



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FYE: JUNE 30, 2024

BEDFORD REGIONAL WATER AUTHORITY

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BEDFORD REGIONAL WATER AUTHORITY

BEDFORD, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2024*

PREPARED BY THE FINANCE DEPARTMENT

Bedford Regional Water Authority

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Introductory Section



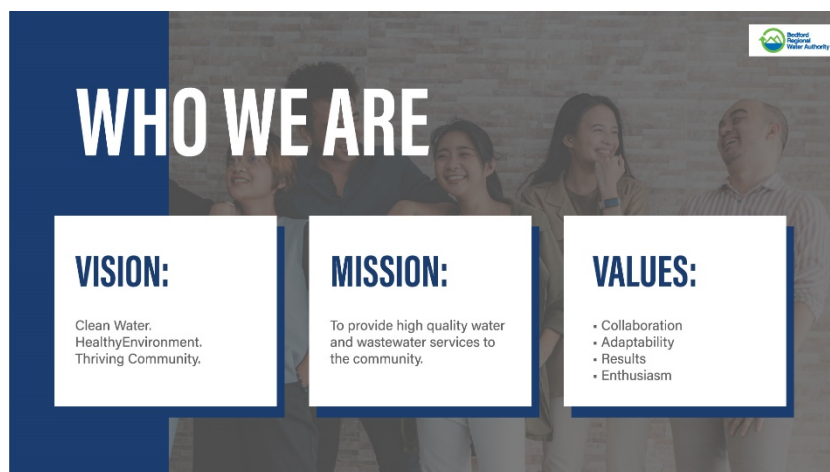
November 22, 2024

To the Members of the Board of Directors, Customers and Interested Parties of the Bedford Regional Water Authority:

The Annual Comprehensive Financial Report for the Bedford Regional Water Authority (Authority) is hereby submitted for the fiscal year ended June 30, 2024. The report was prepared by the Authority in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and with emphasis on disclosure of the financial activities of the Authority. Responsibility for both the completeness and reliability of the information, including all disclosures, rests with the Authority, and is based upon a framework of internal control that has been established for this purpose. Because the cost of internal controls 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 the Authority.

The basic financial statements have been audited by our independent auditors, Brown, Edwards & Company, L.L.P., who have issued an unmodified (“clean”) opinion of the financial statements of the Authority as of and for the year ended June 30, 2024. The audit was conducted 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*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The independent auditor’s report is located at the front of the financial section of this report.

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. This letter of transmittal is designed to complement the MD&A and should be read with it.



Organization and Function

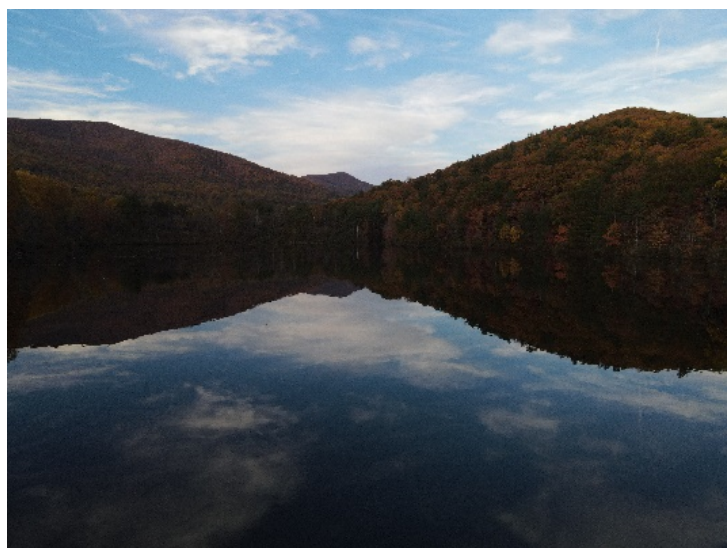
The Authority was chartered December 18, 2012, under the Virginia Water and Waste Authorities Act and Sewer Authorities Act, Chapter 51 Title 15.2 of the Code of Virginia 1950 as amended, by concurrent resolutions adopted by the Bedford County Board of Supervisors and the City Council of the City of Bedford, Virginia (now the Town of Bedford). The Authority is authorized to acquire, finance, contract, operate, and maintain water systems, sewer systems, sewerage disposal and treatment systems, and other facilities or combinations thereof; furthermore, it is able to borrow money and to issue its revenue bonds to pay all or any part of the cost of such systems and facilities and related financing costs.



The revenues of the Authority are based on base and commodity charges from the system users. The Authority does not have taxing power.

The Authority operates on a Board-administrator form of government. The Board consists of a Chair and six other Board members. Members are appointed by the Bedford County Board of Supervisors and the Town Council, based upon the proportionate representation of the localities according to the total number of equivalent residential connections (ERCs), for both water and sewer in each jurisdiction based on an equivalent rate calculation of two hundred gallons per day per connection. In no event shall either the Town of Bedford or Bedford County appoint and have fewer than two (2) members of the Board of Directors of the Authority. There are three standing committees comprised of two board members each; they include the Policies and Projects Committee, the Finance Committee, and the Personnel Committee. Regular meetings of the Authority Board of Directors are held on the third Tuesday of every month at the Authority's office, with special meetings scheduled as needed.

Water Distribution Service Areas:



Bedford Central: The Authority provides water to the area inside and around the Town of Bedford through the Mountain Water Drive Treatment Plant. The plant uses a surface water reservoir located at the foothills of the Peaks of Otter. The Water Treatment Plant ("WTP") is rated at approximately 3.0 million gallons per day ("MGD"). The Town also receives water from the Smith Mountain Lake Water Treatment Facility.

Forest Central: The Authority provides water to the Forest, New London, and Boonsboro areas of the County from the Smith Mountain Lake Water Treatment Facility and through purchasing water from the City of Lynchburg; the Authority then sends this water through the Authority's distribution system. Water is treated by Lynchburg from the James River and the Pedlar Reservoir. While there is a minimum purchase requirement of 1 MGD, there is not currently a contract limit to the capacity of the water purchased from Lynchburg, and the City of Lynchburg WTPs are rated at a capacity of 26 MGD

Lakes: Jointly owned with Western Virginia Water Authority, the Smith Mountain Lake Water Treatment Facility uses membrane technology to treat water that is withdrawn from Smith Mountain Lake (SML). This water provides the majority of the water for the Lakes Central system around the SML area while also providing water for Franklin County, the Town of Bedford, and Forest. The SMLWTF is rated at 4.0 MGD, and it can easily be expanded to 6.0 MGD. The Authority also owns three (3) independent water systems that use wells as the source and are located in the Mountain View Shores, Valley Mills Crossing, and Paradise Point subdivisions.

Stewartsville: The Authority owns a water system in the Stewartsville area where water is purchased from the Western Virginia Water Authority ("WVWA") and then distributed by the Authority. There is no contract limit to the capacity of water purchased from the WVWA.

Wastewater Collection Service Areas:

Bedford Central: The Authority provides sewer service inside and around the Town of Bedford using a Wastewater Treatment Plant ("WWTP") located on Orange Street in Bedford. The Central WWTP is rated at 2.0 million gallons a day ("MGD").

Forest Central: The Authority provides sewer service to the Forest and New London areas of the County by collecting the wastewater and transmitting it to the Lynchburg Regional WWTP for treatment. The Authority owns 1.0 MGD capacity in the Lynchburg WWTP.

Lakes Central: The Authority owns a WWTP in Moneta, which provides sewer service to the Lakes community around the 122 corridor. The WWTP is rated at 0.5 MGD.

Montvale: The Montvale WWTP is located behind the Elementary school. It is rated at 0.05 MGD and provides service to the Montvale Elementary School, the Montvale Library, the Montvale Center for Business, and the central Montvale community.

The Authority is not legally required to adopt a budget; however, it is a requirement of the bond covenants that the Authority's Board of Directors adopt an annual budget before the first day of each fiscal year. The Finance department prepares the budget, in coordination with department managers, and serves as a framework for the Authority's financial planning for the year. Authorization is given to the Executive Director to move funds within the line item operating budget without further Board action, provided that a financial report is presented at the monthly Board meeting. The Executive Director can also reprioritize any of the items on the capital budget, provided the total spent did not exceed the approved budget.

Local Economic Condition and Outlook



Bedford County is one of the fastest growing areas and is the fifth largest county by land area in the Commonwealth of Virginia. Bedford has a population of more than 80,000 and is still growing. According to census data, Bedford County has seen a 25 percent increase in population growth since 2000.

Bedford maintains its agriculture economy; however, the tourism and retail economies flourish as well. Bedford is anchored in residential growth and scenic destinations, such as the Peaks of Otter and Smith Mountain Lake. Thomas Jefferson's Poplar Forest and

the National D-Day Memorial are located in Bedford, the Town of Bedford experienced one of the highest per capital losses during the D-Day invasion.

As of June 2024, the 2024 Bedford Community Profile reports an unemployment rate of 3.1% for the County; compared to the same time period where Virginia was at 3.0% and the Country was at 4.3%.

Relevant Financial Policies

The Authority's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority operates as an independent entity as allowed by the Virginia Water and Waste Authorities Act.

Under this act and the Authority's charter, sufficient rates and fees are established so that the Authority can pay its operating expenses, principal and interest payments, and provide a margin of revenue that is sufficient to cover any contingencies that may arise. As part of the annual budget process, rates are examined to ensure that they are adequate for the Authority's obligations.

The Authority has adopted the following financial policies: Financial Management, Purchasing Cards, Purchasing, Employee Awards, Capital Assets, Investments, Debt Management, Post Issuance Compliance, Alternate Delivery, PPEA, Reserve Accounts, and Disposal of Surplus Property. The Authority believes that these procedures provide reasonable assurance that assets are properly recorded and protected; and that financial data is used confidently in the preparation of reports and projections.

Major Initiatives and Accomplishments

The following are a few of the major initiatives that the Authority accomplished during the fiscal year:

During FY 2024 Developer Dedications included 2,701 linear feet of waterline totaling \$571,849 and 829 linear feet of sewer line totaling \$74,930.

Purchases funded through the Capital Improvement Program (CIP) included vehicles and various equipment, replacement, information technology equipment, a glass window for the Customer Service reception area, as well as pumps, equipment, and communication systems for water and sewer facilities

Funded through replacement funds, a new VacTor was purchased to replace the previous piece of equipment from 2001. This vacuum truck is used to clean and maintain the sewer system. The old truck was sold on the Gov Deals platform to a small sewer system in another state. Also, through replacement funds, a new Ditch With boring machine was purchased. The old machine is being retired and will be sold in a future GovDeals auction. Boring machines are used to install pipes underground without digging trenches.



The Belltown Waterline and Town and Country sewer line projects were completed through ARPA funding provided by the Town of Bedford Construction continues on the Helm Street Tank, also funded through ARPA.

Awards and Acknowledgements

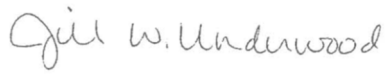
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bedford Regional Water Authority for its annual financial report for the fiscal year ended June 30, 2023. This was the ninth year that the Authority has received this prestigious award; its predecessor, the Bedford County Public Service Authority, received this award for eighteen consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.



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

The preparation of this report would not have been possible without the hard work and dedication of the Authority's Financial and Administrative departments. The Authority also wishes to express our appreciation to all of the departments who contributed information used to prepare this report. Appreciation is also given to the Board of Directors for their interest in, and support of, the Authority's pursuit of financial reporting excellence.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jill W. Underwood".

