



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**BVU Authority**  
A Political Subdivision of the Commonwealth of Virginia

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended  
June 30, 2023**

Prepared by the Accounting Department

**BVU AUTHORITY**

**FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2023**

**BVU AUTHORITY**  
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October 31, 2023

Board of Directors  
BVU Authority  
And Interested Parties

The Annual Comprehensive Financial Report (Annual Report) of the BVU Authority (BVUA) is submitted for the fiscal year ending June 30, 2023.

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

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

#### **Organization and Function**

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

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

BVUA operates the electric distribution system inside the City of Bristol, Virginia, and portions of Washington and Scott Counties, Virginia, and Sullivan County, Tennessee. BVUA purchases power from the Tennessee Valley Authority (TVA) through a long-term purchase power agreement. TVA provides power through two delivery points at 138 kilovolts (kV). BVUA distributes this power to approximately 16,389 customers through a combination of 9 distribution substations connected by 27 miles of 69kV transmission lines between the substations. BVUA also owns 577 miles of distribution circuit lines at 13.2kV. The distribution circuits are broken into 34 feeder breakers. These breakers are automated and integrated outside the substation from a network of 62 S&C IntelliRupters®. BVUA plans to add at least 25 additional S&C IntelliRupters® in the next fiscal year. The system has 13,240 poles owned by BVUA, 2,567 poles leased from third parties, and 6,138 transformers. BVUA leases attachment spaces on its poles to third parties such as communication companies. BVUA has also deployed 225 Trip Savers® throughout the system.

BVUA operates the water distribution system inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. Since 1952, BVUA has drawn raw water from South Holston Lake under permission from TVA. It is then pumped to BVUA's treatment plant, approximately two miles from the water intake. After treatment, BVUA distributes the water to about 7,900 customers through a distribution system that consists of 5 water tanks and 161 miles of distribution lines. The distribution system is currently comprised of 3 zones. BVUA plans to divide the existing 3 zones into 13 separate zones through future construction projects. The water system is permitted and regulated by the Virginia Department of Health. The permit authorizes BVUA to make 10 million gallons of water per day for resale to our customers. We are currently utilizing less than 30% of the system's capacity.

BVUA also provides wastewater service inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. BVUA collects wastewater from approximately 7,709 customers through 141 miles of collection lines. The Virginia Department of Environmental Quality (DEQ) regulates the collection system. The system has 4 distinct collection zones monitored by separate flow meters. The wastewater is transported to the Joint Sewerage System (JSS) in Bluff City, Tennessee, for treatment. The JSS is a jointly owned system between BVUA and the City of Bristol, Tennessee. After treatment, the water is discharged into Boone Lake under a discharge permit issued by the Tennessee Department of Environment and Conservation.

## Local Economy

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

City of Bristol, VA	16,975
Scott County, VA	21,476
Washington County, VA	53,958

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

City of Bristol, VA	3.6%
Scott County, VA	3.2%
Washington County, VA	3.0%
Statewide	2.8%

## **Long-Term Financial Planning**

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

## **Relevant Financial Policies**

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

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

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

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of BVUA by independent certified public accountants selected by the Board. The independent accountants conduct the audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, published by the Auditor of Public Accounts of the Commonwealth of Virginia. The independent auditor's report is presented in the Financial Section of this report.

## **Major Initiatives and Accomplishments**

To improve system reliability, BVUA's Electric division spent \$3.14 million in right-of-way maintenance in FY 2023, related primarily to vegetation management. This is shown by an improvement in BVUA's system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI). SAIDI measures the total number of minutes of customer outages, while SAIFI measures how often a customer experiences an outage. The chart below shows the improvement in these scores since 2019.



<u>Fiscal Year</u>	<u>SAIDI (Minutes)</u>	<u>SAIFI</u>	<u>System Reliability</u>
2019	275.00	2.800	99.948%
2023	55.96	0.714	99.989%
Virginia Average	262.70	1.565	99.950%
National Average	125.70	1.039	99.976%

(Source: Internal records and the Energy Information Administration)

Since 2019 BVUA has spent \$8.51 million on vegetation management. During that time, the average outage time (SAIDI) improved by 219.04 minutes. The average number of outages per year (SAIFI) dropped by 2.086 during this time frame. Thanks to these investments, BVUA is now well below the state and national averages for both SAIDI and SAIFI. BVUA plans to continue investing in vegetation management to meet the goals of a SAIDI score of 45 and a SAIFI score of 0.75.

