advisors, LLC (PTA) serves as the Investment Manager. The investments are measured at the net asset value (NAV). The investments are reported on the statement of net position as follows:

Investments	\$ 16,551,909
Investments - Reserves	8,931,992
Restricted Investments	<u>567,775</u>
Total Investments	<u><u>\$ 26,051,676</u></u>

Restricted Assets

Restricted assets consist primarily of customer deposits and reserve accounts related to the Virginia Resource Authority loans payable (see note 6).

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - NOTES RECEIVABLE

BVU had a program whereby qualifying homeowners could obtain interest-bearing loans to pay for energy conservation measures in their homes. The customer repays the loan over a period of up to ten years at a stated interest rate of up to 9.25%. Payments are made with the customers' regular monthly bills. Loans are secured by the related real property. The balance of the energy conservation loans as of June 30, 2021 was \$62,380. Beginning in September 2015, TVA began administering all new loans. BVU continues to administer the loans that were in place as of this date.

NOTE 4 - DUE TO OTHER GOVERNMENTAL ENTITIES

BVU is required to collect taxes for other entities on electric and water utility sales. These tax rates are verified annually by BVU and included on a customer's bill when processed. In the course of payment, BVU may receive the funds before or after when due. BVU is entitled to an administrative fee for processing these fees. BVU deducts its fees from its remittance to the Treasurer of each jurisdiction. Payments are remitted monthly. Any funds not collected after 90 days are deducted from future payments.

Electric Utility Taxes

Electric sales include the regulatory tax for the Virginia States Corporation Commission (SCC), electric consumption taxes for the Commonwealth of Virginia, Washington and Scott Counties, Virginia, and the City of Bristol, Virginia.

Water Utility Taxes

BVU is required to collect the City of Bristol, Virginia's water consumption tax.

In Lieu of Tax Payments (Electric Division)

BVU is required to make in lieu of tax payments for its electric division under the terms of the TVA Power Contract. BVU is not required to make in lieu of tax payments for either its water or wastewater divisions. The amount accrued at year end is based on a TVA formula and is paid from BVU's general electric revenue. Under the terms of the TVA Power Contract, the in lieu of tax payment is reduced by the amount of the consumption tax each jurisdiction taxed during the year.

Third Party Trash Collection Billing Agent

BVU currently acts as the billing agent for the City of Bristol's residential trash collection fee. There is currently no written agreement for this service. The Bristol City Council establishes a residential trash fee for non-exempt residences designated by the City. The customers are billed in the same manner as other Authority services. BVU is entitled to an administrative fee for processing this fee. BVU deducts its fees from its remittance to the City Treasurer. Payments are remitted monthly. Any funds not collected after 90 days are deducted from future payments.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - DUE TO OTHER GOVERNMENTAL ENTITIES (CONTINUED)

The following are the total taxes and fees payable to each entity at June 30, 2021:

City of Bristol, Virginia	\$ 751,279
State Corporation Commission	57,578
Washington County, Virginia	52,030
Scott County, Virginia	3,213
City of Bristol, Tennessee	3,303
Sullivan County, Tennessee	<u>117</u>
Total Due to Other Governmental Entities	<u><u>\$ 867,520</u></u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, Not Depreciated					
Land	\$ 1,448,176	-	-	-	1,448,176
Construction in Progress	4,758,949	6,150,846	(846,957)	-	10,062,838
Total Capital Assets, Not Depreciated	<u>6,207,125</u>	<u>6,150,846</u>	<u>(846,957)</u>	<u>-</u>	<u>11,511,014</u>
Capital Assets, Being Depreciated					
Distribution System	56,358,406	960,984	(160,659)	18,703	57,177,434
General Plant	46,424,308	237,724	-	3,607	46,665,639
Buildings	10,752,497	41,601	-	-	10,794,098
Equipment, Furniture and Fixtures	6,507,700	172,988	(14,097)	(22,310)	6,644,281
Transportation Equipment	4,828,237	578,253	(371,883)	-	5,034,607
Total Capital Assets, Being Depreciated	<u>124,871,148</u>	<u>1,991,550</u>	<u>(546,639)</u>	<u>-</u>	<u>126,316,059</u>
Less Accumulated Depreciation For					
Distribution System	(31,552,666)	(1,763,183)	124,275	-	(33,191,574)
General Plant	(28,266,624)	(1,163,644)	6	-	(29,430,262)
Buildings	(4,253,711)	(286,113)	-	-	(4,539,824)
Equipment, Furniture and Fixtures	(5,413,158)	(403,971)	13,284	-	(5,803,845)
Transportation Equipment	(3,346,430)	(429,007)	306,480	-	(3,468,957)
Total Accumulated Depreciation	<u>(72,832,589)</u>	<u>(4,045,918)</u>	<u>444,045</u>	<u>-</u>	<u>(76,434,462)</u>
Total Capital Assets Being Depreciated, Net	<u>52,038,559</u>	<u>(2,054,368)</u>	<u>(102,594)</u>	<u>-</u>	<u>49,881,597</u>
Capital Assets, Net	<u><u>\$ 58,245,684</u></u>	<u><u>4,096,478</u></u>	<u><u>(949,551)</u></u>	<u><u>-</u></u>	<u><u>61,392,611</u></u>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

BVU received contributions in aid of construction of \$130,145 for fiscal year 2021. This amount is reported as a reduction in costs of the related assets. Idle property in the amount of \$24,175 was held at June 30, 2021.

Depreciation expense for the year ended June 30, 2021 was \$4,045,918.

NOTE 6 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
VRA Loans:					
Bristol View Connector	\$ 694,351	-	(67,720)	626,631	69,906
Hassan Heights Water Tank	633,532	-	(61,790)	571,742	63,783
Little Creek Interceptor	1,760,903	4,947,459	(196,390)	6,511,972	392,779
Compensated Absences	1,039,507	387,011	(398,584)	1,027,934	386,433
Totals	<u>\$ 4,128,293</u>	<u>5,334,470</u>	<u>(724,484)</u>	<u>8,738,279</u>	<u>912,901</u>

Virginia Resources Authority Loans Payable

In September 2008, BVU entered into two separate agreements with the Virginia Resources Authority (VRA). Money for these agreements is provided by the Drinking Water State Revolving Funds.

The Bristol View Connector Revolving Loan Fund (RLF) loan was issued in the amount of \$1,289,511, of which \$626,631 was outstanding as of June 30, 2021. The Hassan Heights Water Tank RLF loan was issued in the amount of \$1,176,557, of which \$571,742 was outstanding as of June 30, 2021. Each note has a 20-year term and a 3.20% interest rate with principal and interest payments through April 2029.

In January 2020, the Little Creek Interceptor Revolving Loan Fund loan was issued in the amount of \$7,855,589, of which \$6,708,362 was drawn as of June 30, 2021. There is \$1,147,227 that is still available to draw. The note has a 20-year term and a 0.50% interest rate with principal payments beginning in April 2021 and maturing October 2040. The following debt service requirements reflect only the amount drawn as of June 30, 2021.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Virginia Resources Authority Loans Payable (Continued)

The debt service requirements for BVU's notes are as follows:

Year Ended June 30	VRA - Bristol View		VRA - Hassan Heights		VRA - Little Creek	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 69,906	19,497	63,783	17,789	392,779	-
2023	72,161	17,242	65,840	15,732	392,779	-
2024	74,489	14,915	67,964	13,608	392,779	-
2025	76,892	12,512	70,157	11,416	392,779	-
2026	79,372	10,032	72,419	9,153	392,779	-
2027-2031	253,811	14,402	231,579	13,141	1,963,897	-
2032-2036	-	-	-	-	1,963,897	-
2037-2040	-	-	-	-	620,283	-
	<u>\$ 626,631</u>	<u>88,600</u>	<u>571,742</u>	<u>80,839</u>	<u>6,511,972</u>	<u>-</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Amount Outstanding
VRA RLF Loan - Bristol View Connector	3.20%	09-08	04-29	\$ 1,289,511	\$ 626,631
VRA RLF Loan - Hassan Heights Water Tank	3.20%	09-08	04-29	1,176,557	571,742
VRA RLF Loan - Little Creek Interceptor	0.50%	01-20	10-40	7,855,589	6,511,972
					<u>\$ 7,710,345</u>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN

Plan Description

All full-time, salaried permanent employees of BVU are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Defined Contribution Component: Not applicable.
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of service credit.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	34
Inactive members:	
Vested inactive members	41
Non-vested inactive members	29
Inactive members active elsewhere in VRS	<u>3</u>
Total inactive members	73
Active members	<u>68</u>
Total Covered Employees	<u><u>175</u></u>

Contributions

The contribution requirement 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.

BVU's contractually required employer contribution rate for the year ended June 30, 2021 was 1.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This 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 BVU were \$94,527 and \$133,452 for the years ended June 30, 2021 and June 30, 2020, respectively.

**BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 7 - PENSION PLAN (CONTINUED)

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with the GASB Statement No. 68, less that employer's fiduciary net position. For BVU, the net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in BVU's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered Rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for the state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net	Net Pension Asset
	(a)	Position	(a) - (b)
		(b)	
Balance at June 30, 2019	<u>\$ 8,983,304</u>	<u>10,612,706</u>	<u>(1,629,402)</u>
Changes for the Year:			
Service Cost	441,152	-	441,152
Interest	600,228	-	600,228
Differences Between Expected and Actual Experience	(1,782,026)	-	(1,782,026)
Contributions - Employer	-	131,663	(131,663)
Contributions - Employees	-	193,858	(193,858)
Net Investment Income	-	204,915	(204,915)
Benefit Payments, Including Refunds of Employee Contributions	(182,067)	(182,067)	-
Administrative Expense	-	(6,711)	6,711
Other Changes	-	(186)	186
Net Changes	<u>(922,713)</u>	<u>341,472</u>	<u>(1,264,185)</u>
Balance at June 30, 2020	<u>\$ 8,060,591</u>	<u>10,954,178</u>	<u>(2,893,587)</u>

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of BVU using the discount rate of 6.75%, as well as what BVU's net pension asset would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
BVU's Net Pension Asset	\$ (1,618,072)	(2,893,587)	(3,922,720)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended June 30, 2021, BVU recognized negative pension expense of \$(258,172). At June 30, 2021, BVU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 126,526	1,315,641
Changes of assumptions	241,653	115,822
Net difference between projected and actual earnings on pension plan investments	331,138	-
Employer contributions subsequent to the measurement date	94,527	-
Total	<u>\$ 793,844</u>	<u>1,431,463</u>

\$94,527 reported as deferred outflows of resources related to pension resulting from BVU's contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in future reporting periods as follows:

**BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 7 - PENSION PLAN (CONTINUED)

<u>Year ended June 30</u>		
2020	\$	(463,479)
2021		(380,608)
2022		(78,564)
2023		164,702
2024		25,803
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Plan

Plan Description

BVU has adopted a plan that provides post-employment medical insurance for retirees and their spouses. The plan is closed to employees hired after July 1, 2018. The OPEB plan is a single-employer defined benefit OPEB plan administered by BVU who has the authority to amend the plan. The plan is funded on a pay-as-you-go basis. BVU has reserved assets equal to the total potential liability of the plan. The account that holds these assets does not meet the definition of a trust as laid out in GASB Statement Number 75, paragraph 4.

Employees are eligible to participate in the plan if they were hired before July 1, 2018, retire with at least 25 years of service, and are at least 60 years of age. The plan allows eligible individuals to continue to participate in the employer's group medical plan upon their retirement. BVU will also pay 80% of the insurance premium (employer's portion) based on the employee's years of service. If the employee has 30 years of service, BVU will pay 100% of the employer's portion. If the employee has 29 years of service, the amount paid by BVU will be reduced by 6%. This reduction continues until the employee has 25 years of service, at which time BVU will pay 70% of the employer's portion. The maximum monthly amount that BVU will pay under this plan is \$1,197 for dual coverage and \$647 for single coverage. Employees are allowed to remain on the plan until they turn the age of 65. If the employee has a spouse on the plan, the spouse can remain on the plan until either the employee or the spouse reaches the age of 65.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Plan (Continued)

Plan Description (Continued)

Until June 30, 2021, employees were also allowed to participate in a Medicare Supplement Plan offered by BVU. This plan was amended in May 2020 to prevent any new retirees from enrolling in the Medicare Supplement Plan. As of July 1, 2021, the Medicare Supplement Plan will end for all current enrollees.