Jill W. Underwood
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bedford Regional Water Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Bedford Regional Water Authority

Directory of Principal Officials

June 30, 2024

Meet Our Board of Directors



Robert Flynn, Chair
Term: 2024-2027



Jay Gray, Vice-Chair & Finance Committee
Term: 2021-2024



Michael Moldenhauer, Personnel Committee
Term: 2024-2027



Donald Barger, Policies and Projects Committee
Term: 2023-2027



Kevin Mele, Finance Committee
Term: 2021-2024



John Sharp, Personnel Committee
Term: 2023-2027



Rusty Mansel, Policies and Projects Committee
Term: 2021-2024



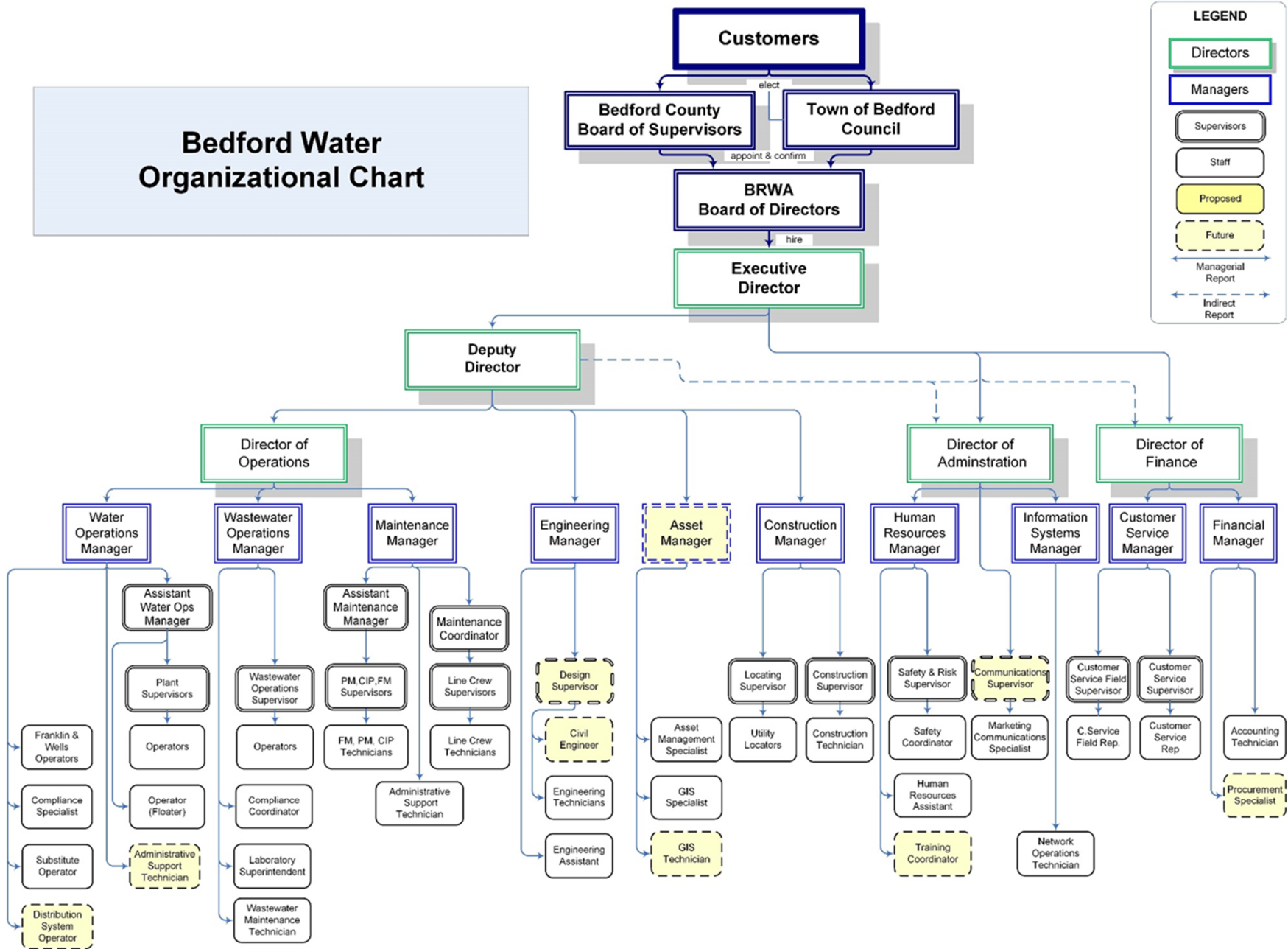
Executive Director

Brian M. Key, PE, Secretary/Treasurer

Independent Auditors

Brown, Edwards & Company

Bedford Water Organizational Chart



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Financial Section

The Financial Section contains the
Basic Financial Statements.

Independent Auditor's Report

To the Honorable Members of the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bedford Regional Water Authority (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bedford Regional Water Authority, as of June 30, 2024, and the 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bedford Regional Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2023 financial statements, and in our report dated November 15, 2023, expressed an unmodified opinion on those financial statements. The 2023 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Departmental Operating Income and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the Schedule of Departmental Operating Income and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, on our consideration of the Authority'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 the Authority'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 the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 22, 2024

Management's Discussion and Analysis

The Bedford Regional Water Authority ("BRWA") has prepared this Management's Discussion and Analysis ("MD&A") as a supplement to the financial statements, to provide a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. It is encouraged that the information presented herein to be considered in conjunction with additional details that have been furnished in the letter of transmittal, which can be found on pages i-vi of this financial report.

In October of 2012, the Bedford County Public Service Authority entered into a consolidation agreement with the City of Bedford and County of Bedford. As part of the City of Bedford's reversion to a Town, the Authority and the City of Bedford water and sewer departments merged into the Bedford Regional Water Authority ("Authority"); the complete merger was effective on July 1, 2013.

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$96,473,158 (*net position*). Of this amount \$12,351,746 (*unrestricted net position*) may be used to meet the BRWA's ongoing obligations to customers and creditors.

The Authority's total net position increased during the fiscal year by \$5,293,562. The primary cause for this increase is due to an increase in capital assets.

Overview of the Financial Statements

This discussion and analysis is intended as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Enterprise fund financial statements. Since the Authority engaged only in business-type activities, the *enterprise fund financial statements* and *notes* were prepared in a manner similar to private-sector businesses.

The **statement of net position** presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2024 and June 30, 2023, with the difference between the two reported as net position. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority had improved or deteriorated.

The **statement of revenues, expenses, and changes in net position** presents information showing how the Authority's net position changed between fiscal years 2024 and 2023. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, some of the revenues and expenses that are reported in this statement will only affect cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The **statement of cash flows** supplements the above two statements by presenting the changes in cash position as a result of the Authority's activities over the last two fiscal years.

These statements can be found on pages 6 through 8 of this report.

Overview of the Financial Statements (Continued)

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9 through 33 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Authority's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 34 through 38 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$96,473,158 at the close of the most recent fiscal year. At the close of the previous fiscal year, liabilities and deferred inflows exceeded assets and deferred outflows by \$91,179,596.

By far the largest portion of the Authority's net assets (84%) reflects its investment in capital assets. The Authority uses these capital assets to provide services to customers; consequently, these assets were *not* available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis (Continued)

Condensed Statement of Net Position		
	2024	2023
Current assets	\$17,679,329	\$14,871,270
Cash and cash equivalent, restricted	1,147,274	1,252,040
Investments, restricted	1,747,697	1,720,241
Due from other governments, restricted	8,320,508	10,063,626
Capital assets, net	119,621,963	116,590,474
Lease receivable	1,799,766	1,933,764
Total Assets	150,316,537	146,431,415
Deferred loss on refunding	10,136	20,271
Deferred outflows related to pensions (Note 7)	544,941	583,277
Deferred outflows related to other postemployment benefits (Note 8)	82,788	96,634
Total Deferred Outflows of Resources	637,865	700,182
Current Liabilities	4,274,852	3,777,120
Long-Term liabilities	48,153,498	49,861,965
Total Liabilities	52,428,350	53,639,085
Deferred gain on refunding	-	-
Deferred inflows related to pensions	96,926	185,526
Deferred Inflows related to leases	1,854,136	2,001,052
Deferred inflows related to other postemployment benefits	101,832	126,338
Total Deferred Inflows of Resources	2,052,894	2,312,916
Net investment in capital assets	81,126,433	66,156,631
Restricted for:		
Pensions		
Capital improvements	1,247,282	1,252,040
Debt collateral	1,747,697	1,720,241
Unrestricted	12,351,746	22,050,684
Total Net Position	\$96,473,158	\$91,179,596

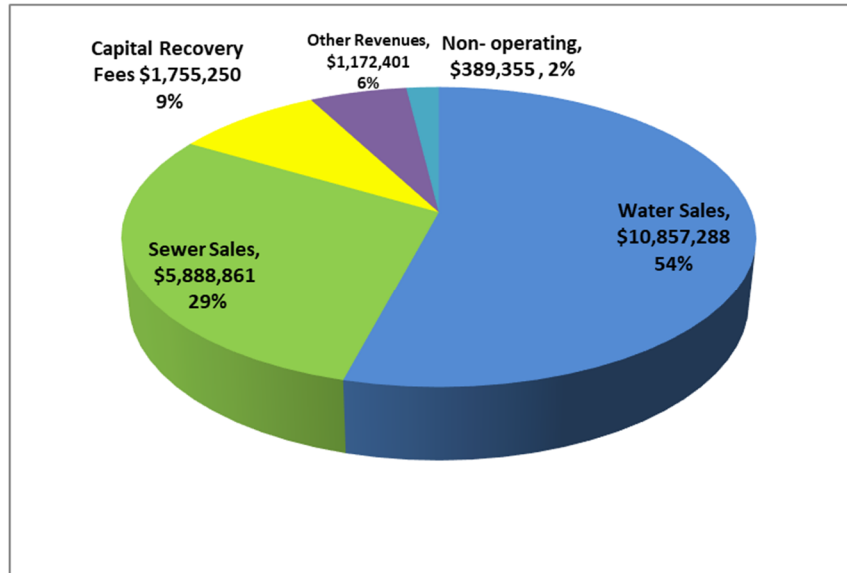
Financial Analysis (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position

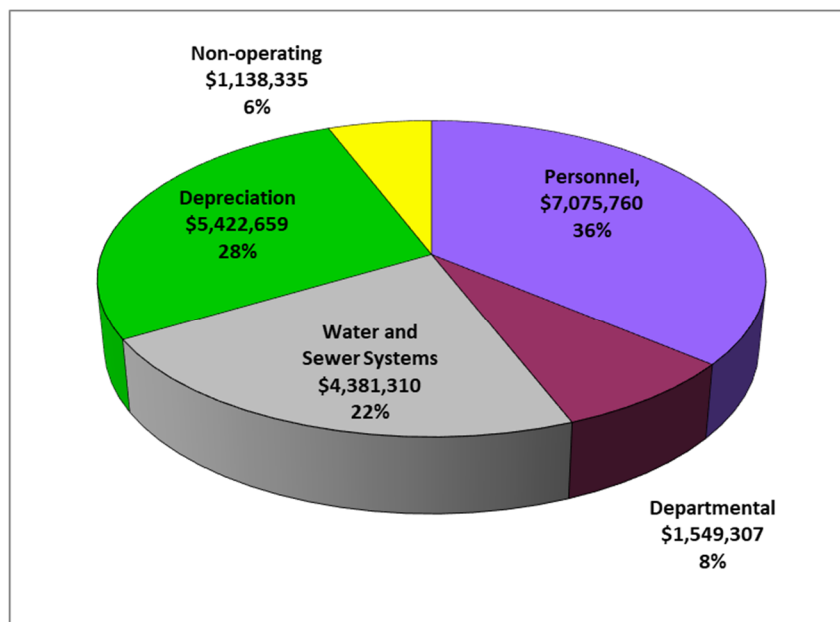
	2024	2023
Revenues:		
Operating Revenues		
Water Sales	\$ 10,857,288	\$ 9,648,347
Capital Recovery Fees	1,755,250	1,505,600
Sewer Service	5,888,861	5,417,827
Contract Operations	311,131	252,018
Other revenues from customers	861,270	858,764
Total Revenues	19,673,800	17,682,556
Expenses:		
Operating Expenses:		
Water Systems	2,556,963	2,651,438
Sewer systems	1,824,347	1,674,509
Salaries and employee benefits	7,075,760	6,373,906
Management and general	447,038	382,787
Customer service and information systems	504,722	377,774
Vehicles	388,762	346,879
Engineering, operations, and maintenance	208,785	208,167
Depreciation and amortization	5,422,659	4,986,958
Total Expenses	18,429,036	17,002,418
Nonoperating Revenues (Expenses):		
Gain in disposal of capital assets	72,720	41,448
Investment income	316,635	160,330
Interest expense	(1,138,335)	(1,161,814)
Total Nonoperating Expenses	(748,980)	(960,036)
Gain (loss) before capital contributions	495,784	(279,898)
Capital Contributions	4,797,778	4,788,152
Changes in net position	5,293,562	4,508,254
Net position- July 1	91,179,596	86,671,342
Net position- June 30	\$ 96,473,158	\$ 91,179,597

Financial Analysis (Continued)

FY 2023-2024 Revenues



FY 2023-2024 Expenses



Financial Analysis (Continued)

At the end of the current fiscal year, the Authority was able to report positive balances in total net position. The same held true for the prior fiscal year. At the end of the current fiscal year, the Authority had positive balances in unrestricted net position.

During the current fiscal year, the Authority's net position increased by \$5,293,562.

Operating revenues increased by \$1,991,244 or 11.26% and operating expenses increased by \$1,426,618 or 8.39%.

Key elements of these changes are as follows:

- Water and sewer sales increased due to increased customers, usage and the final year of the rate equalization program .
- Capital Recovery fees increased by \$249,650. There has been an increase in both commercial and residential construction, resulting in the increase of capital recovery fees.
- The increase in expenses is related to the increased operation costs of the sewer system, these increases are reflected in treatment costs, chemicals, and contracted services.
- Salaries and employee benefits increased as result of hiring new employees and increases in health insurance premiums and retirement benefits.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets as of June 30, 2024, amounted to \$119,621,963 (net of accumulated depreciation). This investment in capital assets includes land and land rights, buildings, water and sewer systems, vehicles, equipment, and furniture and fixtures. Additional information related to capital assets is located in Note 4 of the *Notes to Financial Statements*.