BVUA installed a new 69kV transformer at the Valley Substation. This transformer is expected to be fully online by FY 2025.

On June 22, 2023, BVUA closed an \$8.58 million loan from the Virginia Resources Authority (VRA) for the Beaver Creek Interceptor Rehabilitation Project. This project is expected to be completed in FY 2024.

BVUA continues to invest in the maintenance of all its divisions. The Electric division reconductored 4,167 feet of lines, the Water division replaced 9,800 feet of lines, and the Sewer division replaced 5,600 feet of lines.

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

### **Future Capital Improvements to Wastewater Collection System**

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

## Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BVUA for its Annual Report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparing state and local government financial reports. This is the fourth time that BVUA has received this award.

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Donald L. Bowman".

Donald L. Bowman, PE  
President and CEO

A handwritten signature in blue ink that reads "Matthew T. Boothe".

Matthew T. Boothe, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**BVU Authority  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**BVU AUTHORITY  
BACKGROUND INFORMATION  
June 30, 2023**

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

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

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

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

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

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

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

On February 13, 1997, BVUB executed a seven-year purchase power contract with Cinergy Companies. This contract became effective on January 1, 1998.

On December 31, 1997, BVUB ceased buying power from TVA and began buying power from Cinergy.

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

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

**BVU AUTHORITY  
BACKGROUND INFORMATION  
June 30, 2023**

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In 2003, the Virginia legislature allowed BVUB to offer cable television services. BVUB became the first electric utility in Virginia to sell cable television services.

On September 2, 2004, BVUB executed a three-year purchase power contract with American Electric Power Service Corporation (AEP). This contract became effective on January 1, 2005.

On December 31, 2004, BVUB ceased buying power from Cinergy Companies and started buying power from AEP.

On September 29, 2006, BVUB executed a twenty-year power contract with TVA. This contract became effective on January 1, 2008. Under the original term, the agreement would expire in 2026 with five years' advance notice.

On December 31, 2007, BVUB ceased buying power from AEP and started buying from TVA.

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

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

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

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

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

In 2019, BVUA completed a multi-year project to upgrade the electrical system and pumps at the water treatment plant. This project replaced pumps initially installed in the 1970s and electrical equipment dating to the 1950s. This project was paid for out of BVUA cash reserves. The facility is now run on 480 Volt-rated equipment.

**BVU AUTHORITY**  
**BACKGROUND INFORMATION**  
**June 30, 2023**

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In February 2021, BVUA completed the Basin Area 1107 Sewer Replacement project. The project cost \$3.2 million. It was built with funds borrowed from the Virginia Resources Authority (VRA). This was part of the DEQ consent decree.

In March 2022, BVUA implemented its seventh electric retail rate reduction since 2017.

In April 2022, BVUA installed a new 69 kV substation transformer at the West Substation. This is part of BVUA's long-term electric system improvement plan. It will support the recently opened casino and the proposed commercial development around Interstate 81 Exit 1.

In 2022, BVUA began the multi-year installation of S&C IntelliRupters®. This equipment will improve reliability and benefit all BVUA's customers. To date, 65 have been installed.

In 2022, BVUA began the multi-year installation of S&C TripSavers®. This equipment will improve reliability and benefit all BVUA's customers. To date, 225 have been installed.

In 2022, BVUA received the Water Fluoridation Quality Award from the Centers for Disease Control and Prevention. This award recognizes BVUA for providing high-quality water fluoridation for 12 consecutive months representing a high level of operator care and accomplishment.

In 2022, BVUA installed a new 69 kV substation transformer at the King Ridge Substation. This is part of BVUA's long-term electric system improvement plan.

In 2023, BVUA was awarded the Certificate of Achievement for Excellence in Financial Reporting (COA) by the Government Finance Officers Association (GFOA). This award recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. This is the fourth consecutive year that BVUA has received this award.

In 2023, BVUA received the American Public Power Association (APPA) Reliable Public Power Award (RP3). BVUA received the Diamond level award, which is the highest award category. This is BVUA's second RP3 award and its first Diamond level. The RP3 designation, which lasts for three years, recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, workforce development, and system improvement. Criteria include sound business practices and a utility-wide commitment to safe and reliable delivery of electricity. BVUA joins 271 public power utilities nationwide that hold the RP3 designation.