Employees Covered by Benefit Terms

As of the July 1, 2020 actuarial valuation, the following employees were covered by benefit terms:

Active employees	55
Inactive employees or beneficiaries currently receiving benefits	16
	<u>71</u>

Net OPEB Liability

BVU's net OPEB liability of \$1,154,500 is based on a measurement date of July 1, 2020 and the corresponding measurement period of July 1, 2019 to July 1, 2020. The measurement of the total OPEB liability is based on a valuation date of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	2.45% (represents the Municipal GO AA 20-year yield curve rates)
Salary Scale	3.00%
Healthcare Cost Trend Rates	6.00% for fiscal year 2021, decreasing 0.50% per year to an ultimate rate of 4.50%
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020
Actuarial Cost Method	Entry Age Actuarial Cost Method

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Plan (Continued)

Changes in the Net OPEB Liability

Changes in the net OPEB Liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net	Net OPEB Liability
	(a)	Position (b)	(a-b)
Balance at 7/1/2020	\$ 2,386,300	-	2,386,300
Changes for the year:			
Service Cost	43,600	-	43,600
Interest	74,000	-	74,000
Differences Between Expected and Actual Experience	(248,800)	-	(248,800)
Assumption Changes	41,800	-	41,800
Contributions - Employer	-	133,200	(133,200)
Change in Benefit Terms	(1,009,200)	-	(1,009,200)
Benefit Payments	(133,200)	(133,200)	-
Net Changes	<u>(1,231,800)</u>	<u>-</u>	<u>(1,231,800)</u>
Balance at 6/30/2021*	<u>\$ 1,154,500</u>	<u>-</u>	<u>1,154,500</u>

*Measurement date is July 1, 2020

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of BVU as of the measurement date calculated using the discount rate, as well as what BVU's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1.00% Decrease	Current Discount	1.00% Increase
	(1.45%)	Rate (2.45%)	(3.45%)
Net OPEB Liability	\$ 1,219,800	1,154,500	1,094,200

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the net OPEB liability of BVU as of the measurement date calculated using the trend rate, as well as what BVU's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1.00% Decrease (5.0% to 3.5%)	Current Trend Rate (6.0% to 4.50%)	1.00% Increase (7.0% to 5.50%)
Net OPEB Liability	\$ 1,119,500	1,154,500	1,194,800

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, BVU recognized negative OPEB expense of \$(1,447,200). At June 30, 2021, BVU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	1,350,800
Changes of Assumptions	72,500	41,300
Employer Contributions Subsequent to the Measurement Date	120,155	-
Total	<u>\$ 192,655</u>	<u>1,392,100</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (559,600)
2023	(559,600)
2024	(200,400)
2025	-

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves, as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	
Eligible Employees	
The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:	
<ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City Schools Board	
Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.	

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

Plan Description (Continued)

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$49,514 and \$51,808 for the years ended June 30, 2021 and June 30, 2020, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB

At June 30, 2021, the entity reported a liability of \$320,749 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01922% as compared to 0.02267% at June 30, 2019.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense (gain) of \$(49,363). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences Between Expected and Actual Experience	\$ 20,573	2,881
Net Difference Between Projected and Actual Earnings on GLI OPEB		
Program Investments	9,635	-
Change in Assumptions	16,041	6,697
Change in Proportion	-	254,896
Employer Contributions Subsequent to the Measurement Date	49,514	-
	<hr/>	<hr/>
Total	<u>\$ 95,763</u>	<u>264,474</u>

\$49,514 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ (56,763)
2022	(54,042)
2023	(47,479)
2024	(39,538)
2025	(18,651)
Thereafter	(1,752)

**BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation - Locality - General employees	3.50% - 5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2020, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	(1,855,102)
Employers' Net GLI OPEB Liability	<u>\$ 1,668,835</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 19, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan (Continued)

Discount Rate (Continued)

Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Employer's Proportionate Share of the GLI Program Net OPEB Liability	\$ 421,651	320,749	238,809

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The aggregate OPEB amounts for both plans are as follows as of June 30, 2021:

	OPEB - Medical	OPEB - GLI	Total
OPEB Liability	\$ (1,154,500)	(320,749)	(1,475,249)
Deferred Outflow of Resources	192,655	95,763	288,418
Deferred Inflow of Resources	(1,392,100)	(264,474)	(1,656,574)
OPEB Expense (Gain)	(1,447,200)	(49,363)	(1,496,563)

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - SERVICE CONTRACTS

In September 2006, BVU entered into an agreement with the Tennessee Valley Authority (TVA) for the purchase of wholesale electric power. The original contract period was for January 1, 2008 through December 31, 2027; however, on September 30, 2019, BVU signed an updated contract with TVA which extended the duration of this service contract through September 2039. For the year ended June 30, 2021, \$32,424,962 was expensed under this contract. Of this total, \$14,917 is included in billing and collections.

NOTE 10 - RISK MANAGEMENT

BVU is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees and natural disasters. The risk management programs utilized by BVU are as follows:

Workmens' Compensation Insurance

Insurance is provided through VACORP, which is a Commonwealth of Virginia pooled plan. Benefits are those afforded through the Commonwealth of Virginia, as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates and claims experience.

General Liability and Other

BVU maintains general liability and other insurance coverage through VACORP, which is a Commonwealth of Virginia pooled plan.

Healthcare

Healthcare insurance coverage is provided to BVU's employees through a policy with Local Choice/Anthem, which is a Commonwealth of Virginia pooled plan. Partial premiums are withheld from the employee's earnings and remaining premiums are paid by BVU. Retired employees and dependents of employees are also covered by the program provided they pay the applicable premium.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three years.

NOTE 11 - INTERDIVISION TRANSACTIONS

Interdivision Receivables and Payables

During the course of operations, transactions occur between the individual divisions that may result in amounts owed between divisions. For the purpose of the statement of net position, these amounts have been eliminated.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - INTERDIVISION TRANSACTIONS (CONTINUED)

Interdivision Receivables and Payables (Continued)

The amounts due between the individual divisions as of June 30, 2021 are as follows:

<u>Receivable Division</u>	<u>Payable Division</u>	<u>Amount</u>
Electric	OptiNet	\$ 126,356
Electric	Wastewater	238,298
Electric	Water	40,918
Water	Electric	13,265
Wastewater	Electric	11,847
OptiNet	Electric	132,684
OptiNet	Water	26,297
OptiNet	Wastewater	22,806

During the year ended June 30, 2021, charges for services revenue of \$167,774 and \$928 were received by the Electric and Water divisions, respectively. These revenues were paid by the following divisions: Electric - \$150,780, Water - \$14,695, and Wastewater - \$3,227.

The Electric division received rent from property of \$129,236 from: Water - \$69,211 and Wastewater - \$60,025 for the year ended June 30, 2021.

Interdivision Notes Payable

During the year ended June 30, 2016, a note payable from OptiNet to Electric was re-established in the amount of \$13,741,288, which included \$4,643,549 of accrued interest, through a prior period adjustment. This note was removed in fiscal year 2007 by former management based on their understanding at the time of Virginia's law related to the allowance of cross-subsidization of the internet division. However, based on the audit by the Virginia Auditor of Public Accounts (see note 1), cross-subsidization was allowed only for internet services, but not telephone and cable television. As a result the Electric - OptiNet interdivision borrowing related to telephone and cable television was not allowed to be removed and therefore was re-established between the Electric division and OptiNet by a promissory note with 2.70% interest. Accrued interest of \$207,805 was added to the note receivable in the current fiscal year, resulting in a total receivable of \$15,514,398. Principal and interest payments of \$147,669 per month began in January 2021 with a maturity date of December 2030. The balance as of June 30, 2021 was \$14,719,717. This amount is eliminated in the basic financial statements.

An intercompany loan agreement was entered into in August 2018 between the Water division and Wastewater division for an amount up to \$2,500,000 with an interest rate of 2.30% and maturity date of 20 years from the effective date. In November 2018, \$1,700,000 was borrowed and the balance is \$1,509,919 as of June 30, 2020. This amount is eliminated in the basic financial statements.

Total interest expense for the intercompany notes payable was \$482,418 for the year ended June 30, 2021. This amount is eliminated in the basic financial statements.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 - COMMITMENTS AND CONTINGENCIES

BVU is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of BVU.

In December 2018, BVU entered into a corrective action plan, also known as a Consent Order, with the Virginia Department of Environmental Quality (DEQ) to correct overflow events along a portion of two sewer zones. Preliminary estimates are that the actions will take approximately 8 years to complete at an estimated cost of \$32 million to \$40 million dollars.

BVU has entered into construction contracts for sewer improvement projects which were not completed at fiscal year-end. At June 30, 2021, remaining construction commitments are \$532,621.

NOTE 13 - COVID-19

On March 13, 2020, the United States declared a national emergency due to the spread of a coronavirus, COVID-19. This was in response to the World Health Organization characterizing the virus as a pandemic on March 11, 2020. Due to the unknown duration and extent of the outbreak, the full effect on BVU's financial performance cannot be quantified at this time.

REQUIRED SUPPLEMENTARY INFORMATION

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION ASSET
AND RELATED RATIOS
For the Plan Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 441,152	761,034	753,335	822,504	871,916	934,815	944,947
Interest	600,228	530,485	465,275	403,565	349,213	280,294	206,470
Differences between Expected and Actual Experience	(1,782,026)	12,360	75,776	191,654	(138,688)	(873)	-
Changes in Assumptions	-	350,019	-	(286,779)	-	-	-
Benefit Payments, including Refunds of							
Employee Contributions	(182,067)	(497,913)	(227,704)	(271,049)	(340,915)	(118,449)	(75,133)
Net Change in Total Pension Liability	(922,713)	1,155,985	1,066,682	859,895	741,526	1,095,787	1,076,284
Total Pension Liability - Beginning	8,983,304	7,827,319	6,760,637	5,900,742	5,159,216	4,063,429	2,987,145
Total Pension Liability - Ending (a)	\$ 8,060,591	8,983,304	7,827,319	6,760,637	5,900,742	5,159,216	4,063,429
Plan Fiduciary Net Position							
Contributions - Employer	\$ 131,663	152,136	333,762	353,523	439,461	443,009	762,024
Contributions - Employees	193,858	225,543	361,712	378,856	391,387	387,783	399,374
Net Investment Income	204,915	675,237	675,540	956,184	140,294	294,159	728,746
Benefit Payments, including Refunds of							
Employee Contributions	(182,067)	(497,913)	(227,704)	(271,049)	(340,915)	(118,449)	(75,133)
Administrative Expense	(6,711)	(6,584)	(5,334)	(4,985)	(4,070)	(3,651)	(2,960)
Other Changes	(186)	(484)	(842)	(634)	369	(64)	(32)
Net Change in Plan Fiduciary Net Position	341,472	547,935	1,137,134	1,411,895	626,526	1,002,787	1,812,019
Plan Fiduciary Net Position - Beginning	10,612,706	10,064,771	8,927,637	7,515,742	6,889,216	5,886,429	4,074,410
Plan Fiduciary Net Position - Ending (b)	\$ 10,954,178	10,612,706	10,064,771	8,927,637	7,515,742	6,889,216	5,886,429
BVU's Net Pension Asset - Ending (a) - (b)	\$ (2,893,587)	(1,629,402)	(2,237,452)	(2,167,000)	(1,615,000)	(1,730,000)	(1,823,000)
Plan Fiduciary Net Position as a Percentage of							
 Total Pension Liability	135.90%	118.14%	128.59%	132.05%	127.37%	133.53%	144.86%
Covered Payroll	\$ 3,954,855	4,444,208	7,260,790	7,542,969	7,814,346	7,740,429	7,873,956
BVU's Net Pension Asset as a Percentage of							
 Covered Payroll	-73.17%	-36.66%	-30.82%	-28.73%	-20.67%	-22.35%	-23.15%

This is a 10-Year Schedule; however, the information in this Schedule is not required to be presented retroactively. Years will be added to this Schedule in future years until 10 years of information is available.

See Independent Auditors' Report.

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Years Ended June 30

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 94,527	\$ 94,527	\$ -	\$ 3,694,999	1.22%
2020	133,452	133,452	-	3,954,855	3.85%
2019	144,138	144,138	-	4,444,208	3.85%
2018	334,000	334,000	-	7,260,790	4.91%
2017	353,512	353,512	-	7,542,969	4.91%
2016	497,444	497,444	-	7,814,346	5.76%
2015	565,450	565,450	-	7,740,429	5.76%

This is a 10-Year Schedule; however, the information in this Schedule is not required to be presented retroactively. Years will be added to this Schedule in future years until 10 years of information is available.

See Independent Auditors' Report.

BVU AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuations were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered Rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

See Independent Auditors' Report.