	Capital Assets	
	2024	2023
Land and land rights	\$1,015,523	\$1,015,523
Construction in progress	9,713,601	9,655,333
Water and sewer systems	181,941,404	174,789,954
Vehicles	4,924,284	4,175,805
Office Facilities	3,818,136	3,695,648
Information Systems Equipment	2,022,458	1,923,764
Total Book Value	203,435,406	195,256,027
Less- accumulated depreciation	(83,813,443)	(78,665,553)
Total- net of accumulated depreciation	<u>\$119,621,963</u>	<u>\$116,590,474</u>

Capital Asset and Debt Administration

Major capital asset events during the fiscal year included the following:

- Developer dedications of water and sewer lines throughout Bedford County totaled \$646,779.
- In addition to the developer dedications, a total of \$6,495,937 was spent on water and sewer infrastructure.
- A total of \$98,694 was spent on Information Technology.
- A total of \$1,023,248 was spent on vehicles and equipment.
- A total of \$122,488 was spent on the office complex facility.

Below are some of the projects that were placed into service during the fiscal year:

Belltown Road Waterline	\$249,771
East Crest Booster Station	\$2,224,561
Galax and Gum Street Waterline	\$153,190
Town and Country Sewer line	\$2,450,323

Long-term debt. At the end of the fiscal year, the Authority had \$47,501,220 in bonds and notes outstanding, versus \$50,009,804 last year, a decrease of 5.02% as shown below. Outstanding obligations decreased as a result of principal payments being made.

The Authority's Virginia Resource Authority Bonds are rated "AAA" from Standard and Poor's. Other obligations include accrued paid time off ("PTO"). More detailed information on the Authority's long-term liabilities is located in Note 5 of the *Notes to Financial Statements*.

	Long-Term Debt	
	2024	2023
Lynchburg Sewer System Bonds	\$877,563	\$937,819
Assumed Debt from Town of Bedford	1,216,998	1,798,998
2015 VRA Bonds	26,455,000	27,215,000
2012 Pooled Bonds	-	830,000
2014 Pooled Bonds	1,745,000	1,745,000
2020 VRA Bonds (ESCO project)	3,175,000	3,370,000
DEQ Clean Water Financing Program	13,338,457	13,338,457
Unamortized premium on bonds	693,202	774,530
	<u>\$47,501,220</u>	<u>\$50,009,804</u>

Requests for information

This financial report is designed to provide a general overview of the Authority's finances. For additional financial information contact the BRWA's Finance Department in person or by mail at 1723 Falling Creek Road, Bedford, VA 24523, by email at finance@brwa.com or by telephone at (540)586-7679.

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Financial Statements



Bedford Regional Water Authority

Statement of Net Position
June 30, 2024

		(For Comparative Purposes Only)
	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 13,808,030	\$ 11,336,165
Accounts receivable, net (Note 3)	2,848,521	2,354,619
Current portion of lease receivable (Note 9)	133,998	131,961
Inventory	718,114	850,451
Prepays	170,666	198,074
Total current assets	17,679,329	14,871,270
Noncurrent assets		
Cash and cash equivalents, restricted (Note 2)	1,147,274	1,252,040
Investments, restricted (Note 2)	1,747,697	1,720,241
Due from other governments, restricted (Note 13)	8,320,508	10,063,626
Lease receivable (Note 9)	1,799,766	1,933,764
Capital assets (Note 4)		
Nondepreciable	10,729,124	10,670,856
Depreciable, net	108,892,839	105,919,618
Total noncurrent assets	132,637,208	131,560,145
Total assets	150,316,537	146,431,415
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	10,136	20,271
Deferred outflows related to pensions (Note 7)	544,941	583,277
Deferred outflows related to other postemployment benefits (Note 8)	82,788	96,634
Total deferred outflows of resources	637,865	700,182
LIABILITIES		
Current liabilities		
Accounts payable	1,002,548	689,565
Accrued liabilities	233,973	211,863
Interest payable	300,213	328,345
Net other postemployment benefit liabilities (Note 8)	10,000	10,000
Current maturities of other long-term liabilities (Note 5)	2,640,463	2,547,347
Total current liabilities	4,187,197	3,787,120
Long-term liabilities		
Customer security deposits	602,857	611,467
Unearned revenue	1,641,890	794,946
Other long-term liabilities – due in more than one year (Note 5)	45,015,920	47,617,509
Net pension liability (Note 7)	558,396	410,881
Net other postemployment benefit liabilities (Note 8)	422,090	417,162
Total long-term liabilities	48,241,153	49,851,965
Total liabilities	52,428,350	53,639,085
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases (Note 9)	1,854,136	2,001,052
Deferred inflows related to pensions (Note 7)	96,926	185,526
Deferred inflows related to other postemployment benefits (Note 8)	101,832	126,338
Total deferred outflows of resources	2,052,894	2,312,916
NET POSITION		
Net investment in capital assets	81,126,433	66,156,631
Restricted for: (Note 2)		
Capital improvements	1,247,282	1,252,040
Debt collateral	1,747,697	1,720,241
Unrestricted	12,351,746	22,050,684
Total net position	\$ 96,473,158	\$ 91,179,596

Bedford Regional Water Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

	2024	(For Comparative Purposes Only) 2023
OPERATING REVENUES		
Water sales	\$ 10,857,288	\$ 9,648,347
Capital recovery fees	1,755,250	1,505,600
Sewer service	5,888,861	5,417,827
Wastewater treatment plant operation fees	311,131	252,018
Review fees	72,901	61,546
Meter base installation fees	144,763	131,700
Account changes	49,748	42,925
Other	429,506	536,503
Penalties	164,352	86,090
Total operating revenues	<u>19,673,800</u>	<u>17,682,556</u>
OPERATING EXPENSES		
Water systems	2,556,963	2,651,438
Sewer systems	1,824,347	1,674,509
Depreciation and amortization	5,422,659	4,986,958
Salaries and employee benefits	7,075,760	6,373,906
Management and general	447,038	382,787
Customer service and information systems	504,722	377,774
Vehicles	388,762	346,879
Engineering, operations, and maintenance	208,785	208,167
Total operating expenses	<u>18,429,036</u>	<u>17,002,418</u>
Operating income	<u>1,244,764</u>	<u>680,138</u>
NONOPERATING REVENUES (EXPENSES)		
Gain on disposal of capital assets	72,720	41,448
Interest revenue	316,635	160,330
Interest expense	<u>(1,138,335)</u>	<u>(1,161,814)</u>
Total nonoperating expenses	<u>(748,980)</u>	<u>(960,036)</u>
Income (loss) before capital contributions	495,784	(279,898)
CAPITAL CONTRIBUTIONS (Notes 6 and 13)	<u>4,797,778</u>	<u>4,788,152</u>
Change in net position	5,293,562	4,508,254
Net position – beginning at July 1	<u>91,179,596</u>	<u>86,671,342</u>
Net position – ending at June 30	<u><u>\$ 96,473,158</u></u>	<u><u>\$ 91,179,596</u></u>

Bedford Regional Water Authority

Statement of Cash Flows

Year Ended June 30, 2024

		(For Comparative Purposes Only)
	2024	2023
OPERATING ACTIVITIES		
Cash received from customers	\$ 20,003,277	\$ 18,223,969
Cash paid for goods and services	(5,922,680)	(6,607,401)
Cash paid to employees	(6,947,889)	(6,358,179)
Net cash provided by operating activities	7,132,708	5,258,389
CAPITAL AND RELATED FINANCING ACTIVITIES		
County of Bedford – capital asset and debt assistance	2,250,000	2,500,000
Town of Bedford – capital asset assistance	275,985	962,416
Virginia DEQ - ARPA funds	1,228,388	-
WVWA – capital asset assistance	210,000	204,000
VDH – capitalization grant funding	89,400	-
Acquisition and construction of capital assets	(6,971,107)	(9,264,470)
Proceeds from revenue bond	1,743,118	3,274,831
Principal paid on long-term borrowings	(2,427,256)	(3,310,179)
Interest paid on long-term borrowings	(1,526,036)	(1,516,246)
Proceeds from sale of capital assets	72,720	41,810
Net cash used in capital and related financing activities	(5,054,788)	(7,107,838)
INVESTING ACTIVITIES		
Proceeds from (acquisition of) restricted investments	(27,456)	51,392
Interest received	316,635	160,330
Net cash provided by investing activities	289,179	211,722
Net increase (decrease) in cash and cash equivalents	2,367,099	(1,637,727)
CASH AND CASH EQUIVALENTS		
Beginning at July 1	12,588,205	14,225,932
Ending at June 30	<u>\$ 14,955,304</u>	<u>\$ 12,588,205</u>
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 13,808,030	\$ 11,336,165
Cash and cash equivalents, restricted	1,147,274	1,252,040
	<u>\$ 14,955,304</u>	<u>\$ 12,588,205</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,244,764	\$ 680,138
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,422,659	4,986,958
Pension expense net of employer contributions	97,251	(11,768)
Other postemployment benefit expense net of employer contributions	(5,732)	(6,310)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts and lease receivables	(361,941)	178,630
Inventory	132,337	(339,191)
Prepays	27,408	(56,989)
Increase (decrease) in:		
Accounts payable	(151,808)	(569,667)
Unearned revenue	700,028	297,641
Customer security deposits	(8,610)	65,142
Compensated absences and accrued liabilities	36,352	33,805
Net cash provided by operating activities	<u>\$ 7,132,708</u>	<u>\$ 5,258,389</u>
SCHEDULE OF NON-CASH ACTIVITIES		
Contributions of capital assets	<u>\$ 646,779</u>	<u>\$ 926,363</u>
Capital asset purchases included in accounts payable	<u>\$ 771,515</u>	<u>\$ 306,724</u>
Revenue bond forgiveness	<u>\$ 97,226</u>	<u>\$ 195,373</u>

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Bedford Regional Water Authority (the “Authority”) was chartered December 18, 2012, under the Water and Wastewater Authorities Act, §15.2-5100, et seq. of the *Code of Virginia*, 1950, as amended, by concurrent resolutions adopted by the Bedford County Board of Supervisors and the City Council of the City of Bedford, Virginia (now the Town of Bedford, Virginia) (the “Town”). The Authority primarily serves water and sewer needs of the Smith Mountain Lake, Forest, Montvale, Stewartsville, New London, Town of Bedford, and Boonsboro areas of Bedford County, Virginia (the “County”). The Authority operates on a board-administrator form of government. The Board consists of a chair and six other board members. Members are appointed by the Bedford County Board of Supervisors and the Town Council, based upon the proportionate representation of the localities according to the total number of equivalent residential connections (ERCs), for both water and sewer in each jurisdiction based on an equivalent rate calculation of two hundred gallons per day per connection. In no event shall either the Town of Bedford or Bedford County appoint and have fewer than two (2) members of the Board of Directors of the Authority.

Measurement Focus and Basis of Accounting

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

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of capital recovery fees 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 nonoperating revenues and expenses.

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

Cash and Cash Equivalents

The Authority’s cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities three months or less from the date of acquisition.

Investments

The Authority’s investments consist of municipal bonds with original maturities greater than one year from the date of acquisition.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. The Authority calculates its allowance for doubtful accounts using historical collection data and specific account analysis.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Unbilled Accounts Receivable

Unbilled accounts receivable consist of amounts earned as of year-end, but not yet billed because billing dates do not coincide with year-end.

Inventory

Inventory consists of grinder pumps, parts, and meters reported at cost. Inventory is generally used for construction and for operation and maintenance work and is not held for resale. Costs of inventory are charged to construction or operations when used.

Capital Assets

Capital assets are stated at cost, except for donated assets, which are recorded at fair market value at the date of acquisition. Donated capital assets are reported at acquisition value. The threshold for recording capital assets is \$5,000. Depreciation of property and equipment is computed using the straight-line method over useful lives as follows:

Assets	Years of Service
System, lines, and source of supply structures	50-66 years
Leasehold improvements	5-40 years
Vehicles and equipment	5-10 years
Information systems equipment	3-10 years

Leasehold improvements include administrative and other facilities constructed and additions affixed to those facilities on land previously leased from Bedford County. These leasehold improvements are depreciated over the shorter of the useful life of the asset or the remaining term of the lease.

Compensated Absences

The paid-time-off (PTO) policy of the Authority provides for up to 312 hours per year of earned vacation leave, depending on years of service. Employees that are Plan 1 or Plan 2 Virginia Retirement System (VRS) participants may carry over 640 hours to the succeeding year. Employees that are Hybrid Plan VRS participants may carry over 352 hours to the succeeding year. Upon termination, one-half of the accumulated PTO balance is payable at 100% of the employee's current pay rate. Compensated absences are accrued when incurred.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pensions and OPEB, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's Plans' net fiduciary position have been determined on the same basis as they were reported by the VRS. 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement that presents net position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

In addition to liabilities, the statement that presents financial position reports a separate section for deferred inflows or resources. These items represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Lease-related amounts are recognized at the inception of leases in which the Authority is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Unearned Revenue

Unearned revenue consists of monies or tangible assets given to the Authority under prescribed conditions by developers in exchange for credit vouchers to be used to pay capital recovery fees (both water and sewer) in order to connect to the Authority's system. The Authority recognizes the revenue when the credit voucher is redeemed.

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Commercial paper and corporate bonds are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt and related deferred inflows or outflows of resources related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Estimates

Management uses estimates and assumptions in preparing its financial statements. Actual results could differ from those estimates.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Note 2 – Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the Authority 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, the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool and Virginia Investment Pool (LGIP and VIP).