In 2023, BVUA was awarded the Gold Award for Excellence in Clarification, Filtration, and Backwash from the Virginia Department of Health Office of Drinking Water. BVUA has received this award numerous times since its inception. BVUA has received the highest honors for the last seven years.



**BVU AUTHORITY**  
**BACKGROUND INFORMATION**  
**June 30, 2023**

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In 2023, BVUA received an honorable mention from the American Public Power Association (APPA) for the Safety Award of Excellence. This award recognizes utilities with the lowest safety rate within their groups. BVUA is part of Group D, with 60,000 to 109,999 worker hours of exposure. One hundred sixty-six utilities earned the Safety Award of Excellence in 2022.

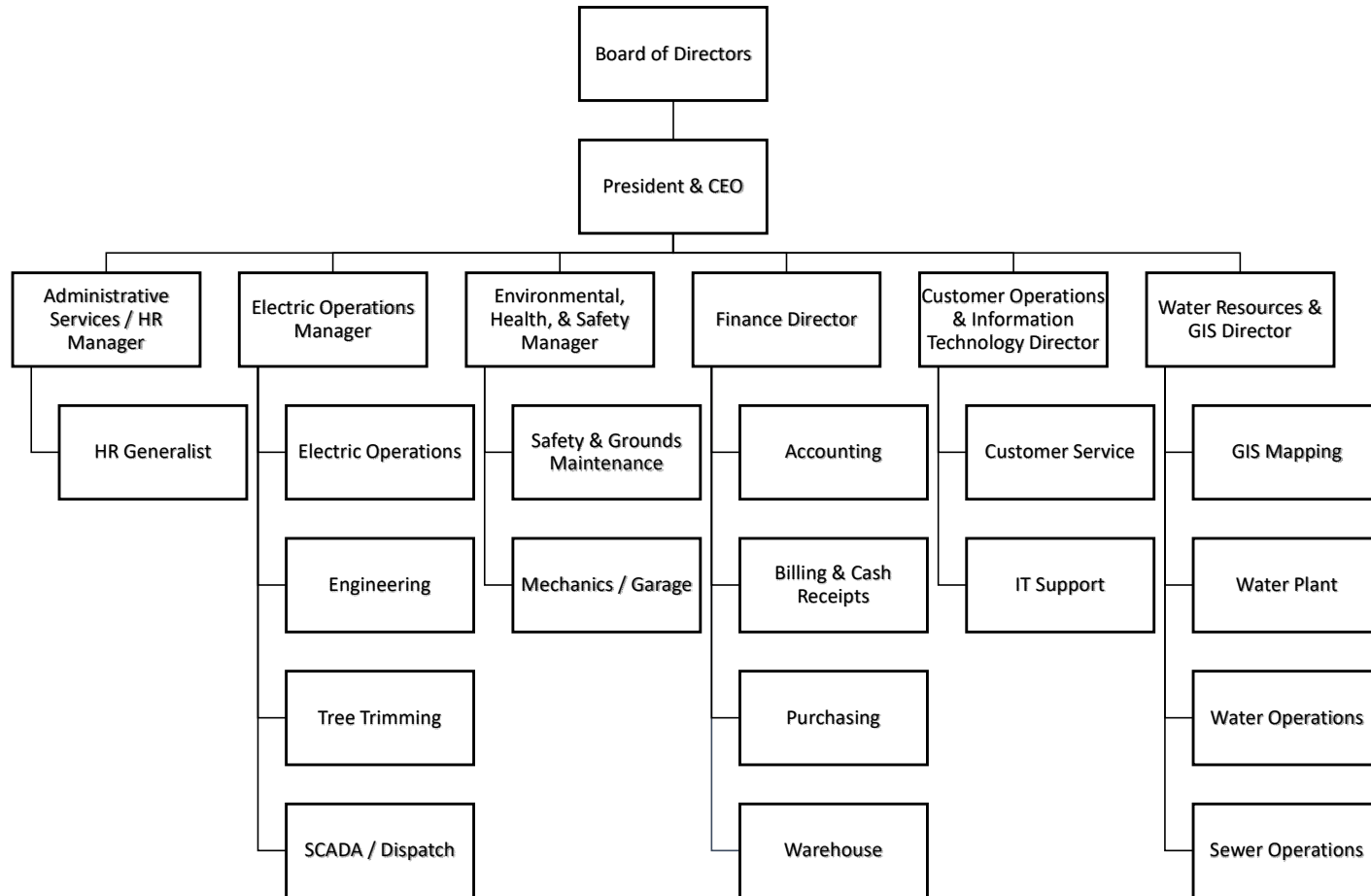
In 2023, BVUA installed a new 69 kV substation transformer at the Valley Substation. This is part of BVUA's long-term electric system improvement plan.