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS - RETIREE HEALTH INSURANCE
For the Measurement Dates of June 30

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 43,600	171,700	172,500	164,300
Interest	74,000	111,500	170,200	168,700
Changes in Benefit Terms	(1,009,200)	(281,100)	-	-
Differences Between Expected and Actual Experience	(248,800)	(490,900)	(2,085,500)	-
Changes in Assumptions	41,800	(75,900)	96,400	-
Benefit Payments, Including Refunds of Employee Contributions	(133,200)	(127,600)	(112,000)	(141,700)
Net Change in Total OPEB Liability	(1,231,800)	(692,300)	(1,758,400)	191,300
Total OPEB Liability - Beginning	2,386,300	3,078,600	4,837,000	4,645,700
Total OPEB Liability - Ending	\$ 1,154,500	2,386,300	3,078,600	4,837,000
Plan Fiduciary Net Position				
Contributions - Employer	\$ 133,200	127,600	112,000	141,700
Benefit Payments, Including Refunds of Employee Contributions	(133,200)	(127,600)	(112,000)	(141,700)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending	-	-	-	-
Employer's Net OPEB Liability	\$ 1,154,500	2,386,300	3,078,600	4,837,000
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 3,492,700	3,792,600	3,856,300	7,548,200
BVU's Net OPEB Liability as a Percentage of Covered Payroll	33.05%	62.92%	79.83%	64.08%

This is a 10-Year Schedule; however, the information in this Schedule is not required to be presented retroactively. Years will be added to this Schedule in future years until 10 years of information is available.

See Independent Auditors' Report.

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - RETIREE HEALTH INSURANCE OPEB
For the Years Ended June 30

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 120,155	\$ 120,155	\$ -	\$ 2,445,789	4.91%
2020	133,200	133,200	-	3,492,700	3.81%
2019	127,600	127,600	-	3,792,600	3.36%
2018	112,000	112,000	-	3,856,300	2.90%
2017	141,700	141,700	-	7,548,200	1.88%

This is a 10-Year Schedule; however, the information in this Schedule is not required to be presented retroactively. Years will be added to this Schedule in future years until 10 years of information is available.

Notes to Schedule

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

See Independent Auditors' Report.

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY
GROUP LIFE INSURANCE PROGRAM
For the Measurement Dates of June 30, 2020, 2019, 2018 and 2017

	2020	2019	2018	2017
BVU's Proportion of the Net GLI OPEB Liability	0.01922%	0.02267%	0.03819%	0.04089%
BVU's Proportionate Share of the Net GLI OPEB Liability	\$ 320,749	\$ 368,901	\$ 580,000	\$ 615,000
BVU's Covered Payroll	\$ 3,954,855	\$ 4,444,208	\$ 7,260,790	\$ 7,542,969
BVU's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.99%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

See Independent Auditors' Report.

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE PROGRAM
For the Years Ended June 30*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 49,514	\$ 49,514	\$ -	\$ 3,694,999	1.34%
2020	51,808	51,808	-	3,954,855	1.31%
2019	54,896	54,896	-	4,444,208	1.24%
2018	95,116	95,116	-	7,260,790	1.31%
2017	39,223	39,223	-	7,542,969	0.52%

* The amounts presented have a measurement date of the previous fiscal year end.

This is a 10-Year Schedule; however, the information in this Schedule is not required to be presented retroactively. Years will be added to this Schedule in future years until 10 years of information is available.

Notes to Schedule

Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered Disability Rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease discount rate from 7.00% to 6.75%

See Independent Auditors' Report.

COMBINING FINANCIAL SCHEDULES

BVU AUTHORITY
COMBINING SCHEDULE OF NET POSITION
June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ 538,948	1,180,045	5,807,543	9,855,726	-	17,382,262	-	17,382,262
Investments	-	-	-	16,551,909	-	16,551,909	-	16,551,909
Accounts Receivable, Net of Allowance	5,175,988	281,352	320,757	-	-	5,778,097	-	5,778,097
Notes Receivable	44,401	-	-	-	-	44,401	-	44,401
Other Receivables	724,142	-	-	-	-	724,142	-	724,142
Due from Other Governmental Entities	-	-	322,740	-	-	322,740	-	322,740
Internal Balances	405,572	13,265	11,847	181,787	-	612,471	(612,471)	-
Prepays	318,645	69,153	37,423	-	-	425,221	-	425,221
Inventories	664,404	290,871	58,966	-	-	1,014,241	-	1,014,241
Other Current Assets	-	4,514	4,888	-	-	9,402	-	9,402
Total Current Assets	7,872,100	1,839,200	6,564,164	26,589,422	-	42,864,886	(612,471)	42,252,415
Noncurrent Assets								
Restricted Cash - Customer Deposits	1,829,334	-	-	-	-	1,829,334	-	1,829,334
Cash - Reserves	8,520,994	1,638,211	664,145	-	-	10,823,350	-	10,823,350
Investments - Reserves	6,145,085	709,184	2,077,723	-	-	8,931,992	-	8,931,992
Restricted Investments	-	172,208	395,567	-	-	567,775	-	567,775
Notes Receivable	14,737,696	-	1,509,919	-	-	16,247,615	(16,229,636)	17,979
Investment in Joint Sewerage System	-	-	7,298,250	-	-	7,298,250	-	7,298,250
Net Pension Asset	1,233,596	319,393	285,307	1,055,291	-	2,893,587	-	2,893,587
Capital Assets, Net	34,442,171	13,766,330	13,184,110	-	-	61,392,611	-	61,392,611
Total Noncurrent Assets	66,908,876	16,605,326	25,415,021	1,055,291	-	109,984,514	(16,229,636)	93,754,878
TOTAL ASSETS	74,780,976	18,444,526	31,979,185	27,644,713	-	152,849,400	(16,842,107)	136,007,293
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows Related to OPEB	175,693	51,264	44,594	16,867	-	288,418	-	288,418
Deferred Outflows Related to Pension	359,004	95,221	84,578	255,041	-	793,844	-	793,844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	534,697	146,485	129,172	271,908	-	1,082,262	-	1,082,262

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF NET POSITION
June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
LIABILITIES								
Current Liabilities								
Accounts Payable and Accrued Liabilities	3,679,353	50,403	484,770	6,992	-	4,221,518	-	4,221,518
Accrued Interest Payable	-	9,587	-	-	-	9,587	-	9,587
Accrued Payroll and Related Liabilities	23,817	6,640	3,917	-	-	34,374	-	34,374
Customer Security Deposits	1,829,334	-	-	-	-	1,829,334	-	1,829,334
Due to Other Governmental Entities	852,997	14,523	-	-	-	867,520	-	867,520
Internal Balances	157,796	67,215	261,104	126,356	-	612,471	(612,471)	-
Unearned Revenue	27,089	-	-	-	-	27,089	-	27,089
Notes Payable	-	133,689	392,779	-	-	526,468	-	526,468
Compensated Absences	247,117	72,793	66,523	-	-	386,433	-	386,433
Total Current Liabilities	6,817,503	354,850	1,209,093	133,348	-	8,514,794	(612,471)	7,902,323
Noncurrent Liabilities								
Notes Payable	-	2,574,602	6,119,194	14,719,717	-	23,413,513	(16,229,636)	7,183,877
Compensated Absences	423,983	137,175	80,343	-	-	641,501	-	641,501
Net OPEB Liabilities	895,655	226,798	213,911	138,885	-	1,475,249	-	1,475,249
Total Noncurrent Liabilities	1,319,638	2,938,575	6,413,448	14,858,602	-	25,530,263	(16,229,636)	9,300,627
TOTAL LIABILITIES	8,137,141	3,293,425	7,622,541	14,991,950	-	34,045,057	(16,842,107)	17,202,950

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF NET POSITION
June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows Related to OPEB	1,009,397	294,532	256,191	96,454	-	1,656,574	-	1,656,574
Deferred Inflows Related to Pension	610,233	158,033	141,142	522,055	-	1,431,463	-	1,431,463
TOTAL DEFERRED INFLOWS OF RESOURCES	1,619,630	452,565	397,333	618,509	-	3,088,037	-	3,088,037
NET POSITION								
Net Investment in Capital Assets	34,442,171	12,567,958	6,672,137	-	-	53,682,266	-	53,682,266
Restricted - Net Pension Asset	1,233,596	319,393	285,307	1,055,291	-	2,893,587	-	2,893,587
Unrestricted	29,883,135	1,957,670	17,131,039	11,250,871	-	60,222,715	-	60,222,715
TOTAL NET POSITION	\$ 65,558,902	14,845,021	24,088,483	12,306,162	-	116,798,568	-	116,798,568

See Independent Auditors' Report.

BVU AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
OPERATING REVENUES								
Charges for Services	\$ 41,967,902	3,632,089	4,800,296	-	-	50,400,287	(168,702)	50,231,585
Rent from Property	1,147,299	101,226	-	-	-	1,248,525	(129,236)	1,119,289
Forfeited Discounts and Penalties	57,651	5,412	5,929	-	-	68,992	-	68,992
Connections and Transfers	221,235	25,700	(2,110)	-	-	244,825	-	244,825
Other	347,664	-	80,000	-	-	427,664	-	427,664
TOTAL OPERATING REVENUES	43,741,751	3,764,427	4,884,115	-	-	52,390,293	(297,938)	52,092,355
OPERATING EXPENSES								
Electric Wholesale Power	32,410,046	-	-	-	-	32,410,046	-	32,410,046
Electric Operations and Maintenance	4,054,450	-	-	-	-	4,054,450	(20,840)	4,033,610
Water Operations and Maintenance	-	1,073,493	-	-	-	1,073,493	(14,695)	1,058,798
Wastewater Operations and Maintenance	-	-	1,676,276	-	-	1,676,276	(3,227)	1,673,049
Billing and Collection	1,546,099	248,066	228,484	138,886	-	2,161,535	-	2,161,535
General and Administrative	2,081,820	588,308	521,930	(5,999)	2,165	3,188,224	(259,176)	2,929,048
Depreciation	2,694,672	881,541	469,705	-	-	4,045,918	-	4,045,918
TOTAL OPERATING EXPENSES	42,787,087	2,791,408	2,896,395	132,887	2,165	48,609,942	(297,938)	48,312,004
Operating Income (Loss)	954,664	973,019	1,987,720	(132,887)	(2,165)	3,780,351	-	3,780,351

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
NONOPERATING REVENUES (EXPENSES)								
Interest Income	461,025	797	39,055	37,131	-	538,008	(482,418)	55,590
Interest Expense	(158)	(76,056)	-	(446,809)	-	(523,023)	482,418	(40,605)
Loss on Investment in JSS	-	-	(286,569)	-	-	(286,569)	-	(286,569)
Gain (Loss) on Disposal of Assets	52,889	(676)	16,384	-	-	68,597	-	68,597
TOTAL NONOPERATING REVENUES (EXPENSES)	513,756	(75,935)	(231,130)	(409,678)	-	(202,987)	-	(202,987)
Income (Loss) Before Capital Contributions and Transfers	1,468,420	897,084	1,756,590	(542,565)	(2,165)	3,577,364	-	3,577,364
TRANSFERS IN (OUT)	-	-	-	29,455	(29,455)	-	-	-
Change in Net Position	1,468,420	897,084	1,756,590	(513,110)	(31,620)	3,577,364	-	3,577,364
NET POSITION, JULY 1, 2020	64,090,482	13,947,937	22,331,893	12,819,272	31,620	113,221,204	-	113,221,204
NET POSITION, JUNE 30, 2021	<u>\$ 65,558,902</u>	<u>14,845,021</u>	<u>24,088,483</u>	<u>12,306,162</u>	<u>-</u>	<u>116,798,568</u>	<u>-</u>	<u>116,798,568</u>

See Independent Auditors' Report.