The fair value of the positions in the external investment pools (LGIP and VIP) are the same as the value of the pool shares. As these pools are not SEC-registered, regulatory oversight of the pools rests with the Virginia State Treasury. The pools maintain a policy to operate in a manner consistent with SEC Rule 2a-7. Due to the nature of LGIP and VIP, they are considered cash and cash equivalents on the statement of net position.

The Authority has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program (SNAP). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia local governments. The SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of the SNAP is less than one year.

Interest Rate Risk

Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates. The Authority’s investment policy limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, it follows the *Code of Virginia* for investment compliance matters.

Credit Risk

The Authority has no policy regarding credit risk. The investments in LGIP, VIP, and SNAP funds are rated “AAAm” by S&P Global Ratings.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Deposit and Investment Restrictions

Cash and cash equivalents, investments, restricted, and net position, restricted consist of the following:

	Cash and Cash Equivalents, Restricted	Investments, Restricted	Net Position, Restricted
New Projects Reserve Fund	\$ 199,509	\$ -	\$ 199,509
Sewer Line Replacement Fund	947,765	-	947,765
SNAP Debt Service Fund	-	131,490	131,490
VRA Debt Service Fund	-	1,616,207	1,616,207
	<u>\$ 1,147,274</u>	<u>\$ 1,747,697</u>	<u>\$ 2,894,971</u>

New Projects Reserve Fund. The County of Bedford and the Authority entered into an agreement to set aside 40% of the County's portion of funds received from the lease of two water tanks to wireless service providers. The funds in this reserve account are to be held for future capital projects for the benefit of the County, as the County deems appropriate.

Sewer Line Replacement Fund. The Authority established a sewer line replacement fund as required by the DEQ consent order inherited from the Town as part of the consolidation agreement.

VRA Debt Service Fund and SNAP Debt Service Fund. The Authority established a debt service fund with VRA and SNAP by purchasing municipal bonds and cash equivalents to ensure its debt coverage requirements would be met. The SNAP funds are required by the 2015 debt issuance, and represents the highest debt service payment due during the life of the debt issue. Compliance with the debt coverage requirement is contingent upon these funds, therefore, these amounts are shown as restricted cash and net position. Those bonds mature on November 15, 2026, and are measured using a Level 2 input as it relates to fair value measurement.

Note 3 – Accounts Receivable

Accounts receivable, net consists of the following:

	Billed	Unbilled	Total
Water	\$ 511,064	\$ 699,656	\$ 1,210,720
Sewer	1,106,881	318,663	1,425,544
Other	464,725	-	464,725
Less allowance for doubtful accounts	(252,468)	-	(252,468)
	<u>\$ 1,830,202</u>	<u>\$ 1,018,319</u>	<u>\$ 2,848,521</u>

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Note 4 – Capital Assets

Capital asset activity for the year was as follows:

	Beginning July 1	Increase	Decrease	Ending June 30
Capital assets, not depreciated:				
Land and land rights	\$ 1,015,523	\$ -	\$ -	\$ 1,015,523
Construction in progress	9,655,333	5,784,575	(5,726,307)	9,713,601
Total capital assets, not depreciated	10,670,856	5,784,575	(5,726,307)	10,729,124
Capital assets, depreciated:				
System, lines, and source of supply structure	174,789,954	7,151,450	-	181,941,404
Vehicles and equipment	4,175,805	1,023,248	(274,769)	4,924,284
Leasehold improvements	3,695,648	122,488	-	3,818,136
Information systems equipment	1,923,764	98,694	-	2,022,458
Total capital assets, depreciated	184,585,171	8,395,880	(274,769)	192,706,282
Less accumulated depreciation for:				
System, lines, and source of supply structure	(71,840,318)	(4,701,037)	-	(76,541,355)
Vehicles and equipment	(2,739,971)	(411,436)	274,769	(2,876,638)
Leasehold improvements	(2,387,974)	(232,247)	-	(2,620,221)
Information systems equipment	(1,697,290)	(77,939)	-	(1,775,229)
Total accumulated depreciation	(78,665,553)	(5,422,659)	274,769	(83,813,443)
Total capital assets depreciated, net	105,919,618	2,973,221	-	108,892,839
Total capital assets, net	<u>\$ 116,590,474</u>	<u>\$ 8,757,796</u>	<u>\$ (5,726,307)</u>	<u>\$ 119,621,963</u>

Construction Commitments

The Authority's active construction projects as of June 30 are as follows:

Project	Total Remaining Commitment
Helm Street Tank Replacement – Construction	\$ 3,296,160
Fox Runn Booster Station Exterior Improvements - Construction	1,078
Ivy Creek Division Interceptors – Construction	6,655,950
Turkey Mountain Booster Station - Stakeout	4,433
Ivy Creek Division 5 & 6Sewer Interceptors & 460 Pump Station - Preliminary	538,054
Town & Country Subdivision Design & Survey	13,516
Helm Street Tank Replacement – Design & Construction Phase Services	88,833
Lead Compliance Planning & Implementation	170,375
Peakview Waterline Replacement – As-Built Survey	3,460
Stoney Creek Reservoir Low-Level Rehabilitation	66,161
Annual Water, Sewer Model & 460 Pump Station Update	20,389
Central Pump Station 1 Improvements	3,845
Central Pump Station 2 Improvements	3,000
Shady Knoll Sanitary Sewer Redesign	6,460
	<u>\$ 10,871,714</u>

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Note 5 – Long-Term Liabilities

The following is a summary of the Authority's long-term liabilities transactions for the year:

	Beginning July 1	Additions	Reductions	Ending June 30	Due Within One Year
Revenue bonds	\$ 33,160,000	\$ -	\$ (1,785,000)	\$ 31,375,000	\$ 1,860,000
Lynchburg Sewer System bonds	937,819	-	(60,256)	877,563	60,345
Due to Town of Bedford Clean Water Revolving Loan Fund	1,798,998	-	(582,000)	1,216,998	600,000
	13,338,457	-	-	13,338,457	-
Bond premiums	774,530	-	(81,328)	693,202	81,327
Compensated absences	155,052	38,874	(38,763)	155,163	38,791
	<u>\$ 50,164,856</u>	<u>\$ 38,874</u>	<u>\$ (2,547,347)</u>	<u>\$ 47,656,383</u>	<u>\$ 2,640,463</u>

The Authority does not have any debt that is a direct borrowing or direct placement.

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Outstanding
<u>Revenue Bonds:</u>					
Virginia Resources Authority					
Water and Sewer Bonds	2.13-5.13%	10/07/15	04/01/46	\$ 31,225,000	\$ 26,455,000
Water and Sewer Bonds	3.82-4.43	07/29/14	10/01/25	2,320,000	1,745,000
Water and Sewer Bonds	2.04-5.13	09/25/20	10/01/35	3,730,000	3,175,000
Water and Sewer Bonds	0.30	12/01/22	08/01/49	13,338,457	13,338,457
				Plus unamortized bond premium	693,202
					<u>\$ 45,406,659</u>

Due to Other Governmental

Units:

Lynchburg Sewer System Bonds	1.75-5.00%	Various	06/01/44	\$3,430,364	\$ 877,563
Due to Town of Bedford	Various	Various	02/21/26	7,501,599	1,216,998
					<u>\$ 2,094,561</u>

Lynchburg Sewer System Bonds

The Authority, along with Amherst County Service Authority and the Campbell County Utilities and Service Authority, have a sewage treatment agreement with the City of Lynchburg. As part of this agreement, each member of the Regional Sewage Treatment Plant is responsible for its proportionate share of improvements to joint-use facilities. As the City of Lynchburg performs additions to the system, the Authority shows its proportionate share of improvements as additions to debt and capital assets.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Revenue Bonds

The Authority issues revenue bonds to fund new water and sewer infrastructure. Examples of debt-funded projects include water and wastewater treatment facilities, water distribution lines, sewer treatment lines, pump stations, and related infrastructure. In December 2022, a new bond was issued with the Virginia Resources Authority for \$13,971,093. The agreement specified principal forgiveness based on construction costs for \$632,636 that will be incrementally forgiven as costs are incurred. The Authority incurred costs related to constructions specified in the agreement during the year and principal forgiveness of \$97,226 was recognized for the year ended June 30, 2024. As of June 30, 2024, the cumulative amount of principal forgiveness recognized by the authority is \$292,599.

Due to Town of Bedford

As a result of the 2013 consolidation of the previous Bedford County Public Service Authority and the previous City of Bedford's water and sewer department, all water and sewer debt issued by the City of Bedford was transferred to the Authority.

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

Fiscal Year	Lynchburg Sewer System Bonds		Revenue Bonds		Due to Town of Bedford	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 60,345	\$ 1,574	\$ 1,860,000	\$ 1,103,775	\$ 600,000	\$ 35,901
2026	60,436	1,482	2,458,081	1,086,399	616,998	18,202
2027	60,527	1,390	1,610,650	1,017,730	-	-
2028	60,619	1,297	1,653,231	975,705	-	-
2029	60,713	1,203	1,695,826	932,167	-	-
2030-2034	283,720	4,573	9,183,502	3,978,707	-	-
2035-2039	201,097	2,081	9,495,338	2,808,659	-	-
2040-2044	90,106	108	10,213,863	1,484,020	-	-
2045-2049	-	-	6,254,122	176,737	-	-
2050	-	-	288,844	722	-	-
	<u>\$ 877,563</u>	<u>\$ 13,708</u>	<u>\$ 44,713,457</u>	<u>\$ 13,564,621</u>	<u>\$ 1,216,998</u>	<u>\$ 54,103</u>

Note 6 – Capital Contributions

Capital contributions by source are summarized as follows:

Developers and customers	\$ 646,779
WVWA	210,000
VDH	89,400
VRA Revolving Loan – Principal Forgiveness (Notes 5 and 13)	97,226
Virginia DEQ ARPA projects	1,228,388
Town of Bedford ARPA projects	275,985
County of Bedford ARPA projects	1,250,000
County of Bedford – debt assistance	1,000,000
	<u>\$ 4,797,778</u>

The County of Bedford contributes funding annually to assist in the payment of debt service for water and sewer lines and plant expansion.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Note 7 – Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Bedford Regional Water Authority, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer cost-sharing 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2022, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	18
Inactive members:	
Vested inactive members	13
Non-vested inactive members	35
Inactive members active elsewhere in VRS	12
Total inactive members	
Active members	78
Total covered employees	156

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.

The Political Subdivision’s contractually required contribution rate for the year ended June 30, 2024, was 7.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 the Political Subdivision were \$276,482 and \$278,829 for the years ended June 30, 2024 and June 30, 2023, respectively.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service-related. Public Safety Employees – 45% to 70% of deaths are assumed to be service-related. Mortality is projected using the applicable Pub-2010 Mortality Table with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better-fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Bedford Regional Water Authority

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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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted-Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.25%

- * The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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 state and teacher employer contributions, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue 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.

Bedford Regional Water Authority

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June 30, 2024

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at June 30, 2022	\$ 7,768,041	\$ 7,357,160	\$ 410,881
Changes for the year			
Service cost	360,740	-	360,740
Interest	542,155	-	542,155
Differences between expected and actual experience	201,242	-	201,242
Contributions – employer	-	276,482	(276,482)
Contributions – employee	-	192,601	(192,601)
Net investment income	-	491,898	(491,898)
Benefit payments, including refunds of employee contributions	(193,721)	(193,721)	-
Administrative expenses	-	(4,561)	4,561
Other changes	-	202	(202)
Net changes	910,416	762,901	147,515
Balance at June 30, 2023	<u>\$ 8,678,457</u>	<u>\$ 8,120,061</u>	<u>\$ 558,396</u>

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

The following presents the net pension liability of the Political Subdivision using the discount rate of 6.75%, as well as what the Political Subdivision's net pension liability would be if it was 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%)
Political Subdivision's net pension liability (asset)	<u>\$ 2,126,455</u>	<u>\$ 558,396</u>	<u>\$ (646,195)</u>

Bedford Regional Water Authority

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June 30, 2024

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

For the year ended June 30, 2024, the Political Subdivision recognized pension expense of \$371,386. At June 30, 2024, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 215,389	\$ -
Change in assumptions	53,070	-
Net difference between projected and actual earnings on pension plan investments	-	96,926
Employer contributions subsequent to the measurement date	276,482	-
Total	<u>\$ 544,941</u>	<u>\$ 96,926</u>

The \$276,482 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction to the Net Pension Liability (Asset) in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Addition (Reduction) to Pension Expense
2025	\$ 79,086
2026	(51,394)
2027	141,069
2028	2,772
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Financial Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-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 Postemployment Benefits Liabilities

Local Plan

Plan Description and Benefits Provided

Employees who are eligible to retire from VRS pension plan are allowed access to the Authority's single-employer health insurance plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however, as

Bedford Regional Water Authority

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they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate.

VRS retirement eligibility is age 50 with 10 years of service or age 55 with 5 years of service for employees hired prior to July 1, 2010, who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 5 years of service or 90 combined age and service points for other employees. These vesting terms also apply to the Authority's local postemployment benefit plan.

Assets in this plan are not administered through a trust.