In May 2023, BVUA completed the Little Creek Interceptor and Sewer Basin Project. The project cost \$7.5 million. It was constructed with funds borrowed from the VRA. This was part of the DEQ consent decree.

In June 2023, BVUA closed on an \$8.6 million bond from the VRA. The proceeds of this bond will be used for the Beaver Creek Interceptor Rehabilitation Project. Work on this project is expected to begin in FY 2024. This is part of the DEQ consent decree.

**BVU AUTHORITY**  
**ORGANIZATIONAL CHART**  
**June 30, 2023**

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**BVU AUTHORITY  
LIST OF BOARD MEMBERS AND MANAGERS  
June 30, 2023**

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**DIRECTORS**

Saul A. Hernandez, Acting Chair

Gary A. Bagnall

Anthony M. Farnum

Richard H. Kiser

**PRESIDENT and CEO**

Donald L. Bowman, P.E.

**DEPARTMENT DIRECTORS AND MANAGERS**

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

## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
BVU Authority  
Bristol, Virginia

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of BVU Authority (BVUA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise BVUA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the business-type activities of BVUA, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Joint Sewerage System, which represent 4.83% of the assets of BVU Authority, as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Joint Sewerage System, are based solely on the report of the other auditors.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BVUA 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.

#### *Emphasis of Matter – Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2023, BVUA adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 BVUA'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.

### ***Auditors' 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 auditors' 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 BVUA'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 BVUA'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the net pension asset and net OPEB liabilities, as listed in the table of contents, on pages 5-16 and 65-71 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise BVUA's basic financial statements. The combining financial statements 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

BVU Authority  
Independent Auditors' Report

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 October 31, 2023, on our consideration of BVUA'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 BVUA'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 BVUA's internal control over financial reporting and compliance.



BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

October 31, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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1. Purpose

The Management's Discussion and Analysis focuses on BVU Authority's (BVUA) fiscal year ending June 30, 2023, resulting changes, and currently known facts. The discussion and analysis section is designed to assist the reader in focusing on BVUA's (a) significant financial issues, (b) provide an overview of financial activity, (c) identify significant changes in financial position, and (d) identify any financial concerns. The reader should read this discussion and analysis in conjunction with the basic audited financial statements.

2. Background

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

2.1. Electric

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

2.2. Water

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

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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2.3. Wastewater

BVUA provides wastewater collection services inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. The system contains approximately 141 miles of collection lines and 3,807 manholes. The Virginia Department of Environmental Quality (DEQ) permits and regulates the system. After collection, the wastewater is transported to the Joint Sewerage System (JSS) in Bluff City, Tennessee, where it is treated. BVUA and the City of Bristol, Tennessee, jointly own the JSS. Constructed in 1973, the JSS has a rated capacity of 15 MGD. It also has a five-million-gallon surge basin. The JSS is licensed and permitted by the Tennessee Department of Environment and Conservation (TDEC). InfraMark®, a third-party contractor, conducts the daily operations of the Joint Sewer System.

3. System Highlights

3.1. Total Accounts

On June 30, 2023, BVUA served 31,998 accounts across all three operating divisions. Compared to June 30, 2022, this is a loss of 150 accounts or 0.47%.

	FY 2023	FY 2022	Change	%
Total Accounts	31,998	32,148	(150)	-0.47%

3.2. Electric

The Electric system serviced 16,389 accounts as of June 30, 2023. This is a decrease of 78 accounts, or 0.47%, from June 30, 2022. The Electric system sold 441,638,551 kilowatt-hours (kWh) of electricity. This represents a decrease of 5,097,512 kWh, or 1.14%, from the fiscal year 2022. Large industrial volumes increased by 1,237,971 kWh or 0.60%. Residential consumption decreased by 5,483,466 kWh or 2.76%. Commercial and small industrial consumption decreased by 889,153 kWh or 2.46%. Outdoor lighting increased by 37,136 kWh or 0.63%.