BVU AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers and Users	\$ 43,149,399	3,781,317	5,031,835	(443,504)	4,360	51,523,407	(297,937)	51,225,470
Receipt (Payment) of Customer Deposits	121,581	-	-	-	-	121,581	-	121,581
Payments to Suppliers	(37,520,726)	(1,035,220)	(2,310,576)	(163,407)	(2,165)	(41,032,094)	297,937	(40,734,157)
Payments to Employees	(3,313,636)	(994,801)	(587,847)	(1,556,523)	-	(6,452,807)	-	(6,452,807)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	2,436,618	1,751,296	2,133,412	(2,163,434)	2,195	4,160,087	-	4,160,087
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers (to) from Other Divisions	-	-	-	29,455	(29,455)	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	-	-	-	29,455	(29,455)	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from Sale of Equipment	154,021	-	20,198	-	-	174,219	-	174,219
Acquisition and Construction of Capital Assets	(2,172,024)	(462,708)	(4,660,186)	-	-	(7,294,918)	-	(7,294,918)
Notes Receivable Issued	(207,805)	-	-	-	-	(207,805)	207,805	-
Payments Received on Notes Receivable	794,682	-	70,514	-	-	865,196	(865,196)	-
Proceeds from Debt	-	-	4,947,459	207,805	-	5,155,264	(207,805)	4,947,459
Principal Paid on Capital Debt	-	(200,026)	(196,390)	(794,681)	-	(1,191,097)	865,196	(325,901)
Interest Paid on Capital Debt	(158)	(77,092)	-	(446,809)	-	(524,059)	482,418	(41,641)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,431,284)	(739,826)	181,595	(1,033,685)	-	(3,023,200)	482,418	(2,540,782)
CASH FLOWS FROM INVESTING ACTIVITIES								
Capital Contribution to Joint Sewerage System	-	-	(275,000)	-	-	(275,000)	-	(275,000)
Purchase of Investments	(1,542,527)	(454,948)	(397,314)	(26,675)	-	(2,421,464)	-	(2,421,464)
Interest Received	461,025	797	39,055	37,131	-	538,008	(482,418)	55,590
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(1,081,502)	(454,151)	(633,259)	10,456	-	(2,158,456)	(482,418)	(2,640,874)

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
Net Increase (Decrease) in Cash and Cash Equivalents	(76,168)	557,319	1,681,748	(3,157,208)	(27,260)	(1,021,569)	-	(1,021,569)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,965,444	2,260,937	4,789,940	13,012,934	27,260	31,056,515	-	31,056,515
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,889,276</u>	<u>2,818,256</u>	<u>6,471,688</u>	<u>9,855,726</u>	<u>-</u>	<u>30,034,946</u>	<u>-</u>	<u>30,034,946</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION								
Cash and Cash Equivalents	\$ 538,948	1,180,045	5,807,543	9,855,726	-	17,382,262	-	17,382,262
Restricted Cash - Customer Deposits	1,829,334	-	-	-	-	1,829,334	-	1,829,334
Cash - Reserves	8,520,994	1,638,211	664,145	-	-	10,823,350	-	10,823,350
	<u>\$ 10,889,276</u>	<u>2,818,256</u>	<u>6,471,688</u>	<u>9,855,726</u>	<u>-</u>	<u>30,034,946</u>	<u>-</u>	<u>30,034,946</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES								
Operating Income (Loss)	\$ 954,664	973,019	1,987,720	(132,887)	(2,165)	3,780,351	-	3,780,351
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation Expense	2,694,672	881,541	469,705	-	-	4,045,918	-	4,045,918
Unrealized Gain on VIP Accounts	(2,285)	(676)	(587)	-	-	(3,548)	-	(3,548)
(Increase) Decrease in Assets								
Net Accounts Receivable	(483,415)	(41,946)	(29,574)	-	-	(554,935)	-	(554,935)
Notes Receivable	41,914	-	-	-	-	41,914	-	41,914
Other Receivables	(140,845)	(14,995)	(2,181)	-	-	(158,021)	-	(158,021)
Due from Other Governmental Entities	-	-	(69,242)	-	-	(69,242)	-	(69,242)
Internal Balances	(9,749)	(13,265)	(11,847)	(181,787)	4,360	(212,288)	212,288	-
Prepays	(5,801)	(25,979)	(832)	-	-	(32,612)	-	(32,612)
Inventories	(86,609)	(16,428)	14,683	-	-	(88,354)	-	(88,354)
Other Current Assets	(181,992)	(2,320)	(779)	-	-	(185,091)	-	(185,091)
Net Pension Asset	(538,955)	(139,562)	(124,642)	(461,026)	-	(1,264,185)	-	(1,264,185)
(Increase) Decrease in Deferred Outflows of Resources	(150,052)	(46,060)	(39,871)	28,075	-	(207,908)	-	(207,908)

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2021

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES (CONTINUED)								
Increase (Decrease) in Liabilities								
Accounts Payable and Accrued Liabilities	(286,588)	22,083	(419,609)	(30,520)	-	(714,634)	-	(714,634)
Accrued Payroll and Related Liabilities	(121)	(662)	(1,253)	-	-	(2,036)	-	(2,036)
Customer Security Deposits	121,581	-	-	-	-	121,581	-	121,581
Due to Other Governmental Entities	(4,890)	904	-	-	-	(3,986)	-	(3,986)
Internal Balances	157,796	61,285	254,924	(261,717)	-	212,288	(212,288)	-
Unearned Revenue	661	-	-	-	-	661	-	661
Net OPEB Liabilities	(255,378)	(72,974)	(63,755)	(887,845)	-	(1,279,952)	-	(1,279,952)
Compensated Absences	(9,097)	(6,645)	4,169	-	-	(11,573)	-	(11,573)
Increase (Decrease) in Deferred Inflows of Resources	621,107	193,976	166,383	(235,727)	-	745,739	-	745,739
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 2,436,618</u>	<u>1,751,296</u>	<u>2,133,412</u>	<u>(2,163,434)</u>	<u>2,195</u>	<u>4,160,087</u>	<u>-</u>	<u>4,160,087</u>

See Independent Auditors' Report.

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION

This section of BVU's Annual Report presents detailed information to provide a context for understanding what the information in the financial statements, notes to financial statements and required supplementary information says about BVU's overall financial health.

Contents:	<u>Page</u>
Financial Trends <i>Financial trend information is intended to assist users in understanding how BVU's financial position has changed over time. The tables which follow disclose ten years of financial data.</i>	80
Revenue Capacity <i>Revenue capacity information is provided to assist users in understanding the factors affecting BVU's ability to generate sources of revenue. In setting rates, BVU's general practice has been to cover projected operating costs and current capital projects and to cover a portion of future major capital projects. This practice generally allows BVU to maintain and modernize its systems. The tables below set forth fees for over the last ten years. A summary of current rates and fees can be found at www.bvua.com.</i>	82
Debt Capacity <i>Debt capacity information is intended to assist users in understanding BVU's debt burden and ability to issue additional debt. Rates are designed to recover the cost of debt associated with capital projects.</i>	97
Demographic and Economic Information <i>Demographic and economic information is intended to assist users in understanding the socio-economic environment within which BVU operates and to provide information that facilitates comparisons of financial statement information over time.</i>	99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**BVU AUTHORITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years**

Table 1

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Investment in Capital Assets	\$ 99,697,091	111,466,768	112,939,156	113,129,629	118,453,883	110,940,595	99,827,738	55,064,481	55,156,898	53,682,266
Restricted	-	-	-	-	1,730,000	1,615,000	2,167,000	2,237,452	1,629,402	2,893,587
Unrestricted	21,990,983	21,491,920	24,859,969	28,443,885	29,837,005	38,257,839	50,456,001	53,159,536	56,434,904	60,222,715
Total net position	<u>\$ 121,688,074</u>	<u>132,958,688</u>	<u>137,799,125</u>	<u>141,573,514</u>	<u>150,020,888</u>	<u>150,813,434</u>	<u>152,450,739</u>	<u>110,461,469</u>	<u>113,221,204</u>	<u>116,798,568</u>

Source: Internal records

See Independent Auditors' Report.

**BVU AUTHORITY
CHANGES IN NET POSITION
Last Ten Fiscal Years**

Table 2

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
OPERATING REVENUES										
Charges for services	\$ 76,626,529	78,906,953	79,998,232	79,548,565	84,275,758	84,021,323	82,580,342	56,997,844	50,672,016	50,231,585
Management and consulting fees	1,451,827	875,555	902,050	142,219	153,441	167,873	-	-	-	-
OptiNet backhaul fees	-	-	-	-	-	-	173,502	15,462	-	-
Rent from property	664,497	374,824	372,342	359,748	363,302	365,037	366,219	879,364	1,160,266	1,119,289
Forfeited discounts and penalties	521,288	640,933	569,876	521,319	528,163	556,020	557,976	440,329	288,101	68,992
Connections and transfers	299,845	260,738	264,568	238,495	244,972	268,764	241,541	284,344	281,836	244,825
Income from CPC Operations	-	-	1,754,793	2,019,780	-	-	-	-	-	-
Other	1,524,911	1,499,930	208,849	422,767	273,926	344,704	347,972	163,763	302,398	427,664
TOTAL OPERATING REVENUES	81,088,897	82,558,933	84,070,710	83,252,893	85,839,562	85,723,721	84,267,552	58,781,106	52,704,617	52,092,355
OPERATING EXPENSES										
Electric Wholesale Power	40,341,634	40,637,375	40,717,621	40,695,776	38,583,259	41,410,889	37,848,680	36,927,142	33,496,989	32,410,046
Electric Operations and Maintenance	-	-	-	-	-	-	-	-	-	4,033,610
Water Operations and Maintenance	-	-	-	-	-	-	-	-	-	1,058,798
Wastewater Operations and Maintenance	-	-	-	-	-	-	-	-	-	1,673,049
Power and Pumping	1,438,774	1,482,728	1,520,399	1,505,748	1,706,911	1,624,118	1,738,854	1,790,223	1,658,581	-
Purification and collection system	824,591	791,314	709,984	690,180	676,057	702,955	706,056	701,762	676,980	-
Transmission and distribution	2,486,645	2,235,785	2,348,990	2,229,767	2,139,208	2,061,893	2,185,113	3,411,866	3,743,868	-
Telephone, broadband, and CATV	7,748,832	7,891,406	8,398,670	9,070,919	11,639,364	10,185,055	11,479,223	1,106,421	-	-
Billing and collection	3,982,791	4,465,970	5,219,137	5,132,043	5,985,459	5,180,156	4,758,234	2,443,130	2,120,431	2,161,535
Sales promotion	396,901	488,356	499,935	389,409	145,453	-	-	-	-	-
Administrative and general	10,585,758	9,645,178	9,907,878	9,095,690	9,126,869	8,364,721	7,678,109	5,230,293	4,593,911	2,929,048
Depreciation	7,968,198	8,501,561	9,527,739	11,176,532	13,096,513	13,150,430	12,507,809	4,523,409	3,921,049	4,045,918
Distribution of CPC operations	-	-	-	-	438,580	445,630	482,470	42,581	-	-
TOTAL OPERATING EXPENSES	75,774,124	76,139,673	78,850,353	79,986,064	83,537,673	83,125,847	79,384,548	56,176,827	50,211,809	48,312,004
OPERATING INCOME	5,314,773	6,419,260	5,220,357	3,266,829	2,301,889	2,597,874	4,883,004	2,604,279	2,492,808	3,780,351
NONOPERATING REVENUES (EXPENSES)										
Amortization	(280,669)	(280,469)	(245,127)	(245,127)	(245,127)	(245,127)	(245,127)	(2,788,816)	-	-
Interest income	95,879	90,252	86,004	91,563	56,193	46,587	34,062	277,147	567,009	55,590
Interest expense	(1,512,040)	(1,407,375)	(1,610,286)	(1,519,855)	(1,412,327)	(1,485,679)	(1,431,411)	(2,095,445)	(46,404)	(40,605)
Loss on investment in Joint Sewer System	-	-	-	-	-	-	(228,311)	(394,178)	(179,931)	(286,569)
Loss on sale of OptiNet	-	-	-	-	-	-	-	(39,988,630)	-	-
Gain (loss) on disposal of assets	224,330	(148,301)	34,065	(49,335)	87,639	(121,109)	(150,266)	386,104	(73,747)	68,597
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,472,500)	(1,745,893)	(1,735,344)	(1,722,754)	(1,513,622)	(1,805,328)	(2,021,053)	(44,603,818)	266,927	(202,987)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,842,273	4,673,367	3,485,013	1,544,075	788,267	792,546	2,861,951	(41,999,539)	2,759,735	3,577,364
Capital contributions	15,687,587	6,450,943	2,076,268	381,314	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 19,529,860	11,124,310	5,561,281	1,925,389	788,267	792,546	2,861,951	(41,999,539)	2,759,735	3,577,364

Source: Internal records

* 2021 Operation Expenses classifications were changed to improve classifications of expenses.

See Independent Auditors' Report.