Employees Covered by Benefit Terms

As of the June 30, 2024, actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries:	
Currently receiving benefits	2
Total inactive employees	2
Active plan members	81
Total	83

Total OPEB Liability

The Bedford Regional Water Authority's total OPEB liability of \$217,773 was measured as of June 30, 2024, and was determined based on an actuarial valuation performed as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates	3.94%
Discount Rate	3.97%, 20-year tax-exempt obligation municipal bond rate
Actuarial cost method	Entry Age Normal Funding Method
Retirees' share of benefit-related costs	\$680 – \$1,199 per month

Mortality rates were the same rates from the VRS valuation. (See Note 7)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period from July 1, 2022 through June 30, 2023.

Changes in assumptions and other inputs reflect an increase in the discount rate due to changes in the 20-year bond index.

Bedford Regional Water Authority

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June 30, 2024

Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 202,819
Changes for the year:	
Service cost	18,981
Interest	7,635
Differences between expected and actual experience	(5,374)
Assumption or other input changes	(1,632)
Benefit payments	(4,656)
Net changes	14,954
Balance at June 30, 2024	<u><u>\$ 217,773</u></u>

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

	1.00% Decrease (2.97%)	Current Discount Rate (3.97%)	1.00% Increase (4.97%)
Total OPEB liability	<u><u>\$ 233,155</u></u>	<u><u>\$ 217,773</u></u>	<u><u>\$ 203,565</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it was calculated using healthcare cost trend rates that are one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current healthcare cost trend rates:

	1.00% Decrease (2.94%)	Current Healthcare Cost Trent Rates (3.94%)	1.00% Increase (4.94%)
Total OPEB liability	<u><u>\$ 193,396</u></u>	<u><u>\$ 217,773</u></u>	<u><u>\$ 245,938</u></u>

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

For the year ended June 30, 2024, the Authority recognized OPEB expense of \$6,621. At June 30, 2024, the Political Subdivision 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	\$ 333	\$ 22,458
Change in assumptions	7,750	41,108
Total	<u><u>\$ 8,083</u></u>	<u><u>\$ 63,566</u></u>

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

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

Year Ended June 30,	Reduction to OPEB Expense
2025	\$ (19,993)
2026	(23,283)
2027	(6,181)
2028	(6,026)
2029	-
Thereafter	-

Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the VRS, the Authority also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of Political Subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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 GLI Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. The plan is considered a multiple-employer, cost-sharing plan.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	\$25,242
June 30, 2023 Contribution	\$22,737

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session. Our proportionate share of \$1,813 is reflected as revenue in our financial statements.

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

The net OPEB liabilities were measured as of June 30, 2023, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2024 proportionate share of liability	\$	214,317
June 30, 2023 proportion		0.0179%
June 30, 2022 proportion		0.0186%
June 30, 2024 expense	\$	19,378

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

At June 30, 2024, the Authority 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	\$ 21,405	\$ 6,506
Change in assumptions	4,581	14,849
Net difference between projected and actual earning on OPEB plan investments	-	8,612
Changes in proportion	23,477	8,299
Employer contributions subsequent to the measurement date	25,242	-
	<u>\$ 74,705</u>	<u>\$ 38,266</u>

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2025. Other 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:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	\$ 6,479
2026	(2,906)
2027	6,099
2028	991
2029	534
Thereafter	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

Mortality rates used for various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

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Net OPEB Liabilities

The net OPEB liabilities represent each 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, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,907,052
Plan fiduciary net position	2,707,739
Employers' net OPEB liability	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS 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 OPEB 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 Note 7.

Discount Rate

The discount rate used to measure the GLI OPEB 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 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. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liability of the Authority, as well as what the Authority’s net 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 discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	<u><u>\$ 317,685</u></u>	<u><u>\$ 214,317</u></u>	<u><u>\$ 130,744</u></u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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June 30, 2024

A summary of the other postemployment benefits-related financial statement elements are as follows:

	2024
Net other postemployment benefit liabilities:	
Local Sponsored Health Insurance	\$ (217,773)
VRS – Group Life Insurance	(214,317)
Total net other postemployment benefit liabilities	<u><u>\$ (432,090)</u></u>
Deferred outflows of resources:	
Difference between expected and actual experience	
Local Sponsored Health Insurance	\$ 333
VRS – Group Life Insurance	21,405
Change in actuarial assumptions	
Local Sponsored Health Insurance	7,750
VRS – Group Life Insurance	4,581
Change in proportion	
VRS – Group Life Insurance	23,477
Contributions subsequent to measurement date	
VRS – Group Life Insurance	25,242
Total deferred outflows of resources	<u><u>\$ 82,788</u></u>
Deferred inflows of resources:	
Difference between expected and actual experience	
Local Sponsored Health Insurance	\$ (22,458)
VRS – Group Life Insurance	(6,506)
Change in proportion	
VRS – Group Life Insurance	(8,299)
Change in actuarial assumptions	
Local Sponsored Health Insurance	(41,108)
VRS – Group Life Insurance	(14,849)
Net difference between projected and actual investment earnings	
VRS – Group Life Insurance	(8,612)
Total deferred inflows of resources	<u><u>\$ (101,832)</u></u>
Other postemployment benefit expense:	
Local Sponsored Health Insurance	\$ 6,621
VRS – Group Life Insurance	19,378
Total other postemployment benefit expense	<u><u>\$ 25,999</u></u>

Note 9 – Leases

The Authority, as a lessor, has entered into several lease agreements involving land and infrastructure, several of which are with global telecommunication providers. The Authority has a lease receivable of \$1,933,764 and a deferred inflow of resources of \$1,854,136 as of June 30, 2024. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$146,916.

The Smith Mountain Lake Water Treatment Facility (SML WTF Ground) is an agreement the Authority entered into with the Western Virginia Water Authority (WVWA) in May 2014 whereby both parties desired to share in the construction cost, ownership, operation, and liabilities of the Smith Mountain Lake Water Treatment Facility (the “Facility”). This project

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

was completed in June 2018. The total cost of this project was \$14 million, which was split between the Authority and WVWA. The Authority is funding its portion of the project with the October 2015 debt issuance. As part of the agreement, the Authority will lease certain real estate to the Facility. This ground lease shall continue in effect until June 30, 2030, unless renewed or terminated. Base rent for the real estate is \$20,000 per year.

Lease*	Contract Date	Maturity Date
County Broadband – Land*	06/22/2020	06/21/2040
HighPoint – Infrastructure*	11/15/2019	11/14/2044
NL Tank – Land*	02/10/2006	04/30/2035
SML Tank – Infrastructure*	10/19/2005	10/18/2030
SML Tank – Land*	03/04/2013	03/31/2033
SML WTF Ground*	05/07/2014	06/30/2030

* Contract includes option years that are reflected in maturity date.

Future minimum lease payments to the Authority under noncancelable leases for the years ending June 30 are as follows:

2025	\$	133,998
2026		139,646
2027		141,549
2028		144,099
2029		148,874
2030-2034		536,602
2035-2039		323,766
2040-2044		318,358
2045-thereafter		46,872
	\$	1,933,764

Note 10 – Service Contracts

City of Lynchburg

The Authority, as well as Amherst County Service Authority and the Campbell County Utilities and Service Authority, have a sewage treatment agreement with the City of Lynchburg (the “City”). This perpetual agreement shall continue in full force and in effect until terminated by mutual agreement. As part of this agreement, each member of the Regional Sewage Treatment Plant is responsible for their proportionate share of improvements to Joint-Use Facilities. As the City performs additions to specified portions of the system, the Authority shows its proportionate share of improvements as additions to debt and capital assets. Sewage treatment under this agreement for 2024 was \$311,848. There were no additions to debt under this agreement for 2024.

On June 30, 2015, the Authority entered into a new water purchase contract with the City of Lynchburg, which had an effective starting date of October 1, 2016, and ending date of June 30, 2036. The contract is automatically renewed in ten-year increments, upon the conclusion of the initial twenty-year period. Water purchases under this contract for 2024 were \$724,317. The Authority constructed a water treatment facility and additional transmission mains in Bedford County, some of which serve the Forest area of Bedford County. Since the construction was completed prior to July 1, 2018, the 2015 contract remains in effect.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Under the agreements to purchase services from the City of Lynchburg, the Authority is charged provisional rates for sewer services, which are then adjusted in subsequent fiscal years for the actual cost of providing those services to the Authority. These adjustments, resulting in credits or (expenses) towards current year purchases, totaled \$5,152 for sewer in 2024. The adjustments are not estimable and are, therefore, accounted for in the year they are charged to the Authority. For water purchases, effective annually on July 1, the rate for City water delivered to the BRWA shall be increased or decreased by the same percentage that the City Composite Rate for a City water customer with 7 HCF of monthly use increases or decreased from July 1 of the previous year to the current year.

Western Virginia Water Authority (WVWA)

The Authority has an agreement through June 30, 2030, to purchase surplus water from the WVWA at a bulk rate, which is determined by a mutually agreed-upon formula. The agreement also establishes minimum annual average daily quantities to be purchased. The water purchased serves the Stewartsville area of Bedford County. Water purchases under this agreement were \$25,588 for 2024.

In addition, as part of this agreement, the Authority has agreed to provide water to residents and businesses near Smith Mountain Lake. Certain terms exist as part of this agreement that include a capital requirement for both parties to fund their proportionate share of any expansion to the related facilities should existing capacity no longer be sufficient.

Each party has the ability to transfer any portion of their ownership of capacity in the Smith Mountain Lake Water Treatment Plant to the other party, at terms that are mutually agreed to at the time of the transfer. Either party may, on or after July 1, 2024, and following one year's written notice period, require the other party to purchase its interest in the Smith Mountain Water Facility at its then depreciated book value.

Note 11 – Risk Management

The Risk Management Programs of the Authority are as follows:

Worker's Compensation

Worker's compensation insurance is provided through the Virginia Risk Sharing Association ("VRSA"). During fiscal year 2024, total premiums paid were \$39,781. Benefits are those afforded through the Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon payroll, job rates, and claims experience.

General Liability and Other

The Authority provides general liability and other insurance through policies with the Virginia Risk Sharing Association (VRSA), which is sponsored by the Virginia Municipal League Pool (VML). General liability, business, and automobile have a \$1,000,000 limit. Boiler and machinery coverage maintains an additional \$2,000,000 umbrella policy over all forms of liability insurance. The Virginia Municipal League Pool was organized to formulate, develop, and administer on behalf of the member localities, a program of insurance, lower costs for that coverage, and a comprehensive loss control program. Pool members are not subject to a supplemental assessment in the event of deficiencies. The Pool maintains a re-insurance policy, which prevents members' responsibility for the Pool's liabilities if the assets of the Pool were exhausted. The Pool limits membership from small to medium-sized Virginia localities and currently has approximately 500 members.

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 fiscal years.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Unemployment Benefits

The Authority does not pay state unemployment taxes for employees to draw upon should they be terminated and qualify for unemployment. Instead, should an employee be terminated and qualify for unemployment benefits, the state will pay the employee and charge the Authority for reimbursement.

Note 12 – Commitments and Contingencies

Arbitrage

At times, the Authority has certain debt instruments subject to arbitrage regulations. At June 30, 2024, no amounts of rebate liabilities were associated with any debt issuances.

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. Management believes that if any refunds are required they will be immaterial to the Authority's financial statements.

Environmental Liability

During 2023, the Authority was subject to an Environmental Protection Agency review as the result of a chemical incident at the Authority's treatment facility. The Authority is expecting a civil fine and the issuance of a consent order, however, the extent of the fine is not known at this time.

Note 13 – Due From Other Governments

The Authority entered into an agreement dated December 1, 2022, with the Virginia Resources Authority, as administrator of the Virginia Water Facilities Revolving Fund. Funding is provided for the Ivy Creek Interceptors project with work to be completed by August 8, 2024. The Authority receives monies from this funding in the form of reimbursements that are disbursed to the Authority as related project costs are incurred. The total funding awarded to the Authority was \$13,971,093 with a loan forgiveness portion of \$632,636. Through June 30, 2024, the total disbursed funds to the Authority were \$5,851,985, resulting in amounts due to the Authority of \$8,119,108, principal forgiven during 2024 was \$97,226, and is included with capital contributions on the statement of revenues, expenses, and changes in net position. As of June 30, 2024, the cumulative amount of principal forgiveness recognized by the authority is \$292,599.

Note 14 – Subsequent Events

The Authority entered into a Development Agreement dated June 14, 2024, with two developers and the Economic Development Authority (the "EDA") of the Town of Bedford, Virginia. Under the agreement, the Authority will receive a \$300,000 grant where one developer contributes \$70,000, the other contributes \$150,000, and the EDA contributes \$80,000. The funds from the grant will be received during the 2025 fiscal year and will be used by the Authority to cover the estimated costs of necessary repairs and replacements to the Sewer Lift Station.

Due to additional costs associated with the ongoing Ivy Creek project, a change order was issued for the costs that are required by the general conditions of the contract. The Authority approved a resolution to execute the change order for additional costs in an amount up to \$713,518. The Authority will cover the costs with cash and plans to request additional funding in the form of a loan from the VRA to reimburse the costs. At this time, no loan agreement is in place between the Authority and the VRA.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2024

Note 15 – New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability, as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.