	FY 2023	FY 2022	Change	%
Residential	193,462,560	198,946,026	(5,483,466)	-2.76%
Commercial and Industrial	35,211,306	36,100,459	(889,153)	-2.46%
Large Industrial	207,032,457	205,794,486	1,237,971	0.60%
Outdoor Lighting	5,932,228	5,895,092	37,136	0.63%
Total kWh Sold	441,638,551	446,736,063	(5,097,512)	-1.14%
Total Accounts	16,389	16,467	(78)	-0.47%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**3.3. Water**

The Water system serviced 7,900 accounts as of June 30, 2023. This is a decrease of 34 accounts, or 0.43%, from June 30, 2022. The Water system sold 599,859,400 gallons of water. This represents an increase of 1,061,100 gallons or 0.18% from the previous year. Residential consumption decreased by 953,000 gallons, or 0.36%, from the prior year. The commercial and industrial rate class experienced an increase of 2,014,100 gallons or 0.60%.

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Change</u>	<u>%</u>
Residential	263,236,300	264,189,300	(953,000)	-0.36%
Commercial and Industrial	336,623,100	334,609,000	2,014,100	0.60%
Total Gallons Sold	<u>599,859,400</u>	<u>598,798,300</u>	<u>1,061,100</u>	<u>0.18%</u>
 Total Accounts	 <u>7,900</u>	 <u>7,934</u>	 <u>(34)</u>	 <u>-0.43%</u>

**3.4. Wastewater**

The Wastewater system serviced 7,709 accounts as of June 30, 2023. This is a decrease of 38 accounts, or 0.49%, from June 30, 2022. Wastewater volumes billed were 868,202,800 gallons. This represents an increase of 88,099,000 gallons, or 11.29%, from the previous year. Residential volumes increased by 1,259,000 gallons, or 0.45%. Commercial and industrial volumes grew by 88,717,200 gallons, or 18.68%, from the prior year. Volumes at the Industrial Park decreased by 1,877,200 gallons or 7.46%.

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Change</u>	<u>%</u>
Residential	281,344,900	280,085,900	1,259,000	0.45%
Commercial and Industrial	563,585,500	474,868,300	88,717,200	18.68%
Industrial Park	23,272,400	25,149,600	(1,877,200)	-7.46%
Total Gallons Sold	<u>868,202,800</u>	<u>780,103,800</u>	<u>88,099,000</u>	<u>11.29%</u>
 Total Accounts	 <u>7,709</u>	 <u>7,747</u>	 <u>(38)</u>	 <u>-0.49%</u>

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

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

**4.1. Introductory Section**

The introductory section includes a letter of transmittal submitted by BVUA's President and CEO and Finance Director, a listing of background information, an organizational chart, and a listing of Board Members and management as of June 30, 2023.



**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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#### 4.2. Financial Section

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

##### 4.2.1. Statement of Net Position

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

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

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

##### 4.2.3. Statement of Cash Flows

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

##### 4.2.4. Notes to the Financial Statements and the Required Supplementary Information

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

#### 4.3. Statistical Section

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

#### 4.4. Internal Control and Compliance Section

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

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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5. Condensed Financial Statements

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

5.1. Statement of Net Position

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

Statements of Net Position June 30, 2023 and 2022 (in thousands of dollars)		
	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets	\$ 18,357	\$ 41,247
Non-Current Assets	57,906	38,082
Capital Assets, Net	<u>68,675</u>	<u>63,731</u>
Total Assets	<u>144,938</u>	<u>143,060</u>
 Deferred Outflows of Resources	 <u>416</u>	 <u>713</u>
 <b>Liabilities</b>		
Current Liabilities	10,147	7,842
Non-Current Liabilities	<u>8,789</u>	<u>8,880</u>
Total Liabilities	<u>18,936</u>	<u>16,722</u>
 Deferred Inflows of Resources	 <u>4,364</u>	 <u>6,868</u>
 <b>Net Position</b>		
Net Investment in Capital Assets	60,681	56,239
Restricted - Net Pension Asset	4,403	5,020
Unrestricted	<u>56,970</u>	<u>58,924</u>
	<u>\$ 122,054</u>	<u>\$ 120,183</u>

5.1.1. Assets

Total assets increased by \$1.88 million or 1.31%.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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5.1.2. Current Assets

Current assets decreased by \$22.89 million or 55.49%. Cash and investments decreased by \$22.80 million or 69.42%. These decreases are due to spending on capital projects, vegetation management, and transferring cash and investments into restricted reserves per the Board approved Cash Reserve Policy.