**BVU AUTHORITY
REVENUES BY SOURCE
Last Ten Fiscal Years**

Table 3

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Electric Services	\$ 49,217,850	54,784,861	52,400,666	52,778,132	52,558,707	52,047,845	51,218,637	46,957,893	42,288,130	41,800,128
Water Services	3,076,751	3,153,864	3,498,356	3,684,813	3,587,519	3,254,408	3,417,689	3,462,139	3,578,690	3,631,161
Wastewater Services	3,265,730	3,237,100	3,514,978	4,252,002	4,279,216	4,101,543	4,681,347	4,609,702	4,805,196	4,800,296
OptiNet Services	16,504,546	15,010,554	16,179,533	16,933,367	19,572,790	20,144,769	19,529,752	1,810,419	-	-
CPC Services	-	-	-	-	-	-	5,428,333	157,691	-	-
Management and consulting fees	1,451,827	800,342	782,109	-	-	-	-	-	-	-
OptiNet backhaul fees	-	75,213	119,941	142,219	153,441	167,873	173,502	15,462	-	-
Rent from property	664,497	374,824	372,342	359,748	363,302	365,037	366,219	879,364	1,160,266	1,119,289
Forfeited discounts and penalties	521,288	640,933	569,876	521,319	528,163	556,020	557,976	440,329	288,101	68,992
Connections and transfers	299,845	260,738	264,568	238,495	244,972	268,764	241,541	284,344	281,836	244,825
Income from CPC Operations	1,032,996	1,258,639	1,754,793	2,019,780	-	-	-	-	-	-
Other	1,524,911	1,499,930	208,849	422,767	273,926	344,704	347,972	163,763	302,398	427,664
Interest Income	95,879	90,252	86,004	91,563	56,193	46,587	34,062	277,147	567,009	55,590
Capital Grants and Contributions	15,687,587	6,450,943	2,076,268	381,314	-	-	-	-	-	-
Total Revenues by Source	<u>\$ 93,343,707</u>	<u>87,638,193</u>	<u>81,828,283</u>	<u>81,825,519</u>	<u>81,618,229</u>	<u>81,297,550</u>	<u>85,997,030</u>	<u>59,058,253</u>	<u>53,271,626</u>	<u>52,147,945</u>

NOTE: Prior to FY2016, only the net income from CPC Operations was recorded by BVU Authority. Beginning in FY2016, the results of CPC Operations were recorded in their gross amount.

Source: Internal records

See Independent Auditors' Report.

BVU AUTHORITY
LARGEST INDIVIDUAL CUSTOMER ACCOUNTS
Current Year and Nine Years Prior

Table 4

Electric	2021 Rank	2012 Rank
Universal Fibers Systems, LLC (**481)	1	1
Strongwell (**104)	2	4
Aerus, LLC (**482)	3	7
Snack Alliance (**403)	4	-
Wal-Mart Stores East Inc (**503)	5	6
Green Valley Poultry (**553)	6	-
Sam's Wholesale (**108)	7	8
KVAT Food Stores 821 (**073)	8	-
Snack Alliance (**402)	9	9
Virginia Chasan(**977)	10	-
Bristol Compressors International (**483)	-	2
Ball Metal Beverage (**409)	-	3
Sandvik Management, LLC (**480)	-	5
KVAT Food Stores 816 (**279)	-	10

Water	2021 Rank	2012 Rank
Snack Alliance (**402)	1	2
American Merchant, Inc (**206)	2	-
Cheddar's Franchise, LLC 2151 (**132)	3	-
City of Bristol, VA (**001)	4	-
Ridgecrest Town Apts, LLC (**730)	5	-
Hulsing Hotels Virginia, Inc (**285)	6	7
Carriage Hills Condos (**231)	7	-
Associated Asphalt Bristol, LLC (**091)	8	-
Strongwell (**104)	9	-
Bristol Housing Authority (**379)	10	-
Washington County Service Authority (**573)	-	1
Griffin & Garland (**301)	-	3
Washington County Service Authority (**590)	-	4
Strongwell (**104)	-	5
United Parcel Service (**303)	-	6
Washington County Service Authority (**571)	-	8
VI College (**073)	-	9
Washington County Service Authority (**566)	-	10

Source: Internal billing records.

(Continued)

BVU AUTHORITY
LARGEST INDIVIDUAL CUSTOMER ACCOUNTS
Current Year and Nine Years Prior

Table 4

Wastewater	2021 Rank	2012 Rank
Snack Alliance (**402)	1	2
City of Bristol, VA (**219)	2	1
Washington County Service Authority (**581)	3	-
American Merchant, Inc (**206)	4	-
Washington County Service Authority (**520)	5	4
Universal Fibers Systems, LLC (**587)	6	5
Washington County Service Authority (**580)	7	-
Wolf Hills Energy, LLC (**548)	8	-
Cheddar's Franchise, LLC 2151 (**132)	9	-
City of Bristol, VA (**001)	10	-
Bristol Compressors International (**582)	-	3
Strongwell (**104)	-	6
Griffin & Garland (**301)	-	7
Washington County Service Authority (**551)	-	8
United Parcel Service (**303)		9
Hulsing Hotels Virginia, Inc (**285)		10

See Independent Auditors' Report.

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Table 5										
	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Residential-Schedule RS (Rate Class 22)											
Customer Charge	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.60	\$ 12.20	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
TVA Hydro-Allocation Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)
Energy Charge:											
Summer (Jun, Jul, Aug, and Sep)	\$ 0.07588	\$ 0.07588	\$ 0.07745	\$ 0.07904	\$ 0.08534	\$ 0.08690	\$ 0.07868	\$ 0.07894	\$ 0.07283	\$ 0.07113	\$ 0.07113
Winter (Dec, Jan, Feb, and Mar)	\$ 0.07305	\$ 0.07305	\$ 0.07454	\$ 0.07606	\$ 0.08226	\$ 0.08374	\$ 0.07545	\$ 0.07562	\$ 0.06958	\$ 0.06796	\$ 0.06796
Transition (Apr, May, Oct, and Nov)	\$ 0.07129	\$ 0.07129	\$ 0.07274	\$ 0.07421	\$ 0.08035	\$ 0.08179	\$ 0.07345	\$ 0.07357	\$ 0.06758	\$ 0.06601	\$ 0.06601
General Power-Schedule GSA1 (Rate Class 40)											
(demand up to 50 kW and usage up to 15,000 kWh)											
Customer Charge	\$ 15.20	\$ 15.20	\$ 15.20	\$ 15.20	\$ 15.84	\$ 15.84	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
Energy Charge:											
Summer (Jun, Jul, Aug, and Sep)	\$ 0.08728	\$ 0.08728	\$ 0.08897	\$ 0.09069	\$ 0.09765	\$ 0.09933	\$ 0.09387	\$ 0.09458	\$ 0.08774	\$ 0.08590	\$ 0.08590
Winter (Dec, Jan, Feb, and Mar)	\$ 0.08446	\$ 0.08446	\$ 0.08608	\$ 0.08773	\$ 0.09460	\$ 0.09621	\$ 0.09068	\$ 0.09131	\$ 0.08453	\$ 0.08277	\$ 0.08277
Transition (Apr, May, Oct, and Nov)	\$ 0.08270	\$ 0.08270	\$ 0.08427	\$ 0.08587	\$ 0.09268	\$ 0.09424	\$ 0.08866	\$ 0.08923	\$ 0.08250	\$ 0.08079	\$ 0.08079
General Power-Schedule GSA2 (Rate Class 50)											
(demand of 50 kW to 1,000 kW or demand of less than 50 kW but usage in excess of 15,000 kWh)											
Customer Charge	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 62.54	\$ 62.54	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
Demand Charge:											
First 50 kW											
Excess of 50 kW											
Summer	\$ 14.06	\$ 14.06	\$ 14.37	\$ 14.69	\$ 15.70	\$ 16.01	\$ 16.32	\$ 16.37	\$ 15.41	\$ 15.07	\$ 15.07
Winter	\$ 13.21	\$ 13.21	\$ 13.50	\$ 13.79	\$ 14.77	\$ 15.06	\$ 15.35	\$ 15.38	\$ 14.44	\$ 14.13	\$ 14.13
Transition	\$ 13.21	\$ 13.21	\$ 13.50	\$ 13.79	\$ 14.77	\$ 15.06	\$ 15.35	\$ 15.38	\$ 14.44	\$ 14.13	\$ 14.13
Energy Charge:											
First 15,000 kWh											
Summer	\$ 0.08484	\$ 0.08484	\$ 0.08653	\$ 0.08825	\$ 0.09510	\$ 0.09678	\$ 0.09341	\$ 0.09413	\$ 0.08773	\$ 0.08589	\$ 0.08589
Winter	\$ 0.08202	\$ 0.08202	\$ 0.08364	\$ 0.08529	\$ 0.09204	\$ 0.09365	\$ 0.09020	\$ 0.09083	\$ 0.08450	\$ 0.08274	\$ 0.08274
Transition	\$ 0.08025	\$ 0.08025	\$ 0.08182	\$ 0.08342	\$ 0.09012	\$ 0.09168	\$ 0.08819	\$ 0.08876	\$ 0.08247	\$ 0.08076	\$ 0.08076
Additional kWh											
Summer	\$ 0.04072	\$ 0.04072	\$ 0.04149	\$ 0.04227	\$ 0.04598	\$ 0.04675	\$ 0.04246	\$ 0.04305	\$ 0.03983	\$ 0.03899	\$ 0.03899
Winter	\$ 0.03790	\$ 0.03790	\$ 0.03860	\$ 0.03931	\$ 0.04293	\$ 0.04362	\$ 0.03925	\$ 0.03976	\$ 0.03661	\$ 0.03585	\$ 0.03585
Transition	\$ 0.03669	\$ 0.03669	\$ 0.03735	\$ 0.03803	\$ 0.04161	\$ 0.04227	\$ 0.03787	\$ 0.03834	\$ 0.03523	\$ 0.03451	\$ 0.03451

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

													Table 5
													Fiscal Year

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Fiscal Year										Table 5
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
General Power-Schedule GSB (Rate Class 36)											
(demand of greater than 5,000 kW and less than 15,000 kW)											
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	
Demand Charge (per kW):											
Summer											
On Peak kW	\$ 17.05	\$ 17.05	\$ 17.44	\$ 17.84	\$ 10.09	\$ 10.33	\$ -	\$ -	\$ -	\$ -	
Off Peak kW	\$ 4.64	\$ 4.64	\$ 4.71	\$ 4.78	\$ 5.56	\$ 5.64	\$ -	\$ -	\$ -	\$ -	
Additional kW above contract demand	\$ 17.05	\$ 17.05	\$ 17.44	\$ 17.84	\$ 10.09	\$ 10.33	\$ -	\$ -	\$ -	\$ -	
Winter											
On Peak kW	\$ 9.97	\$ 9.97	\$ 10.18	\$ 10.39	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	
Off Peak kW	\$ 4.64	\$ 4.64	\$ 4.71	\$ 4.78	\$ 5.56	\$ 5.64	\$ -	\$ -	\$ -	\$ -	
Additional kW above contract demand	\$ 9.97	\$ 9.97	\$ 10.18	\$ 10.39	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	
Transition											
On Peak Billing kW	\$ 4.64	\$ 4.64	\$ 4.71	\$ 4.78	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	
On Peak Transition Max kW	\$ -	\$ -	\$ -	\$ -	\$ 5.56	\$ 5.64	\$ -	\$ -	\$ -	\$ -	
Additional kW above contract demand	\$ 4.64	\$ 4.64	\$ 4.71	\$ 4.78	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	
Energy Charge (per kWh):											
Summer											
On Peak kWh	\$ 0.11536	\$ 0.11536	\$ 0.08039	\$ 0.08236	\$ 0.07553	\$ 0.07722	\$ -	\$ -	\$ -	\$ -	
Off Peak											
First 425/200 hours use of demand	\$ 0.08078	\$ 0.08078	\$ 0.04490	\$ 0.04594	\$ 0.05236	\$ 0.05350	\$ -	\$ -	\$ -	\$ -	
Next 195/200 hours use of demand	\$ 0.06216	\$ 0.06216	\$ 0.02579	\$ 0.02633	\$ 0.00930	\$ 0.00941	\$ -	\$ -	\$ -	\$ -	
Over 620/400 hours use of demand	\$ 0.04636	\$ 0.04636	\$ 0.00958	\$ 0.00970	\$ 0.00613	\$ 0.00615	\$ -	\$ -	\$ -	\$ -	
Winter											
On Peak kWh	\$ 0.04788	\$ 0.04788	\$ 0.04901	\$ 0.05016	\$ 0.06495	\$ 0.06639	\$ -	\$ -	\$ -	\$ -	
Off Peak											
First 425/200 hours use of demand	\$ 0.04388	\$ 0.04388	\$ 0.04490	\$ 0.04594	\$ 0.05442	\$ 0.05560	\$ -	\$ -	\$ -	\$ -	
Next 195/200 hours use of demand	\$ 0.02526	\$ 0.02526	\$ 0.02579	\$ 0.02633	\$ 0.00930	\$ 0.00941	\$ -	\$ -	\$ -	\$ -	
Over 620/400 hours use of demand	\$ 0.00946	\$ 0.00946	\$ 0.00958	\$ 0.00970	\$ 0.00613	\$ 0.00615	\$ -	\$ -	\$ -	\$ -	
Transition											
On Peak kWh	\$ -	\$ -	\$ -	\$ -	\$ 0.05206	\$ 0.05319	\$ -	\$ -	\$ -	\$ -	
Off Peak											
First 425 hours use of demand	\$ 0.04388	\$ 0.04388	\$ 0.04490	\$ 0.04594	\$ 0.05206	\$ 0.05319	\$ -	\$ -	\$ -	\$ -	
Next 195 hours use of demand	\$ 0.02526	\$ 0.02526	\$ 0.02579	\$ 0.02633	\$ 0.00930	\$ 0.00941	\$ -	\$ -	\$ -	\$ -	
Over 620 hours use of demand	\$ 0.00946	\$ 0.00946	\$ 0.00958	\$ 0.00970	\$ 0.00613	\$ 0.00615	\$ -	\$ -	\$ -	\$ -	