Required Supplementary Information

Bedford Regional Water Authority
Required Supplementary Information
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
June 30, 2024

	Actuarially Determined Contribution									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 360,740	\$ 335,861	\$ 329,772	\$ 278,316	\$ 263,853	\$ 269,942	\$ 273,841	\$ 253,398	\$ 259,350	\$ 129,078
Interest on total pension liability	542,155	491,600	412,286	373,266	333,704	304,772	274,839	251,090	215,254	199,921
Difference between expected and actual experience	201,242	85,919	53,814	108,853	131,158	16,269	127,083	6,745	196,404	-
Changes in assumptions	-	-	233,985	-	208,200	-	(89,886)	-	-	-
Benefit payments, including refunds of employee contributions	(193,721)	(184,870)	(196,534)	(168,198)	(180,290)	(175,051)	(141,460)	(202,463)	(115,683)	(104,210)
Net change in total pension liability	910,416	728,510	833,323	592,237	756,625	415,932	444,417	308,770	555,325	224,789
Total pension liability – beginning	7,768,041	7,039,531	6,206,208	5,613,971	4,857,346	4,441,414	3,996,997	3,688,227	3,132,902	2,908,113
Total pension liability – ending	8,678,457	7,768,041	7,039,531	6,206,208	5,613,971	4,857,346	4,441,414	3,996,997	3,688,227	3,132,902
Plan Fiduciary Net Position										
Contributions – employer	276,482	238,256	216,734	215,365	193,711	206,624	194,197	192,962	182,137	178,165
Contributions – employee	192,601	188,204	170,489	165,933	146,766	136,688	130,927	123,748	113,206	111,120
Net investment income (loss)	491,898	(15,896)	1,527,043	99,324	321,040	313,758	445,970	62,939	145,164	398,747
Benefit payments, including refunds of employee contributions	(193,721)	(184,870)	(196,534)	(168,198)	(180,290)	(175,051)	(141,460)	(202,463)	(115,683)	(104,210)
Administrative expenses	(4,561)	(4,304)	(3,512)	(3,131)	(2,905)	(2,522)	(2,349)	(2,010)	(1,782)	(1,975)
Other	202	173	146	(122)	(204)	(520)	(406)	(26)	(30)	21
Net change in plan fiduciary net position	762,901	221,563	1,714,366	309,171	478,118	478,977	626,879	175,150	323,012	581,868
Plan fiduciary net position - beginning	7,357,160	7,135,597	5,421,231	5,112,060	4,633,942	4,154,965	3,528,086	3,352,936	3,029,924	2,448,056
Plan fiduciary net position - ending	8,120,061	7,357,160	7,135,597	5,421,231	5,112,060	4,633,942	4,154,965	3,528,086	3,352,936	3,029,924
Net pension (asset) liability - ending	\$ 558,396	\$ 410,881	\$ (96,066)	\$ 784,977	\$ 501,911	\$ 223,404	\$ 286,449	\$ 468,911	\$ 335,291	\$ 102,978
Plan fiduciary net position as a percentage of total pension (asset) liability	94%	95%	101%	87%	91%	95%	94%	88%	91%	97%
Covered payroll	\$ 4,215,802	\$ 4,052,942	\$ 3,650,324	\$ 3,534,457	\$ 3,106,905	\$ 2,839,461	\$ 2,638,936	\$ 2,444,270	\$ 2,289,281	\$ 2,160,777
Net pension (asset) liability as a percentage of covered payroll	13%	10%	-3%	22%	16%	8%	11%	19%	15%	5%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2023 information was presented in the entity's fiscal year 2024 financial report.

Bedford Regional Water Authority
Required Supplementary Information
Schedule of Pension Contributions
June 30, 2024

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2024	\$ 276,482	\$ 276,482	\$ -	\$ 4,674,435	5.91%
2023	\$ 278,829	\$ 278,829	\$ -	\$ 4,215,802	6.61%
2022	\$ 238,628	\$ 238,628	\$ -	\$ 4,052,942	5.89%
2021	\$ 217,093	\$ 217,093	\$ -	\$ 3,650,324	5.95%
2020	\$ 215,365	\$ 215,365	\$ -	\$ 3,534,457	6.09%
2019	\$ 193,963	\$ 193,963	\$ -	\$ 3,106,905	6.24%
2018	\$ 214,380	\$ 214,380	\$ -	\$ 2,839,461	7.55%
2017	\$ 194,197	\$ 194,197	\$ -	\$ 2,638,936	7.36%
2016	\$ 192,962	\$ 192,962	\$ -	\$ 2,444,270	7.89%
2015	\$ 183,600	\$ 183,600	\$ -	\$ 2,289,281	8.02%

The covered payroll amounts above are for the Authority's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Bedford Regional Water Authority
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan
June 30, 2024

	Fiscal Year					
	2024	2023	2022	2021	2020	2019
	Local Plan	Local Plan	Local Plan	Local Plan	Local Plan	Local Plan
Total OPEB Liability						
Service cost	\$ 18,981	\$ 16,382	\$ 20,759	\$ 18,802	\$ 17,876	\$ 15,831
Interest on total OPEB liability	7,635	8,575	4,878	5,442	6,631	6,702
Difference between expected and actual experience	(5,374)	(30,958)	(4,718)	781	(894)	-
Changes in assumptions	(1,632)	(24,789)	(37,470)	10,391	(21,278)	23,053
Benefit payments	(4,656)	(4,278)	(3,942)	(4,002)	(4,176)	(3,828)
Net change in total OPEB liability	14,954	(35,068)	(20,493)	31,414	(1,841)	41,758
Total OPEB liability - beginning	202,819	237,887	258,380	226,966	228,807	187,049
Total OPEB liability - ending	217,773	202,819	237,887	258,380	226,966	228,807
Plan Fiduciary Net Position						
Contributions - employer	4,657	4,278	3,942	4,002	4,176	3,828
Benefit payments	(4,657)	(4,278)	(3,942)	(4,002)	(4,176)	(3,828)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-
Net OPEB liability - ending	\$ 217,773	\$ 202,819	\$ 237,887	\$ 258,380	\$ 226,966	\$ 228,807
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Because this OPEB plan does not depend on salary, salary information is not available from the actuary.

This schedule is intended to show information for 10 years. Since fiscal year 2019 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

A restatement was recorded in 2019 to record the impacts of this local plan under GASB 75 for fiscal year 2018. As a result, actuarial information, including rollforward information of the total OPEB liability is unavailable for fiscal year 2018.

Note: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101.

Bedford Regional Water Authority
Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability – VRS GLI
June 30, 2024

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2024	0.0179 %	\$ 214,317	\$ 4,674,435	4.58 %	69.30 %
2023	0.0186	224,323	4,215,802	5.32	67.21
2022	0.0177	205,844	4,052,942	5.08	67.45
2021	0.0172	287,541	3,650,324	7.88	52.64
2020	0.0158	257,271	3,534,457	7.28	52.00
2019	0.0149	227,000	3,106,905	7.31	51.22
2018	0.0143	215,000	2,839,461	7.57	48.86

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

Bedford Regional Water Authority
Required Supplementary Information
Schedule of Employer Contributions – VRS GLI
June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2024	\$ 25,242	\$ 25,242	\$ -	\$ 4,674,435	0.54 %
2023	22,737	22,737	-	4,215,802	0.54
2022	21,886	21,886	-	4,052,942	0.54
2021	19,714	19,714	-	3,650,324	0.54
2020	18,380	18,380	-	3,534,457	0.52
2019	16,120	16,120	-	3,106,905	0.52
2018	14,765	14,765	-	2,839,461	0.52

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Bedford Regional Water Authority
Notes to Required Supplementary Information
June 30, 2024

Note 1 – Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

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

Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better-fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better-fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better-fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better-fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.



Supporting Schedule



Bedford Regional Water Authority
Schedule of Departmental Operating Income
Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Water sales	\$ 10,857,288	\$ -	\$ 10,857,288
Capital recovery fees	1,142,150	613,100	1,755,250
Sewer service	-	5,888,861	5,888,861
Wastewater treatment plant operation fees	264,726	46,405	311,131
Review fees	34,348	38,553	72,901
Meter base installation fees	144,763	-	144,763
Account charges	32,424	17,324	49,748
Other	365,787	63,719	429,506
Penalties	108,925	55,427	164,352
	<u>12,950,411</u>	<u>6,723,389</u>	<u>19,673,800</u>
Total operating revenues			
	<u>12,950,411</u>	<u>6,723,389</u>	<u>19,673,800</u>
OPERATING EXPENSES			
Water systems	2,556,963	-	2,556,963
Sewer systems	-	1,824,347	1,824,347
Depreciation and amortization	3,009,659	2,413,000	5,422,659
Salaries and employee benefits	4,386,971	2,688,789	7,075,760
Management and general	277,163	169,875	447,038
Customer service and information services	312,928	191,794	504,722
Vehicles	241,032	147,730	388,762
Engineering, operations, and maintenance	129,447	79,338	208,785
	<u>10,914,163</u>	<u>7,514,873</u>	<u>18,429,036</u>
Total operating expenses			
	<u>10,914,163</u>	<u>7,514,873</u>	<u>18,429,036</u>
Operating income (loss)	<u>\$ 2,036,248</u>	<u>\$ (791,484)</u>	<u>\$ 1,244,764</u>

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Statistical Section

This part of the Bedford Regional Water Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's financial health.

Contents

	Table
Financial Trends	1-4
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	5-13
These schedules contain information to help the reader assess the Authority's most significant revenue source, water, and sewer charges.	
Debt Capacity	14-16
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	17-19
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
Operating Information	20-21
These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides.	

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

Notes:

The Authority implemented GASB Statement 68 and restated beginning net position for 2015. The restatement is not included in the prior year data.

The Authority implemented GASB Statement 75 and restated beginning net position for 2018. An additional restatement for a local OPEB plan was recorded in 2019. The restatements are not included in the prior year data.

The authority implemented GASB Statement 87 and restated net position for 2021. The restatement is not included in the prior year data.

Bedford Regional Water Authority

Table 1

Net Position by Component Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Primary Government										
Net investment in capital assets	\$ 81,126,433	\$ 66,156,631	\$ 72,160,769	\$ 66,445,010	\$ 64,970,658	\$ 63,427,831	\$ 64,413,555	\$ 62,754,656	\$ 61,962,141	\$ 61,289,580
Restricted	2,994,979	2,972,281	2,795,493	2,799,407	2,603,137	2,386,880	2,294,317	2,270,755	1,998,401	238,334
Unrestricted	12,351,746	22,050,684	11,715,080	13,689,313	12,006,937	9,605,961	6,183,496	4,390,746	1,812,059	3,315,325
Total primary government net position	<u>\$ 96,473,158</u>	<u>\$ 91,179,596</u>	<u>\$ 86,671,342</u>	<u>\$ 82,933,730</u>	<u>\$ 79,580,732</u>	<u>\$ 75,420,672</u>	<u>\$ 72,891,368</u>	<u>\$ 69,416,157</u>	<u>\$ 65,772,601</u>	<u>\$ 64,843,239</u>

Note: The Authority implemented GASB Statement 75 and restated beginning net position for 2018. An additional restatement for a local OPEB plan was recorded in 2019. The restatements are not included in the prior year data. The authority implemented GASB Statement 87 and restated net position for 2021. The restatement is not included in the prior year data.

Bedford Regional Water Authority

Table 2

Changes in Net Position Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Expenses	Income (Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2024	\$ 19,673,800	\$ 18,429,036	\$ 1,244,764	\$ (748,980)	\$ 495,784	\$ 4,797,778	\$ 5,293,562
2023	17,682,556	17,002,418	680,138	(960,036)	(279,898)	4,788,152	4,508,254
2022	16,642,706	15,985,582	657,124	(1,329,520)	(672,396)	4,410,008	3,737,612
2021	15,984,301	14,887,276	1,097,025	(1,374,880)	(277,855)	3,606,977	3,329,122
2020	15,179,062	13,912,294	1,266,768	(1,428,317)	(161,549)	4,321,609	4,160,060
2019	14,658,464	13,591,700	1,066,764	(1,479,597)	(412,833)	3,129,186	2,716,353
2018	13,183,498	11,516,468	1,667,030	(669,425)	997,605	2,701,869	3,699,474
2017	12,984,845	11,339,910	1,644,935	(1,042,911)	602,024	3,041,532	3,643,556
2016	11,781,125	11,771,099	10,026	(1,369,354)	(1,359,328)	2,288,690	929,362
2015	10,699,859	10,403,587	296,272	(793,906)	(497,634)	3,949,363	3,451,729

Bedford Regional Water Authority

Table 3

Operating Expenses Last Ten Fiscal Years

Fiscal Year	Water Systems	Sewer Systems	Employment Costs	General Office and Departmental Expenses	Subtotal, Expenses before Depreciation and Amortization	Depreciation and Amortization	Total
2024	\$ 2,556,963	\$ 1,824,347	\$ 7,075,760	\$ 1,549,307	\$ 13,006,377	\$ 5,422,659	\$ 18,429,036
2023	2,651,438	1,674,509	6,373,906	1,315,607	12,015,460	4,986,958	17,002,418
2022	2,465,518	1,470,044	5,834,768	1,488,621	11,258,951	4,726,631	15,985,582
2021	2,287,239	1,503,359	5,505,750	1,138,604	10,434,952	4,452,324	14,887,276
2020	1,809,069	1,548,189	5,291,180	854,544	9,502,982	4,409,312	13,912,294
2019	1,789,809	1,624,180	4,732,359	1,092,500	9,238,848	4,352,852	13,591,700
2018	1,783,950	1,339,282	4,188,962	755,521	8,067,715	3,448,753	11,516,468
2017	1,960,333	1,456,985	4,023,075	674,327	8,114,720	3,225,190	11,339,910
2016	2,209,621	1,274,345	3,723,314	1,409,285	8,616,565	3,154,534	11,771,099
2015	2,193,011	1,227,407	3,210,176	643,715	7,274,309	3,129,278	10,403,587

Bedford Regional Water Authority

Table 4

Nonoperating Revenues and Expenses

Last Ten Fiscal Years

Fiscal Year	Gain (Loss) on Disposal of Capital		Investment Income	Total Nonoperating Expenses
	Assets	Interest Expense ^a		
2024	\$ 72,720	\$ (1,138,335)	\$ 316,635	\$ (748,980)
2023	41,448	(1,161,814)	160,330	(960,036)
2022	88,517	(1,439,443)	21,406	(1,329,520)
2021	5,128	(1,550,179)	170,171	(1,374,880)
2020	(65,497)	(1,556,017)	193,197	(1,428,317)
2019	25,498	(1,673,218)	168,123	(1,479,597)
2018	35,463	(764,195)	59,307	(669,425)
2017	10,044	(1,125,038)	72,083	(1,042,911)
2016	(8,292)	(1,438,201)	77,139	(1,369,354)
2015	1,759	(795,665)	-	(793,906)

^a Net of capitalized amounts in years 2015-2018. GASB 89 was implemented in 2019.