5.1.3. Non-Current Assets

Non-current assets increased by \$19.82 million or 52.06%. Restricted cash and investments increased by \$20.48 million or 93.30%. This is due to transferring cash and investments from current assets to reserves per the Board approved Cash Reserve Policy.

5.1.4. Capital Assets, Net

Capital assets, net increased by \$4.94 million or 7.76%. This increase is due to work in process on three new substation transformers and the purchase of new IntelliRupters for the Electric System. Additional information related to capital assets can be found in Note 6 to the Financial Statements.

5.1.5. Deferred Outflows of Resources

Deferred outflows of resources decreased by \$0.30 million or 41.65%. This change is due to current year activity related to other post-employment benefits.

5.1.6. Liabilities

Total liabilities increased by \$2.21 million or 13.23%.

5.1.7. Current Liabilities

In the fiscal year, current and other liabilities increased by \$2.31 million, or 29.39%. This increase is due to an accrual for legal settlement costs of \$2.10 million.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**5.1.8. Non-current Liabilities**

Non-current liabilities decreased by \$0.09 million, or 1.04%. Notes payable decreased by \$0.20 million or 2.87%. This decrease is due to payments on long-term debt. Note 7 to the Financial Statements contains additional details related to long-term debt.

The net OPEB liability decreased by \$0.36 million or 28.76%. This decline results from reduced post-employment liabilities for retiree health and life insurances.

A new subscription liability of \$0.56 million was recorded in FY 2023. This liability is the result of the implementation of GASB 96, "Subscription-Based Information Technology Arrangements".

**5.1.9. Deferred Inflows of Resources**

Deferred inflows of resources decreased by \$2.50 million or 36.46%. This change is due to current-year activity related to other post-employment benefits and lease receivables.

**5.1.10. Change in Net Position**

Net position increased by \$1.87 million for the fiscal year, with an ending net position of \$122.05 million compared to the fiscal year 2022 net position of \$120.18 million. This increase is due to the current year's earnings from operations.

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

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

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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Statements of Revenues, Expenses, and Changes in Net Position  
June 30, 2023 and 2022  
(in thousands)

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Charges for Services	\$ 57,058	\$ 54,034
Rent From Property	872	835
Forfeited Discounts and Penalties	431	412
Connections and Transfers	416	537
Lease Revenue	369	365
Other	502	355
Total Operating Revenues	<u>59,648</u>	<u>56,538</u>
Operating Expenses		
Electric Wholesale Power	38,509	35,529
Electric Operations and Maintenance	5,378	4,585
Water Operations and Maintenance	1,377	1,264
Wastewater Operations and Maintenance	1,952	1,927
Billing and Collection	1,400	2,135
General and Administrative	3,465	3,266
Depreciation	4,333	3,986
Total Operating Expenses	<u>56,414</u>	<u>52,692</u>
Operating Income	3,234	3,846
Non-Operating Expenses		
Other Income (Deductions)	(1,331)	(424)
Interest Expense	(32)	(37)
Total Non-Operating Expenses	<u>(1,363)</u>	<u>(461)</u>
Change in Net Position	1,871	3,385
Net Position at July 1	<u>120,183</u>	<u>116,798</u>
Net Position at June 30	<u>\$ 122,054</u>	<u>\$ 120,183</u>

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**5.2.1. Operating Revenues**

BVUA's total operating revenue was \$59.65 million, an increase of \$3.11 million or 5.50%. This increase is due to a higher Fuel Cost Adjustment (FCA) from TVA being passed through to the Electric customers. There was also higher customer usage in the Wastewater Division.

**5.2.2. Operating Expenses**

BVUA's total operating expenses were \$56.41 million, a \$3.72 million or a 7.07% increase. Electric wholesale power increased by \$2.98 million or 8.39%. This increase is due to a higher Fuel Cost Adjustment (FCA) from TVA. Electric Operations and Maintenance increased by \$0.79 million or 17.30%. This increase is due in part to increased spending on vegetation management.

**5.2.3. Operating Income**

BVUA's operating income was \$3.23 million, a decrease of \$0.61 million or 15.91%. Increased operations and maintenance expenses in the Electric Division contributed to this decline in Operating Income.

**5.2.4. Non-Operating Revenue (Expenses)**

Total non-operating revenue (expenses) was (\$1.36) million, an increase of \$0.90 million or 195.66%. Investment income was \$1.14 million in FY 2023 compared to a loss of \$0.14 in FY 2022. This gain was more than offset by the legal settlement with the City of Bristol, VA, for \$2.10 million in FY 2023.