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Fiscal Year										Table 5
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
General Power-Schedule GSB (Rate Class 36)											
(Continued)											
Facility Charge (per kW): (delivery voltage level)											
First 10,000 kW											
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -	
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Over 10,000 kW											
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -	
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reactive Charge (per kVAR):											
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -	
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -	
Manufacturing Service Rate-Schedule MSB (Rate Class 26)											
(demand of greater than 5,000 kW and less than 15,000 kW)											
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	
Demand Charge (per kW):											
Summer											
On Peak kW	\$ 16.40	\$ 16.40	\$ 16.79	\$ 17.19	\$ 9.50	\$ 9.72	\$ 9.95	\$ 10.22	\$ 10.22	\$ 10.22	
Off Peak kW	\$ 3.98	\$ 3.98	\$ 4.05	\$ 4.12	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.27	\$ 2.27	\$ 2.27	
Additional kW above contract demand	\$ 16.40	\$ 16.40	\$ 16.79	\$ 17.19	\$ 9.50	\$ 9.72	\$ 9.95	\$ 10.22	\$ 10.22	\$ 10.22	
Winter											
On Peak kW	\$ 9.32	\$ 9.32	\$ 9.53	\$ 9.74	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	
Off Peak kW	\$ 3.98	\$ 3.98	\$ 4.05	\$ 4.12	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.27	\$ 2.27	\$ 2.27	
Additional kW above contract demand	\$ 9.32	\$ 9.32	\$ 9.53	\$ 9.74	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	
Transition											
Billing kW	\$ 3.98	\$ 3.98	\$ 4.05	\$ 4.12	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	
Transition Max kW	\$ -	\$ -	\$ -	\$ -	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.27	\$ 2.27	\$ 2.27	
Additional kW above contract demand	\$ 3.98	\$ 3.98	\$ 4.05	\$ 4.12	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Fiscal Year										Table 5
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Manufacturing Service Rate-Schedule MSB (Rate Class 26) (Continued)											
Energy Charge (per kWh):											
Summer											
On Peak kWh	\$ 0.06128	\$ 0.06128	\$ 0.06276	\$ 0.06427	\$ 0.05758	\$ 0.05885	\$ 0.06011	\$ 0.06173	\$ 0.06173	\$ 0.06173	
Off Peak											
First 425/200 hours use of demand	\$ 0.02707	\$ 0.02707	\$ 0.02765	\$ 0.02824	\$ 0.03443	\$ 0.03514	\$ 0.03585	\$ 0.03679	\$ 0.03679	\$ 0.03679	
Next 195/200 hours use of demand	\$ 0.00845	\$ 0.00845	\$ 0.00854	\$ 0.00863	\$ 0.00690	\$ 0.00694	\$ 0.00698	\$ 0.00717	\$ 0.00717	\$ 0.00717	
Over 620/400 hours use of demand	\$ (0.00734)	\$ (0.00734)	\$ (0.00767)	\$ (0.00800)	\$ 0.00454	\$ 0.00453	\$ 0.00452	\$ 0.00464	\$ 0.00464	\$ 0.00464	
Winter											
On Peak kWh	\$ 0.03133	\$ 0.03133	\$ 0.03202	\$ 0.03272	\$ 0.04703	\$ 0.04803	\$ 0.04905	\$ 0.05035	\$ 0.05035	\$ 0.05035	
Off Peak											
First 425/200 hours use of demand	\$ 0.02707	\$ 0.02707	\$ 0.02765	\$ 0.02824	\$ 0.03649	\$ 0.03725	\$ 0.03801	\$ 0.03902	\$ 0.03902	\$ 0.03902	
Next 195/200 hours use of demand	\$ 0.00845	\$ 0.00845	\$ 0.00854	\$ 0.00863	\$ 0.00690	\$ 0.00694	\$ 0.00698	\$ 0.00717	\$ 0.00717	\$ 0.00717	
Over 620/400 hours use of demand	\$ (0.00734)	\$ (0.00734)	\$ (0.00767)	\$ (0.00800)	\$ 0.00454	\$ 0.00453	\$ 0.00452	\$ 0.00464	\$ 0.00464	\$ 0.00464	
Transition											
On Peak kWh	\$ -	\$ -	\$ -	\$ -	\$ 0.03730	\$ 0.03807	\$ 0.03885	\$ 0.03988	\$ 0.03988	\$ 0.03988	
Off Peak											
First 425/200 hours use of demand	\$ 0.02707	\$ 0.02707	\$ 0.02765	\$ 0.02824	\$ 0.03730	\$ 0.03807	\$ 0.03885	\$ 0.03988	\$ 0.03988	\$ 0.03988	
Next 195/200 hours use of demand	\$ 0.00845	\$ 0.00845	\$ 0.00854	\$ 0.00863	\$ 0.00690	\$ 0.00694	\$ 0.00698	\$ 0.00717	\$ 0.00717	\$ 0.00717	
Over 620/400 hours use of demand	\$ (0.00734)	\$ (0.00734)	\$ (0.00767)	\$ (0.00800)	\$ 0.00454	\$ 0.00453	\$ 0.00452	\$ 0.00464	\$ 0.00464	\$ 0.00464	
Facility Charge (per kW):(delivery voltage level)											
First 10,000 kW											
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Over 10,000 kW											
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reactive Charge (per kVAR):											
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Table 5									
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Seasonal General Service Rate-Schedule SGSB (Rate Class 56)										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Summer										
Billing kW	\$ 22.23	\$ 22.23	\$ 22.76	\$ 23.30	\$ 20.07	\$ 20.50	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 22.23	\$ 22.23	\$ 22.76	\$ 23.30	\$ 20.07	\$ 20.50	\$ -	\$ -	\$ -	\$ -
Winter										
Billing kW	\$ 15.92	\$ 15.92	\$ 16.28	\$ 16.65	\$ 17.01	\$ 17.37	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 15.92	\$ 15.92	\$ 16.28	\$ 16.65	\$ 17.01	\$ 17.37	\$ -	\$ -	\$ -	\$ -
Transition										
Billing kW	\$ 11.18	\$ 11.18	\$ 11.42	\$ 11.66	\$ 13.95	\$ 14.24	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 11.18	\$ 11.18	\$ 11.42	\$ 11.66	\$ 13.95	\$ 14.24	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
Summer	\$ 0.03148	\$ 0.03148	\$ 0.03217	\$ 0.03288	\$ 0.03351	\$ 0.03420	\$ -	\$ -	\$ -	\$ -
Winter	\$ 0.02738	\$ 0.02738	\$ 0.02797	\$ 0.02857	\$ 0.02911	\$ 0.02968	\$ -	\$ -	\$ -	\$ -
Transition	\$ 0.02647	\$ 0.02647	\$ 0.02703	\$ 0.02760	\$ 0.02189	\$ 0.02866	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW):										
(delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Table 5									
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Seasonal Manufacturing Service Rate-Schedule										
SMSB (Rate Class 02)										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Summer										
Billing kW	\$ 18.69	\$ 18.69	\$ 19.14	\$ 19.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 18.69	\$ 18.69	\$ 19.14	\$ 19.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter										
Billing kW	\$ 12.38	\$ 12.38	\$ 12.67	\$ 12.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 12.38	\$ 12.38	\$ 12.67	\$ 12.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition										
Billing kW	\$ 7.63	\$ 7.63	\$ 7.79	\$ 7.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 7.63	\$ 7.63	\$ 7.79	\$ 7.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
Summer	\$ 0.02178	\$ 0.02178	\$ 0.02222	\$ 0.02267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter	\$ 0.01715	\$ 0.01715	\$ 0.01747	\$ 0.01779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition	\$ 0.01607	\$ 0.01607	\$ 0.01636	\$ 0.01666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW):										
(delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Fiscal Year										Table 5
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Outdoor Lighting (Schedule LS - Part A)											
(street/park lighting, traffic signals, and athletic field lighting)											
Customer Charge	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Energy Charge:											
Summer	\$ 0.07746	\$ 0.07746	\$ 0.07819	\$ 0.07894	\$ 0.08415	\$ 0.08488	\$ 0.85610	\$ 0.08318	\$ 0.08125	\$ 0.08045	\$ 0.08045
Winter	\$ 0.07464	\$ 0.07464	\$ 0.07530	\$ 0.07597	\$ 0.08107	\$ 0.08173	\$ 0.08239	\$ 0.07988	\$ 0.07801	\$ 0.07729	\$ 0.07729
Transition	\$ 0.07288	\$ 0.07288	\$ 0.07349	\$ 0.07411	\$ 0.07916	\$ 0.07977	\$ 0.08038	\$ 0.07781	\$ 0.07600	\$ 0.07533	\$ 0.07533
Facility Charge (per month)	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Outdoor Lighting (Schedule LS - Part B)											
(outdoor lighting for individual customers)											
Energy Charge (per kWh):											
Summer	\$ 0.07746	\$ 0.07746	\$ 0.07819	\$ 0.07894	\$ 0.08415	\$ 0.08488	\$ 0.85610	\$ 0.08318	\$ 0.08125	\$ 0.08045	\$ 0.08045
Winter	\$ 0.07464	\$ 0.07464	\$ 0.07530	\$ 0.07597	\$ 0.08107	\$ 0.08173	\$ 0.08239	\$ 0.07988	\$ 0.07801	\$ 0.07729	\$ 0.07729
Transition	\$ 0.07288	\$ 0.07288	\$ 0.07349	\$ 0.07411	\$ 0.07916	\$ 0.07977	\$ 0.08038	\$ 0.07781	\$ 0.07600	\$ 0.07533	\$ 0.07533
Facility Charge (per month):											
Mercury Vapor/Incandescent (175 Watts)	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72
Mercury Vapor/Incandescent (400 Watts)	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46
Mercury Vapor Flood (400 Watts)	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96
Mercury Vapor Flood (1,000 Watts)	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
High Pressure Sodium (100 Watts)	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53
High Pressure Sodium (150 Watts)	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89
High Pressure Sodium (200 Watts)	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59
High Pressure Sodium (400 Watts)	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30
High Pressure Sodium Flood (400 Watts)	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14
High Pressure Sodium Flood (1,000 Watts)	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75
Metal Halide Flood (400 Watts)	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20
Metal Halide Flood (1,000 Watts)	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33
LED (100 Watts)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53
Pole Rental Charge (per month):											
Wood	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Post Top	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
Aluminum	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
Installation Charge (one time fee):											
Existing Pole	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
New Pole	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

	Fiscal Year										Table 5
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
TVA Fuel Cost Adjustment											
Residential (Schedule RS)											
Energy Charge											
First 1,000 kWh	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	
Additional kWh	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	
General Power (Schedule GSA1)											
Energy Charge	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	
General Power (Schedule GSA2)											
Demand Charge											
First 50 kW											
Excess over 50 kW											
Energy Charge											
First 15,000 kWh	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	
Additional kWh	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	
General Power (Schedule GSA3)											
Demand Charge											
First 1,000 kW											
Excess over 1,000 kW											
Energy Charge	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	
Manufacturing Service Rate (Schedule MSB)											
Demand Charge											
Energy Charge											
First 620 hours of use demand	\$ 0.02428	\$ 0.02416	\$ 0.02672	\$ 0.02170	\$ 0.01780	\$ 0.01916	\$ 0.01750	\$ 0.01666	\$ 0.01234	\$ 0.01620	
Additional kWh	\$ 0.02428	\$ 0.02416	\$ 0.02672	\$ 0.02170	\$ 0.01780	\$ 0.01916	\$ 0.01750	\$ 0.01666	\$ 0.01234	\$ 0.01620	
Outdoor Lighting (Schedule LS - Part A and Part B)											
Energy Charge	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	

See Independent Auditors' Report.