Bedford Regional Water Authority

Table 5

Operating Revenues by Source

Last Ten Fiscal Years

Fiscal Year	Water Revenue	Sewer Revenue	Water Capital Recovery Revenue	Sewer Capital Recovery Revenue	Penalties and Fees ^a	Miscellaneous ^b	Total
2024	\$ 10,857,288	\$ 5,888,861	\$ 1,193,570	\$ 561,680	\$ 742,895	\$ 429,506	\$ 19,673,800
2023	9,648,347	5,417,827	1,031,200	474,400	574,279	536,503	17,682,556
2022	9,470,684	4,846,172	1,157,100	431,400	254,404	482,946	16,642,706
2021	8,943,355	4,666,237	1,002,500	716,700	341,148	314,361	15,984,301
2020	8,753,627	4,538,020	756,450	575,500	315,531	239,934	15,179,062
2019	8,249,328	4,407,638	804,425	650,000	301,177	245,896	14,658,464
2018	7,662,156	3,849,032	664,000	436,900	328,835	242,575	13,183,498
2017	7,519,344	3,790,135	638,200	470,600	343,783	222,783	12,984,845
2016	6,756,704	3,699,411	529,700	277,400	310,556	207,354	11,781,125
2015	6,070,708	3,335,288	546,157	243,343	330,539	173,824	10,699,859

^a Penalties and Fees include review fees, account charges, penalties, and meter installation fees.

^b Miscellaneous includes reconnect fees, cellular antennae rental on water tanks, and other miscellaneous revenue.

Bedford Regional Water Authority

Table 6

Water Produced and Consumed and Wastewater Treated Last Ten Fiscal Years

Fiscal Year	Water				Sewer			
	Gallons Produced (000's)	Gallons Billed (000's)	Other Unbilled Uses (000's)	Water Accountability	Gallons Treated (000's)	Gallons Billed (000's)	Other Unbilled Uses (000's)	Sewer Accountability
2024	1,341,668	976,022	73,623	78.23%	605,552	391,254	-	64.61%
2023	1,313,327	942,016	53,929	75.83%	611,602	370,652	-	60.60%
2022	1,327,512	936,977	25,337	72.49%	621,652	362,410	-	58.30%
2021	1,277,232	951,048	23,627	76.31%	635,033	356,962	-	56.21%
2020	1,226,182	929,666	59,825	80.70%	586,371	356,658	-	60.82%
2019	1,132,893	894,789	96,640	87.51%	708,788	369,144	-	52.08%
2018	1,207,069	917,950	31,194	78.63%	538,400	330,082	558	61.41%
2017	1,086,440	858,199	10,015	79.91%	470,931	324,911	-	68.99%
2016	1,080,997	836,616	27,808	79.97%	500,777	334,434	-	66.78%
2015	1,086,774	832,842	17,761	78.27%	453,312	331,637	7,989	74.92%

Note: Other unbilled uses include water that is used for flushing and new construction.

Table 7

Bedford Regional Water Authority

Annual Connections

Last Ten Fiscal Years

Fiscal Year	Water Connection	Sewer Connections	Total New Connections
2024	183	79	262
2023	161	75	236
2022	133	137	270
2021	241	134	375
2020	191	113	304
2019	342	177	519
2018	456	232	688
2017	206	107	313
2016	399	147	546
2015	153	45	198

Note: Connections are the total connections sold within a fiscal year. Customers may pay connection charges and wait to connect to the system. Connections sold do not necessarily represent new customers that are active and paying monthly rates.

Table 8

Bedford Regional Water Authority

Number of Water Customers by Type

Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Institutional	Irrigation	Total
2024	14,368	911	2	134	114	15,529
2023	13,404	897	2	160	78	14,541
2022	13,219	986	2	176	65	14,448
2021	13,215	846	27	113	73	14,274
2020	13,012	836	27	112	71	14,058
2019	12,480	823	27	107	71	13,508
2018	12,894	807	25	73	13	13,812
2017	12,800	787	24	68	57	13,736
2016	11,956	764	23	68	50	12,861
2015	11,737	768	23	67	15	12,610

Note: Institutional includes governmental and educational user types.

Bedford Regional Water Authority

Table 9

Number of Sewer Customers by Type Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Institutional^a	Total
2024	5,387	620	2	83	6,092
2023	4,885	675	2	113	5,675
2022	4,736	695	2	121	5,554
2021	4,727	601	9	69	5,406
2020	4,564	532	9	64	5,169
2019	4,199	535	9	66	4,809
2018	4,123	564	9	46	4,742
2017	4,071	575	9	43	4,698
2016	3,969	556	8	43	4,576
2015	3,918	562	8	43	4,531

^a Institutional includes governmental and educational user types.

Bedford Regional Water Authority**Table 10****Ten Largest Water Customers**

Current Year

Customer	2024	
	Revenue	Percentage
Western Virginia Water Authority	\$ 145,950	1.34 %
Cintas	87,968	0.81
Noble Senior Living/ Spring Oak Bedford, LLC	65,587	0.60
Southwood Realty	59,649	0.55
Lyondellbasell Advan, Inc.	54,139	0.50
Gables of Jefferson Commons	45,628	0.42
Gables of Spring Creek	45,055	0.41
Jefferson Forest Manor	36,788	0.34
Zips Carwash, LLC	36,533	0.34
Raintree Village	34,941	0.32
Subtotal (10 largest)	612,238	5.64
Balance from other customers	10,245,050	94.36
Grand totals	<u>\$ 10,857,288</u>	<u>100.00 %</u>

Bedford Regional Water Authority

Table 11

Ten Largest Sewer Customers

Current Year

Customer	2024	
	Revenue	Percentage
Cintas	\$ 87,098	1.48 %
Lyondellbasell Advan, Inc	86,601	1.47
Southwood Realty	86,223	1.46
Gables of Jefferson Commons	76,163	1.29
National Park Services	70,968	1.21
Gables of Spring Creek	59,544	1.01
Jefferson Forest Manor	56,924	0.97
Zips Carwash, LLC	49,235	0.84
Raintree Village	48,013	0.82
Noble Senior Living/Spring Oak Bedford, LLC	34,740	0.59
Subtotal (10 largest)	655,509	11.13
Balance from other customers	5,233,352	88.87
Grand totals	<u>\$ 5,888,861</u>	<u>100.00 %</u>

Bedford Regional Water Authority

Table 12

Schedule of Water and Sewer Rates

Current Year

Base and Minimum (Charges (billed on a bi-monthly basis)

Volume Charges:

Volume Charges are rates per 1,000 gallons.

Customer Type	Water	Sewer
Residential & Commercial	\$6.50	\$8.50
Industrial	\$5.75	\$7.75
Bulk Filling	\$12.00	n/a

Base Charges:

Base Charges are per month.

Meter Size	Water	Sewer
5/8"	\$27.00	\$27.00
3/4"	\$38.00	\$38.00
1"	\$63.00	\$63.00
1-1/2"	\$108.00	\$108.00
2"	\$173.00	\$173.00
3"	\$324.00	\$324.00
4"	\$540.00	\$540.00
6"	\$1,080.00	\$1,080.00
8"	\$1,755.00	\$1,755.00
10"	\$2,970.00	\$2,970.00
Cedar Rock 5/8"	\$27.00	\$70.00
Paradise Point 5/8"	\$39.00	n/a
Mariners 5/8"	\$27.00	\$35.00
Mariners 1"	\$63.00	\$82.00

Bedford Regional Water Authority

Table 13

Schedule of Water and Sewer Capital Recovery Fees

Customer Type or Meter Size	All Service Areas	
	Water	Sewer
Deposits – See Deposit Policy		
Residential	\$125	\$125
Non-Residential	\$425	\$425
Capital Recovery Fees – See Rate Information Policy		
5/8"	\$5,000	\$5,900
3/4"	\$7,000	\$9,000
1"	\$12,000	\$14,000
1-1/2"	\$20,000	\$24,000
2"	\$32,000	\$38,000
3"	\$60,000	\$71,000
4"	\$100,000	\$118,000
6"	\$200,000	\$236,000
8"	\$346,000	\$384,000
Tap Fees – See Rate Information Policy		
5/8" w & 4" s	\$1,600	\$2,500
3/4" w & 4" s	\$1,800	\$2,500
1" w & 6" s	\$2,000	\$2,700
Meter Fees – See Rate Information Policy		
5/8"	\$275	
3/4"	\$425	
1"	\$450	

Note: The minimum capital recovery fee is \$5,000 for water and \$5,900 for sewer.

Bedford Regional Water Authority

Table 14

Schedule of Debt Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30	Debt Coverage Reserve ^a	Operating Revenues	Direct Operating Expenses ^b	Bedford County Support ^c	Net Available for Debt Service	Principal ^d	Interest ^e	Total	Debt Coverage
2024	\$ 2,203,275	\$ 19,673,800	\$ 13,006,377	\$ 1,000,000	\$ 9,870,698	\$ 2,520,345	\$ 1,141,250	\$ 3,661,595	270 %
2023	2,156,567	17,682,556	12,015,460	2,000,000	9,823,663	2,427,256	1,237,139	3,664,395	268
2022	2,207,370	16,642,706	11,258,951	2,000,000	9,591,125	3,310,177	1,362,298	4,672,475	205
2021	2,390,992	15,984,301	10,437,852	2,000,000	9,937,441	3,147,345	1,503,679	4,651,024	214
2020	2,265,187	15,179,062	9,502,982	2,000,000	9,941,267	2,855,386	1,473,066	4,328,452	230
2019	2,249,660	14,658,464	9,238,848	2,000,000	9,669,276	2,784,268	1,587,202	4,371,470	221
2018	2,205,250	13,183,498	8,067,715	2,000,000	9,321,033	2,668,592	1,698,931	4,367,523	213
2017	2,251,667	12,984,845	8,114,720	2,000,000	9,121,792	2,502,565	1,792,102	4,294,667	212
2016	2,246,623	11,781,125	8,616,565	2,000,000	7,411,183	2,428,098	1,876,094	4,304,192	172
2015	411,071	10,699,859	7,274,309	2,000,000	5,836,621	2,129,114	860,779	2,989,893	195

^a Balance includes a cash reserve fund that can be included in debt coverage reserve but does not have to be restricted cash or net position unless it is needed to meet a debt coverage ratio of 115%.

^b Excluding depreciation, interest, and amortization.

^c Excludes \$500,000 received from 2021 to 2023 for capital projects.

^d Balance represents principal due in one year excluding bond premiums.

^e Balance represents interest due in one year for revenue bonds, debt with the City of Lynchburg, and debt with the Town of Bedford.