**5.2.5. Change in Net Position**

BVUA's net position increased by \$1.87 million for the year ending June 30, 2023. This increase is due to the results of current year operations.



**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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5.3. Statement of Cash Flows

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

Statements of Cash Flows June 30, 2023 and 2022 (thousands of dollars)		
	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 60,354	\$ 56,348
Payments of Customer Deposits	(15)	(5)
Payments to Employees	(6,880)	(6,167)
Payments to Suppliers	<u>(47,299)</u>	<u>(44,046)</u>
Net Cash Provided By Operating Activities	<u>6,160</u>	<u>6,130</u>
Cash Flows from Capital & Related Financing Activities		
Proceeds from Issuance of Debt	347	307
Proceeds from Sale of Equipment	22	23
Interest Paid on Capital Debt	(33)	(37)
Principal Paid on Capital Debt and Subscription Liability	(681)	(526)
Acquisition and Construction of Capital Assets	<u>(8,620)</u>	<u>(6,359)</u>
Net Cash Used For Capital & Related Financing Activities	<u>(8,965)</u>	<u>(6,592)</u>
Cash Flows from Investing Activities		
Interest and Dividends Received	1,206	28
Investment in CSA	(103)	-
Capital Contribution to Joint Sewer System	(275)	(275)
Purchase of Investments	<u>(13,537)</u>	<u>-</u>
Net Cash Used For Investing Activities	<u>(12,709)</u>	<u>(247)</u>
Net (Decrease) in Cash and Cash Equivalents	(15,514)	(709)
Cash and Cash Equivalents, Beginning of the Year	<u>29,326</u>	<u>30,035</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 13,812</u>	<u>\$ 29,326</u>

**BVU AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2023**

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5.3.1. Cash Flows from Operating Activities

BVUA's annual cash flow from operating activities was \$6.16 million in FY 2023 compared to \$6.13 million in FY 2022. There was a slight increase in receipts from customers.

5.3.2. Cash Flows from Capital and Related Financing Activities

Cash used for capital and financing activities was \$8.97 million in FY 2023 compared to \$6.59 million in FY 2022. The driver of this change was an increase in capital spending. In FY 2023, \$8.62 million was spent compared to \$6.36 million in FY 2022 for the acquisition and construction of capital assets.

5.3.3. Cash Flows from Investing Activities

Cash flows used for investing activities were \$12.71 million in FY 2023 compared to \$0.25 million in FY 2022. In FY 2023, BVUA transferred \$13.54 million to fund reserves per the Board approved Cash Reserve policy.

6. Other Matters of Significance

6.1. Auditor of Public Accounts report

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

- 53 are fully implemented,
- 2 are nearing completion or partially implemented, and
- 1 is a continuing or ongoing generic recommendation.

Management anticipates that all the findings that don't require third-party action will be fully addressed by June 30, 2024.

6.2. Inter-Department Debt

In FY 2019, BVUA defeased its 2010 VRA Refunding Bond Debt. The Board approved a loan for \$1.70 million between the Water and Wastewater divisions to accomplish this. The note has a principal balance of \$1.36 million as of June 30, 2023. The Water division is repaying the loan based on the terms of the note. This note is consolidated on the basic financial statements.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023**

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**6.3. Long-Term Debt**

In January 2020, BVUA issued a \$7.86 million revenue bond to the Virginia Resources Authority (VRA). The proceeds are for two sewer improvement construction projects. \$7.24 million has been drawn down on this revenue bond. As of June 30, 2023, the outstanding principal balance of this loan was \$6.26 million.

In June 2023, BVUA issued an \$8.58 million revenue bond to the VRA. The proceeds are for the Beaver Creek Interceptor Rehabilitation project. \$0.12 million has been drawn down on this revenue bond, and \$0.01 million in principal forgiveness has been received. As of June 30, 2023, the outstanding principal balance of this loan was \$0.11 million.

**6.4. Consent Order on the Sewer Division**

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

**6.5. Long Term Debt**

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

In December 2022, BVUA received a commitment letter from the VRA for \$0.71 million. These funds are for the Water division's Pressure Reducing Valve Improvements Project.

**6.6. City Lawsuit and BVUA Counterclaim**

In July 2020, BVUA was sued by the City of Bristol, VA (City), for \$6.50 million in Bristol, Virginia Circuit Court. The City is claiming this amount is due to them from the sale of OptiNet in 2018. In August 2020, BVUA filed a counterclaim against the City for the return of properties in and around 300 Lee Street and rent. BVUA purchased the properties. The case was removed to the Federal District Court located in Abingdon, Virginia. The parties have agreed to a settlement. Parts of the settlement have already been implemented. The settlement is expected to be finalized in FY 2024.