BVU AUTHORITY
SCHEDULE OF WATER SYSTEM RATES
Last Ten Fiscal Years

	Table 6									
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Monthly Billing										
Customer Charge										
Residential	10.43	11.53	11.53	11.53	12.11	12.11	12.11	12.11	13.11	13.11
Non-Residential	21.12	23.34	23.34	23.34	24.51	24.51	24.51	24.51	26.51	26.51
Usage Charge (per 1,000 gallons)										
0 - 100,000 gallons per month	3.16	3.49	3.49	3.49	3.66	3.66	3.66	3.66	3.66	3.66
100,001 - 3,250,000 gallons per month	2.60	2.87	2.87	2.87	3.01	3.01	3.01	3.01	3.01	3.01
3,250,001 - over	1.42	1.57	1.57	1.57	1.65	1.65	1.65	1.65	1.65	1.65
Industry Rate Class (per 1,000 gallons)										
0 - 100,000 gallons per month	-	3.32	3.32	3.32	3.49	3.49	3.49	3.49	3.49	3.49
100,001 - 3,250,000 gallons per month	-	2.73	2.73	2.73	2.87	2.87	2.87	2.87	2.87	2.87
3,250,001 - over	-	1.49	1.49	1.49	1.56	1.56	1.56	1.56	1.56	1.56
Meter Service Charge										
1"	10.15	11.20	11.20	11.20	11.76	11.76	11.76	11.76	11.76	11.76
1-1/2 "	24.30	26.85	26.85	26.85	28.19	28.19	28.19	28.19	28.19	28.19
2"	40.30	44.50	44.50	44.50	46.73	46.73	46.73	46.73	46.73	46.73
3"	96.00	106.10	106.10	106.10	111.41	111.41	111.41	111.41	111.41	111.41
4"	152.30	168.30	168.30	168.30	176.72	176.72	176.72	176.72	176.72	176.72
6"	224.00	247.55	247.55	247.55	259.93	259.93	259.93	259.93	259.93	259.93
Fire Line Charges										
4"	32.00	35.00	35.00	35.00	36.75	36.75	36.75	36.75	36.75	36.75
6"	64.00	70.00	70.00	70.00	73.50	73.50	73.50	73.50	73.50	73.50
8"	96.00	106.00	106.00	106.00	111.30	111.30	111.30	111.30	111.30	111.30
10"	128.00	141.00	141.00	141.00	148.05	148.05	148.05	148.05	148.05	148.05
Hydrant Rental	24.30	26.85	26.85	26.85	28.19	28.19	28.19	28.19	28.19	28.19
Connection Fees/System Fees										
Water Meter										
5/8" x 3/4"	900.00	990.00	990.00	990.00	990.00	990.00	990.00	990.00	990.00	990.00
1"	2,265.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
2"	4,240.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00
4"	15,470.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00
6"	17,625.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00

(Continued)

BVU AUTHORITY
SCHEDULE OF WATER SYSTEM RATES
Last Ten Fiscal Years

	Fiscal Year									Table 6
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire Line										
Meter Size										
4"	15,470.00	17,095.00	17,095.00	17,095.00	17,950.00	17,950.00	17,950.00	17,950.00	17,950.00	17,950.00
6"	17,625.00	19,480.00	19,480.00	19,480.00	20,454.00	20,454.00	20,454.00	20,454.00	20,454.00	20,454.00
Non Metered										
4" line	7,730.00	8,540.00	8,540.00	8,540.00	8,967.00	8,967.00	8,967.00	8,967.00	8,967.00	8,967.00
6" line	8,810.00	9,735.00	9,735.00	9,735.00	10,222.00	10,222.00	10,222.00	10,222.00	10,222.00	10,222.00

Customers residing outside the City of Bristol, VA shall be charged one and one-half (1-1/2) times the computed bill.

Source: Internal Records

See Independent Auditors' Report.

BVU AUTHORITY
SCHEDULE OF WASTEWATER SYSTEM RATES
Last Ten Fiscal Years

	Table 7									
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Monthly Billing										
Customer Charge										
Residential	9.59	11.43	11.43	11.43	13.14	13.14	13.14	13.14	14.14	14.14
Non-Residential	22.33	26.62	26.62	26.62	30.61	30.61	30.61	30.61	32.61	32.61
Treatment Charge (per 1,000 gallons)										
All volumes	2.73	3.25	3.25	3.25	3.74	3.74	3.74	3.74	3.74	3.74
Industry Rate Class (per 1,000 gallons)										
All volumes	N/A	2.87	2.87	2.87	3.30	3.30	3.30	3.30	3.30	3.30
Meter Service Charge										
5/8" x 3/4"	-	-	-	-	-	-	-	-	-	-
1"	11.15	13.25	13.25	13.25	15.24	15.24	15.24	15.24	15.24	15.24
1-1/2 "	27.00	32.15	32.15	32.15	36.97	36.97	36.97	36.97	36.97	36.97
2"	45.25	53.90	53.90	53.90	61.99	61.99	61.99	61.99	61.99	61.99
3"	102.25	121.85	121.85	121.85	140.13	140.13	140.13	140.13	140.13	140.13
4"	162.20	193.35	193.35	193.35	222.35	222.35	222.35	222.35	222.35	222.35
6"	402.00	479.20	479.20	479.20	551.08	551.08	551.08	551.08	551.08	551.08
Strong Waste Surcharge (per pound)										
Biological Oxygen Demand (BOD-5)										
0 - 300	-	-	-	-	-	-	-	-	-	-
301 - over	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07	0.07
Total Suspended Solids (TSS)										
0 - 300	-	-	-	-	-	-	-	-	-	-
301 - over	0.12	0.12	0.12	0.12	0.14	0.14	0.14	0.14	0.14	0.14
Connection Fees/System Fees										
Line Size										
6"	1,180.00	1,405.00	1,405.00	1,405.00	1,616.00	1,616.00	1,616.00	1,616.00	2,250.00	2,250.00
All Other	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

BVU AUTHORITY
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

										Table 8
										Fiscal Year
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2010 Revenue and Refunding Bonds	\$ 43,385,000	\$ 42,185,000	\$ 40,930,000	\$ 39,610,000	\$ 38,235,000	\$ 36,790,000	\$ 35,275,000	\$ -	\$ -	\$ -
Notes Payable - MI Connection	-	-	-	-	-	-	-	-	-	-
Southeast Rural Community Assistance Project (SERCAP)	-	-	222,773	214,826	-	-	-	-	-	-
VRA Revolving Loan Funds - Hassen Heights Water Tank	1,063,177	1,015,248	965,771	914,698	861,977	807,556	751,379	693,391	633,532	571,742
VRA Revolving Loan Funds - Bristol View Connector	1,165,246	1,112,716	1,058,489	1,002,512	944,730	885,084	823,514	759,958	694,351	626,631
VRA Revolving Loan Funds - Little Creek Interceptor and Sewer Basin Project	-	-	-	-	-	-	-	-	1,760,903	6,511,972
Total Outstanding Debt	\$ 45,613,423	\$ 44,312,964	\$ 43,177,033	\$ 41,742,036	\$ 40,041,707	\$ 38,482,640	\$ 36,849,893	\$ 1,453,349	\$ 3,088,786	\$ 7,710,345
Outstanding Debt Per Customer (by Department)										
Electric	\$ 971	\$ 948	\$ 928	\$ 893	\$ 863	\$ 832	\$ 792	\$ -	\$ -	\$ -
Water	\$ 638	\$ 619	\$ 602	\$ 572	\$ 548	\$ 522	\$ 493	\$ 184	\$ 169	\$ 152
Sewer	\$ -	\$ -	\$ 29	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 230	\$ 844
OptiNet	\$ 2,156	\$ 1,997	\$ 1,874	\$ 1,796	\$ 1,713	\$ 1,661	\$ 1,615	\$ -	\$ -	\$ -

Source: Internal Records

See Independent Auditors' Report.

BVU AUTHORITY
REVENUE BOND COVERAGE
Last Ten Fiscal Years

Table 9

Fiscal	Gross	Operating	Net	Debt Service Requirements (3)			
Year	Revenues (1)	Expenses (2)	Available	Principal	Interest	Total	Coverage
Electric							
2012	54,106,556	49,335,039	4,771,517	425,000	681,811	1,106,811	4.31
2013	54,547,328	49,590,926	4,956,402	440,000	666,733	1,106,733	4.48
2014	54,163,773	49,944,002	4,219,771	460,000	645,408	1,105,408	3.82
2015	53,690,719	49,122,216	4,568,503	480,000	624,310	1,104,310	4.14
2016	53,152,408	46,782,178	6,370,230	505,000	600,793	1,105,793	5.76
2017	53,552,196	49,384,256	4,167,940	530,000	576,533	1,106,533	3.77
2018	52,259,747	45,607,913	6,651,834	560,000	549,635	1,109,635	5.99
2019	49,387,236	46,491,770	2,895,466	-	-	-	-
2020	44,875,543	41,699,522	3,176,021	-	-	-	-
2021	43,905,766	39,941,634	3,964,132	-	-	-	-
Water							
2012	3,710,383	2,576,558	1,133,825	172,325	196,280	368,605	3.08
2013	3,865,417	2,620,737	1,244,680	180,464	190,373	370,837	3.36
2014	3,768,161	2,846,974	921,187	188,705	183,143	371,847	2.48
2015	3,506,449	2,590,455	915,994	197,050	175,836	372,886	2.46
2016	3,606,976	2,561,690	1,045,286	200,503	168,084	368,587	2.84
2017	3,638,490	2,458,512	1,179,978	209,067	160,160	369,227	3.20
2018	3,647,363	2,345,605	1,301,758	217,747	151,658	369,404	3.52
2019	3,630,730	2,526,263	1,104,467	121,557	49,437	170,995	6.46
2020	3,790,844	2,129,017	1,661,827	125,478	45,516	170,995	9.72
2021	3,764,296	1,825,961	1,938,335	129,512	41,464	170,976	11.34
Sewer							
2012	3,553,648	2,936,327	617,321	-	-	-	-
2013	4,304,153	3,005,439	1,298,714	-	-	-	-
2014	4,324,296	3,038,855	1,285,441	3,227	3,408	6,635	193.74
2015	4,142,224	2,803,659	1,338,565	7,947	7,977	15,924	84.06
2016	4,728,757	3,001,951	1,726,806	-	-	-	-
2017	4,667,993	2,797,133	1,870,860	-	-	-	-
2018	4,640,570	3,084,857	1,555,713	-	-	-	-
2019	4,733,250	2,946,194	1,787,056	-	-	-	-
2020	4,910,277	2,581,771	2,328,506	-	-	-	-
2021	49,223,170	2,363,439	46,859,731	196,390	-	196,390	238.61
OptiNet							
2012	19,814,189	13,238,671	6,575,518	660,000	1,051,848	1,711,848	3.84
2013	20,840,114	13,609,306	7,230,808	680,000	1,028,408	1,708,408	4.23
2014	22,936,382	14,773,808	8,162,574	710,000	995,318	1,705,318	4.79
2015	23,069,018	15,602,283	7,466,735	750,000	962,492	1,712,492	4.36
2016	24,530,309	18,463,163	6,067,146	780,000	925,944	1,705,944	3.56
2017	24,768,880	16,022,255	8,746,625	820,000	888,344	1,708,344	5.12
2018	24,486,249	16,391,298	8,094,951	855,000	846,977	1,701,977	4.76
2019	1,862,461	2,558,343	(695,882)	-	-	-	-
2020	442,801	170,906	271,895	-	-	-	-
2021	-	132,887	(132,887)	-	-	-	-

(1) Total operating revenues plus interest income.

(2) Total operating expenses plus amortization less depreciation.

(3) Includes principal and interest on revenue bonds and VRA Revolving Loan Fund debt.

Source: Internal records

See Independent Auditors' Report.

**BVU AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

										Table 10
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Unemployment Rate										
City of Bristol	7.30%	7.00%	6.40%	5.40%	5.10%	4.50%	3.70%	3.90%	9.80%	5.70%
Scott County	7.50%	7.00%	5.90%	5.20%	4.90%	4.00%	3.20%	3.20%	6.40%	4.30%
Washington County	6.70%	6.40%	5.80%	4.80%	4.60%	4.10%	3.40%	3.40%	7.70%	4.20%
Virginia	6.10%	5.70%	5.30%	4.50%	4.10%	3.70%	3.00%	2.80%	8.10%	4.50%
Population										
City of Bristol	17,702	17,728	17,690	17,625	17,669	17,160	16,877	17,018	17,165	N/A
Scott County	23,445	23,223	23,181	22,759	22,733	22,377	22,121	21,892	21,995	N/A
Washington County	55,479	55,207	54,943	54,130	53,410	53,789	53,992	53,417	53,559	N/A
Virginia	8,185,867	8,260,405	8,326,289	8,382,993	8,411,808	8,470,020	8,517,685	8,535,519	8,586,967	N/A
Personal Income (Thousands of Dollars)										
Washington County + City of Bristol	2,922,509	2,779,901	2,693,897	2,686,904	2,591,795	2,791,654	2,899,980	2,926,742	N/A	N/A
Scott County	665,666	654,470	667,370	690,471	695,417	714,652	727,191	745,943	N/A	N/A
Virginia	404,772,481	402,064,568	420,235,927	440,823,733	448,683,501	466,743,276	492,312,666	509,201,256	545,523,000	550,829,000
Per Capita Personal Income (Dollars)										
Washington County + City of Bristol	40,145	38,518	37,523	37,650	36,420	39,221	40,912	41,513	N/A	N/A
Scott County	28,994	28,738	29,623	31,024	31,570	32,685	33,769	34,589	N/A	N/A
Virginia	49,431	48,666	50,528	52,687	53,323	55,105	57,799	59,657	N/A	N/A

Source:

United States Department of Labor, Bureau of Labor Statistics

Weldon Cooper Center for Public Service

Bureau of Economic Analysis

N/A - Information was not available when schedules were prepared

See Independent Auditors' Report.