Bedford Regional Water Authority

Table 15

Outstanding Debt by Category Last Ten Fiscal Years

Fiscal Year Ended June 30	Lynchburg	Pooled Loan Bonds	Due to Town of Bedford	Revenue Bond	Unamortized Premium	Total
	Sewer System Bonds			Anticipation Note		
2024	\$ 877,563	\$ 44,713,457	\$ 1,216,998	\$ -	\$ 693,202	\$ 47,501,220
2023	937,819	46,498,457	1,798,998	-	774,530	50,009,804
2022	997,986	35,920,000	2,289,010	-	1,013,145	40,220,141
2021	756,512	38,540,000	2,771,353	-	1,278,793	43,346,658
2020	616,513	37,145,000	3,246,381	-	957,431	41,965,325
2019	725,170	39,480,000	3,716,993	-	1,186,763	45,108,926
2018	857,748	41,365,000	4,368,007	-	1,415,964	48,006,719
2017	1,042,670	43,040,000	5,010,650	-	1,645,167	50,738,487
2016	1,241,288	44,635,000	5,645,130	-	1,874,368	53,395,786
2015	1,438,882	14,715,000	6,271,650	3,200,000	1,774,133	27,399,665

Bedford Regional Water Authority

Table 16

Ratios of Outstanding Debt Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding Debt	Number of ^a Connections	Debt per Connection (3)=(1)/(2)	Estimated ^b Population Served (4)=(2)*2.5	Debt per Capita (5)=(1)/(4)	Income ^c per Capita	Debt per Capita as a % Income per Capita (7)=(5)/(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2024	\$ 47,501,220	21,621	\$ 2,197	54,053	\$ 879	\$ *	*
2023	50,009,804	20,216	2,474	50,540	990	36,891	2.68%
2022	40,220,141	20,002	2,011	50,005	804	34,565	2.33%
2021	43,346,658	19,680	2,203	49,200	881	46,707	1.89%
2020	41,965,325	19,227	2,183	48,068	873	46,707	1.87%
2019	45,108,926	18,317	2,463	45,793	985	*	*
2018	48,006,719	18,554	2,587	46,385	1,035	42,082	2.46%
2017	50,738,486	18,434	2,752	46,085	1,101	41,307	2.67%
2016	53,395,785	17,437	3,062	43,593	1,225	41,066	2.98%
2015	27,399,665	17,141	1,598	42,853	639	41,066	1.56%

^a Connections from Tables 8 and 9.

^b The Virginia Department of Health estimates 2.5 residents per connection; this number is used in lieu of the population data in Table 18 which is representative of the entire county and town.

^c Per capita income from Table 18 (Source: Virginia Workforce Connection and Bureau of Economic Analysis). 2015 and 2016 information not available, therefore, 2014 information was used.

* Unavailable

Table 17

Bedford Regional Water Authority
Ten Largest Employers (Bedford Town and County)
 Current Year

Employer	2024	
	Employees	Rank
Bedford County School Board	1000+	1
County of Bedford	500-999	2
Centra Health	500-999	3
Walmart	500-999	4
GP Big Island, LLC	250-499	5
Food Lion	250-499	6
Sentry Equipment Erectors	250-499	7
Uos, LLC	100-249	8
Elwood Staffing Services, Inc.	100-249	9
Workforce Solutions	100-249	10

Employer	2015	
	Employees	Rank
Bedford County School Board	1000+	1
County of Bedford	500-999	2
Barr Laboratories, Inc.	500-999	3
Centra Health	500-999	4
Mail America Communications	250-499	5
GP Big Island LLC	250-499	6
Workforce Solutions	250-499	7
Walmart	100-249	8
Sam Moore Furniture LLC	100-249	9
Food Lion	100-249	10

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW).

Note: Information for the period nine years prior to the current period will begin in 2013.

Table 18

Bedford Regional Water Authority
Other Demographic Data (Bedford Town and County)
 Last Ten Fiscal Years

Year	Population ^a	Personal Income ^b (thousands of dollars)	Per Capita Personal Income	Unemployment Rate ^a
2024	78,965	*	*	3.1 %
2023	80,848	*	36,891	2.9
2022	80,131	*	34,565	3.4
2021	78,997	*	46,707	4.1
2020	78,997	*	46,707	7.6
2019	78,747	*	*	2.9
2018	77,724	3,280,745	42,082	3.9
2017	74,898	*	41,307	4.1
2016	74,898	*	41,066	4.4
2015	75,554	*	41,066	*

^a Virginia Workforce Connection, includes Bedford Town and County.

^b Bureau of Economic Analysis, includes Bedford Town and County.

* Unavailable.

Table 19

Bedford Regional Water Authority
Number of Employees by Identifiable Activity
 Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration	8.5	7.5	5.5	5.5	5.5	5.5	5.5	5.0	5.0	5.0
Customer	8.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	6.0	4.0
IT	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	3.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5
Engineering	13.5	12.5	14.0	13.0	13.0	12.0	8.0	8.0	9.5	7.0
Plant operations	23.5	26.5	26.0	28.0	28.0	27.0	23.0	23.0	24.0	22.0
Maintenance	24.0	24.0	23.0	23.0	19.0	21.0	19.0	19.0	16.0	13.0
	82.5	83.5	81.5	82.5	78.5	78.5	68.0	66.5	64.0	54.5

Table 20

Bedford Regional Water Authority
Operating Indicators
 Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water meters read	177,630	174,401	176,489	173,397	170,017	164,492	122,864	84,139	82,263	80,043
Meter installations and change outs	508	430	904	1,056	1,353	1,187	795	1,510	2,125	2,470
Payments transacted	161,599	171,930	178,677	150,884	149,222	214,524	106,787	77,530	75,193	73,617

^a Number of meters read for billing purposes.

Table 21

Bedford Regional Water Authority
Capital Asset Statistics
 Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Miles of water line	404	406	400	399	399	388	385	362	352	352
Miles of sewer line	161	164	160	157	156	144	145	141	141	141
Water pump stations	3	2	2	2	2	2	2	2	2	2
Sewer pump stations	32	32	32	32	32	22	22	22	22	22
Water storage tanks	15	15	15	15	14	12	12	12	12	12
Wastewater treatment plants	5	5	5	5	5	3	3	3	3	3
Water treatment plants	5	5	5	5	4	4	7	7	6	6



Compliance Section



Bedford Regional Water Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/ Grant Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of the Treasury:			
Pass-Through Payments:			
Town of Bedford:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	546001138 N/A	\$ 312,717
County of Bedford:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	1,250,000
Virginia Department of Environmental Quality:			
COVID-19 -Virginia American Rescue Plan Act State and Local Fiscal Recovery Fund Implementation	21.027	541661753 N/A	1,228,388
Total Department of Treasury			2,791,105
US Environmental Protection Agency:			
Pass-Through Payments:			
Virginia Department of Health:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	520852695 546001775 N/A	89,400
Total US Environmental Protection Agency			89,400
Total Expenditures of Federal Awards			\$ 2,880,505

Notes:

Basis of Presentation

The accompanying Schedule of Federal Expenditures includes the activity of all federally assisted programs of the Bedford Regional Water Authority and is presented on the modified accrual basis of accounting.

The information presented in this Schedule is presented in accordance with the Requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Authority's ACFR.

De Minimis Indirect Cost Rate

The entity did not elect to use the 10% de minimis indirect cost rate.

Outstanding Loan Balances

At June 30, 2024, the Authority had no outstanding loan balances requiring continuing disclosure.

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

To the Honorable Members of the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

We have audited, 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* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Bedford Regional Water Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.**



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Authority's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 22, 2024

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board of Directors
Bedford Regional Water Authority
Bedford, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Bedford Regional Water Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the Authority's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003 and 2024-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit which is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 22, 2024

Bedford Regional Water Authority

Summary of Compliance Matters

June 30, 2024

As more fully described in 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, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia:

Cash and Investment Laws

Conflict of Interests Act

Local Retirement Systems

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

Bedford Regional Water Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. Two material weaknesses and no significant deficiencies relating to the audit of the financial statements were reported in 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*.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award programs were reported in the *Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor’s report on compliance for the major federal award programs expresses an unmodified opinion.
6. The audit disclosed two audit findings relating to the major program.
7. The program tested as major was:

Name of Program	Assistance Listing Number
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Authority was **not** determined to be a **low-risk auditee**.

B – Findings – Financial Statement Audit

2024-001: Segregation of Duties (Material Weakness)

Condition

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to recording transactions in the general ledger, cash disbursements, and accounts payable.

Criteria

- Only three individuals can enter accounting information into the Great Plains accounting software system. This reduces the effectiveness of system controls with Great Plains as rights within the software are not able to maintain a segregation of duties.
- The Executive Director has the ability to approve purchase orders, vendor invoices, edit the master vendor files, prepare checks for expenditures, and has check signing authority.
- Journal entries are not reviewed. We recommend that all journal entries be reviewed by someone other than the preparer prior to entry in the general ledger. While review of the periodic financials may detect erroneous entries, reviewing entries prior to entry would reduce the reliance on detection controls and reduce the inherent risk that offsetting erroneous or fraudulent entries are not apparent when aggregated in the monthly financials.

Bedford Regional Water Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Cause

The size of the Authority's accounting staff prohibits complete adherence to segregation of duties.

Effect

Internal controls are designed to safeguard assets and detect losses from employee dishonesty or error.

Recommendation

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls. Segregating incompatible functions reduces the risk of exposure to errors and fraud.

Views of Responsible Officials and Planned Corrective Action

Management understands this concern; however, the current staff size limits the separation of duties in regards to these functions.

2024-002: Timeliness of Reconciliation Review (Material Weakness)

Condition

During our review of bank reconciliations, we noted that review of the bank reconciliations is not being performed in a timely manner. The January 2024 bank reconciliation was prepared in March 2024, and was reviewed April, 2024. All subsequent bank reconciliations were also delayed in completion.

Criteria

Bank reconciliations should be prepared and reviewed in a timely manner.

Cause

The size of the Authority's accounting staff causes staff to take on a number of roles and responsibilities. As such, certain accounting functions are not always completed in a timely manner.

Effect

Internal controls over bank reconciliations are designed to safeguard assets and detect losses from employee dishonesty or error.

Recommendation

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls. Segregating incompatible functions reduces the risk of exposure to errors and fraud.

Views of Responsible Officials and Planned Corrective Action

Management recognizes the importance of timely reviews and will develop a procedure to correct this in the current fiscal year.

Bedford Regional Water Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

C – Findings and Questioned Costs – Major Federal Award Program Audit

2024-003: Procurement Policies and Procedures – COVID-19 – Coronavirus State and Local Fiscal Recovery Fund – AL# 21.027

Condition

The Authority adheres to and follows Virginia Public Procurement Act “VPPA” for procurement, however, under the requirements of Uniform Guidance, the Authority does not have complete, written procurement policies that are in compliance with the additional standards required by the Uniform Guidance (2 CFR Part 200).

Criteria

Under the requirements in the Uniform Guidance, all entities are required to have written procurement policies that conform to applicable Federal laws and regulations and standards. The complete procurement standards are located at 2 CFR Part 200, Sections 317 through 326.

Cause

The Authority does not have its own written procurement policies that conform to applicable Federal laws and regulations and standards.

Effect

The lack of the Authority’s adherence to the specific requirements of the Uniform Guidance could result in potential improper procurement using Federal funds.

Recommendation

Management should update existing written procurement contracts to align with Uniform Guidance requirements for all purchases to be made with Federal funds.

Views of Responsible Officials and Planned Corrective Action

Management recognizes the importance of compliance with the Uniform Guidance and plans to develop a policy that adheres to all requirements.

2024-004: Procurement Policies and Procedures – COVID-19 – Coronavirus State and Local Fiscal Recovery Fund – AL# 21.027

Condition

The Authority adheres to and follows Virginia Public Procurement Act “VPPA” for procurement, however, under the requirements of Uniform Guidance, the Authority is required to include provisions from Appendix II of the Uniform Guidance in procurement contracts. The Authority does not include language in all contracts containing the provisions required by the Uniform Guidance.

Bedford Regional Water Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Criteria

Under the requirements in the Uniform Guidance, all required applicable provisions contained in Appendix II to the Uniform Guidance are to be included in procurement contracts.

Cause

Provision language required by Appendix II of the UG was not included one procurement contract viewed.

Effect

The lack of the Authority's adherence to the specific requirements of the Uniform Guidance could result in potential improper procurement using Federal funds.

Recommendation

Management should update existing written procurement contracts to align with Uniform Guidance requirements for all purchases to be made with Federal funds.

Views of Responsible Officials and Planned Corrective Action

Management recognizes the importance of compliance with the Uniform Guidance and plans include language in future contracts that adheres to all requirements.

D – Findings – Commonwealth of Virginia

None.

Bedford Regional Water Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

A – Finding – Financial Statement Audit

2023-001: Segregation of Duties (Material Weakness)

Condition

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. A proper segregation of duties has not been established in functions related to cash receipts, accounts receivable, cash disbursements, and accounts payable.

Current Status

Condition still present. See finding 2024-001 on Schedule of Findings and Questioned Costs.

2023-002: Timeliness of Reconciliation Review (Material Weakness)

Condition

During our review of bank reconciliations, we noted that review of the bank reconciliations is not being performed in a timely manner. The January 2023 bank reconciliation was prepared in May 2023, and was reviewed July 2023. All subsequent bank reconciliations were also delayed in completion.

Current Status

Condition still present. See finding 2024-002 on Schedule of Findings and Questioned Costs.

B – Findings and Questioned Costs – Major Federal Award Program Audit

2023-003: Procurement Policies and Procedures – COVID-19 – Coronavirus State and Local Fiscal Recovery Fund – AL# 21.027

Condition

The Authority adheres to and follows Virginia Public Procurement Act “VPPA” for procurement, however, under the requirements of Uniform Guidance, the Authority does not have complete, written procurement policies that are in compliance with the additional standards required by the Uniform Guidance (2 CFR Part 200).

Current Status

Condition still present. See finding 2024-003 on Schedule of Findings and Questioned Costs.