**BVU AUTHORITY
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior**

Table 11

	2021		2012	
	Employees (1)	Rank	Employees (1)	Rank
City of Bristol				
Bristol City Public Schools	250 to 499 employees	1	250 to 499 employees	4
U.P.S.	250 to 499 employees	2	250 to 499 employees	10
Electro Mechanical Corporation	250 to 499 employees	3	500 to 999 employees	2
City of Bristol	250 to 499 employees	4	250 to 499 employees	6
Camac Corporation	250 to 499 employees	5	-	-
Highlands Community Services Board	250 to 499 employees	6	250 to 499 employees	9
Snack Alliance Inc	250 to 499 employees	7	-	-
Food City	250 to 499 employees	8	250 to 499 employees	8
Strongwell	100 to 249 employees	9	250 to 499 employees	7
VDOT	100 to 249 employees	10	-	-
Sprint United Management	-	-	500 to 999 employees	1
U S Solutions Group	-	-	500 to 999 employees	3
Officemax Inc	-	-	250 to 499 employees	5
	2021		2012	
	Employees (1)	Rank	Employees (1)	Rank
Washington County				
Food City	1000 and over employees	1	1000 and over employees	2
Washington County Schools	1000 and over employees	2	1000 and over employees	1
Wal Mart	500 to 999 employees	3	250 to 499 employees	7
Utility Trailer Manufacturing	500 to 999 employees	4	250 to 499 employees	6
Mountain States Health Alliance	500 to 999 employees	5	500 to 999 employees	3
Emory and Henry College	250 to 499 employees	6	-	-
Washington County	250 to 499 employees	7	250 to 499 employees	9
Kearney National, Inc.	250 to 499 employees	8	-	-
Paramont Manufacturing	250 to 499 employees	9	-	-
Lux Enterprises, Inc.	100 to 249 employees	10	-	-
Bristol Compressors International	-	-	500 to 999 employees	4
Camac Corporation	-	-	250 to 499 employees	5
Lowes Home Centers, Inc	-	-	250 to 499 employees	8
Virginia Highlands Community College	-	-	250 to 499 employees	10
	2021		2012	
	Employees (1)	Rank	Employees (1)	Rank
Scott County				
Scott County School Board	500 to 999 employees	1	500 to 999 employees	1
Tempur Production	250 to 499 employees	2	100 to 249 employees	3
VFP Inc.	100 to 249 employees	3	100 to 249 employees	7
Joy Technologies	250 to 499 employees	4	250 to 499 employees	2
Itec Healthcare Solutions Inc	100 to 249 employees	5	-	-
Food City	100 to 249 employees	6	100 to 249 employees	4
County of Scott	100 to 249 employees	7	100 to 249 employees	5
SW Virginia Regional Jail Auth	100 to 249 employees	8	100 to 249 employees	9
Ridgecrest Manor Nursing & Rehabilitation	100 to 249 employees	9	-	-
Nova Health & Rehab Center	50 to 99 employees	10	-	-
Atwork Personnel Service	-	-	100 to 249 employees	6
Continumcare of Weber City, LLC	-	-	50 to 99 employees	8
Mountain Region Personal Care	-	-	100 to 249 employees	10

Source: Virginia Employment Commission Quarterly Census of Employment and Wages for 1st Qtr 2021 and 2nd Qtr 2012.
Data for 2nd Qtr 2021 was not available at the time this report was prepared.

See Independent Auditors' Report.

**BVU AUTHORITY
CLIMATOLOGICAL DATA
Last Ten Fiscal Years**

Table 12

<u>Fiscal Year</u>	<u>Heating Degree Days *</u>	<u>Cooling Degree Days *</u>
2021	4321	1033
2020	4137	1040
2019	4269	1133
2018	4623	902
2017	3921	969
2016	4224	740
2015	5007	715
2014	4833	744
2013	4359	769
2012	3706	913

Source: U.S. Department of Commerce, National Oceanic and Atmospheric Administration, Abingdon,
Virginia, Elevation 1,925 feet (Bristol, VA, within city limits, Elevation 1,662 to 2,124 feet)

* Degree Day is the measurement of the departure, on a single day, of the daily mean temperature from a standard temperature (65 degrees Fahrenheit). Heating Degree Day is a measurement designed to quantify the demand for energy needed to heat a building. Cooling Degree Day is a measurement designed to quantify the demand for energy needed to cool a building.

See Independent Auditors' Report.

BVU AUTHORITY
ELECTRIC SALES INFORMATION
Last Ten Fiscal Years

										Table 13
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Purchased Power (kWh)	558,693,201	558,952,771	560,711,607	559,840,691	539,503,555	514,938,200	519,494,701	492,770,724	454,425,227	459,835,333
Consumption (kWh)										
Residential	194,484,388	203,635,243	210,410,023	207,969,958	191,675,969	188,244,626	200,775,221	198,934,677	193,323,865	200,052,498
Commercial	38,863,172	38,554,142	37,996,296	37,231,807	34,537,543	34,061,091	35,451,776	35,626,834	34,579,213	34,690,975
Large Commercial and Industrial	297,527,293	286,503,291	284,900,300	286,970,054	289,730,297	269,085,894	254,088,620	233,433,790	201,978,170	196,844,541
Street and Outdoor Lighting	6,051,715	5,920,591	5,828,021	5,717,871	5,762,394	5,738,744	5,673,241	5,755,556	5,813,774	5,808,546
Total Consumption	<u>536,926,568</u>	<u>534,613,267</u>	<u>539,134,640</u>	<u>537,889,690</u>	<u>521,706,203</u>	<u>497,130,355</u>	<u>495,988,858</u>	<u>473,750,857</u>	<u>435,695,022</u>	<u>437,396,560</u>
Line Losses (kWh)	21,766,633	24,339,504	21,576,967	21,951,001	17,797,352	17,807,845	23,505,843	19,019,867	18,730,205	22,438,773
Line Losses as a percentage of purchased power	3.90%	4.35%	3.85%	3.92%	3.30%	3.46%	4.52%	3.86%	4.12%	4.88%
Customer Count										
Residential	13,728	13,679	13,542	13,632	13,605	13,574	13,665	13,597	13,583	13,662
Commercial	2,237	2,229	2,214	2,220	2,230	2,237	2,262	2,274	2,294	2,322
Large Commercial and Industrial	317	313	323	326	322	308	304	314	310	304
Street and Outdoor Lighting	135	133	136	137	138	142	142	144	144	143
Total Customer Count	<u>16,417</u>	<u>16,354</u>	<u>16,215</u>	<u>16,315</u>	<u>16,295</u>	<u>16,261</u>	<u>16,373</u>	<u>16,329</u>	<u>16,331</u>	<u>16,431</u>

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

**BVU AUTHORITY
WATER SALES INFORMATION
Last Ten Fiscal Years**

										Table 14
Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Production (000's)										
Total gallons pumped	1,142,712	919,409	962,961	813,624	805,108	850,545	876,953	885,047	993,099	945,448
Gallons used in operations	14,007	10,883	13,482	9,514	8,161	8,248	9,133	9,707	10,680	10,239
Gallons Available For Sale	<u>1,128,705</u>	<u>908,526</u>	<u>949,479</u>	<u>804,110</u>	<u>796,947</u>	<u>842,297</u>	<u>867,820</u>	<u>875,340</u>	<u>982,419</u>	<u>935,209</u>
Consumption (000's)										
Residential	302,728	292,560	297,231	290,302	283,256	276,619	275,081	274,283	276,993	272,574
Commercial and Industrial	298,020	267,258	283,626	270,345	277,781	301,811	307,244	296,352	303,563	313,655
Other Water Authorities	212,727	137,868	92,400	-	-	-	-	-	-	-
Total Consumption	<u>813,475</u>	<u>697,686</u>	<u>673,257</u>	<u>560,647</u>	<u>561,037</u>	<u>578,430</u>	<u>582,325</u>	<u>570,635</u>	<u>580,556</u>	<u>586,229</u>
Gallons Losses (000's)	315,230	210,840	276,222	243,463	235,910	263,867	285,495	304,705	401,863	348,980
Losses as a percentage of gallons pumped	27.59%	22.93%	28.68%	29.92%	29.30%	31.02%	32.56%	34.43%	40.47%	36.91%
Customer Count										
Residential	6,868	6,847	6,788	6,845	6,832	6,827	6,862	6,830	6,815	6,838
Commercial and Industrial	1,098	1,080	1,055	1,059	1,056	1,049	1,039	1,060	1,059	1,066
Other Water Authorities	11	2	-	-	-	-	-	-	-	-
Total Customer Count	<u>7,977</u>	<u>7,929</u>	<u>7,843</u>	<u>7,904</u>	<u>7,888</u>	<u>7,876</u>	<u>7,901</u>	<u>7,890</u>	<u>7,874</u>	<u>7,904</u>

Note: Customer count is as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

**BVU AUTHORITY
WASTEWATER SALES INFORMATION
Last Ten Fiscal Years**

										Table 15
										Fiscal Year
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gallons Transported (000's)										
Residential	311,991	305,306	309,184	297,356	289,329	291,908	298,172	289,392	297,891	286,494
Commercial and Industrial	451,715	453,209	456,611	423,265	430,416	403,663	411,638	426,992	441,985	443,867
Total Gallons Transported (000's)	<u>763,706</u>	<u>758,515</u>	<u>765,795</u>	<u>720,621</u>	<u>719,745</u>	<u>695,571</u>	<u>709,810</u>	<u>716,384</u>	<u>739,876</u>	<u>730,361</u>
Customer Count										
Residential	6,713	6,697	6,633	6,702	6,691	6,688	6,730	6,701	6,690	6,727
Commercial and Industrial	1,028	1,007	983	985	977	967	945	972	977	993
Total Customer Count	<u>7,741</u>	<u>7,704</u>	<u>7,616</u>	<u>7,687</u>	<u>7,668</u>	<u>7,655</u>	<u>7,675</u>	<u>7,673</u>	<u>7,667</u>	<u>7,720</u>

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

BVU AUTHORITY
DEMAND FOR SERVICES AND CAPITAL INDICATORS
June 30, 2020

Table 16

Electric System		
Delivery Points From TVA	2	
Number of Substations	10	
Miles of Transmission Lines	27	
Miles of Overhead Circuit Lines	577	
Water System		
Daily Capacity of Water Plant	10,000,000	Gallons per Day
Average Daily Consumption	1,606,100	Gallons per Day
Number of Water Tanks	5	
Storage Capacity	6,800,000	Gallons
Miles of Water Lines	161	
Sewer System		
Total Daily Capacity of Treatment Plant	15,000,000	Gallons per Day
BVU Daily Capacity of Treatment Plant	6,750,000	Gallons per Day
Average Daily Customer Usage	2,001,000	Gallons per Day
Miles of Sewer Lines	141	
Number of Employees		
Full Time	62	
Part Time	1	
Total	63	

Source: Internal Records

See Independent Auditors' Report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

To the Board of Directors
BVU Authority
Bristol, Virginia

We have audited, in accordance with the 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 *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of BVU Authority (BVU), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise BVU's basic financial statements, and have issued our report thereon dated November 3, 2021. Our report includes a reference to other auditors who audited the financial statements of the Joint Sewerage System, as described in our report on BVU's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BVU's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BVU's internal control. Accordingly, we do not express an opinion on the effectiveness of BVU's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BLACKBURN, CHILDERS & STEAGALL, PLLC
Johnson City, Tennessee

November 3, 2021

**BVU AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021**

SECTION I - FINANCIAL STATEMENT AUDIT FINDINGS

None Noted

SECTION II - PRIOR YEAR FINDINGS IMPLEMENTED

None Noted