## **BASIC FINANCIAL STATEMENTS**

**BVU AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 5,765,310
Investments	4,279,512
Accounts Receivable, Net of Allowance	5,832,533
Notes Receivable	24,107
Other Receivables	314,045
Due from Other Governmental Entities	81,124
Prepays	586,824
Inventories	1,450,115
Other Current Assets	23,432
Total Current Assets	<u>18,357,002</u>

Noncurrent Assets

Restricted Cash - Customer Deposits	1,809,355
Cash - Reserves	6,237,511
Investments - Reserves	34,376,827
Restricted Investments	916,109
Leases Receivable	3,054,404
Investment in Joint Sewerage System	7,005,709
Investment in CSA	102,752
Net Pension Asset	4,402,875
Capital Assets, Net	68,675,218
Total Noncurrent Assets	<u>126,580,760</u>

<b>TOTAL ASSETS</b>	<u><b>144,937,762</b></u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to OPEB	161,227
Deferred Outflows Related to Pension	255,045

<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>416,272</b></u>
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(Continued)

**BVU AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

**LIABILITIES**

**Current Liabilities**

Accounts Payable and Accrued Liabilities	4,138,312
Accrued Interest Payable	7,413
Accrued Payroll and Related Liabilities	62,316
Customer Security Deposits	1,809,355
Due to Other Governmental Entities	2,927,342
Unearned Revenue	28,460
Notes Payable	535,232
Subscription Liability	133,875
Compensated Absences	505,111
<b>Total Current Liabilities</b>	<b><u>10,147,416</u></b>

**Noncurrent Liabilities**

Notes Payable	6,760,883
Subscription Liability	564,563
Compensated Absences	563,159
Net OPEB Liabilities	900,086
<b>Total Noncurrent Liabilities</b>	<b><u>8,788,691</u></b>

<b>TOTAL LIABILITIES</b>	<b><u>18,936,107</u></b>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to OPEB	588,649
Deferred Inflows Related to Pension	796,209
Deferred Inflows Related to Leases	2,978,899

<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>4,363,757</u></b>
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**NET POSITION**

Net Investment in Capital Assets	60,680,665
Restricted - Net Pension Asset	4,402,875
Unrestricted	56,970,630

<b>TOTAL NET POSITION</b>	<b><u>\$ 122,054,170</u></b>
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See accompanying notes to the financial statements.

**BVU AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2023**

<b>OPERATING REVENUES</b>	
Charges for Services	\$ 57,057,767
Rent from Property	872,246
Forfeited Discounts and Penalties	431,486
Connections and Transfers	416,384
Lease Revenue	368,524
Other	501,600
	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>59,648,007</b>
	<hr/>
<b>OPERATING EXPENSES</b>	
Electric Wholesale Power	38,508,351
Electric Operations and Maintenance	5,378,230
Water Operations and Maintenance	1,376,998
Wastewater Operations and Maintenance	1,952,141
Billing and Collection	1,399,871
General and Administrative	3,465,907
Depreciation	4,333,053
	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>56,414,551</b>
	<hr/>
<b>OPERATING INCOME</b>	<b>3,233,456</b>
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<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	65,790
Interest Expense	(32,058)
Loss on Investment in Joint Sewerage System	(418,393)
Investment Income	1,140,010
Legal Settlement	(2,100,000)
Loss on Disposal of Assets	(18,269)
	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,362,920)</b>
	<hr/>
Change in Net Position	1,870,536
	<hr/>
<b>NET POSITION, JULY 1, 2022</b>	<b>120,183,634</b>
	<hr/>
<b>NET POSITION, JUNE 30, 2023</b>	<b>\$ 122,054,170</b>
	<hr/>

See accompanying notes to the financial statements.

**BVU AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 60,353,720
Receipts of Customer Deposits	(14,895)
Payments to Suppliers	(47,299,161)
Payments to Employees	<u>(6,880,222)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>6,159,442</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Sale of Equipment	22,063
Acquisition and Construction of Capital Assets	(8,619,547)
Proceeds from Debt	347,486
Principal Paid on Capital Debt and Subscription Liability	(680,827)
Interest Paid on Capital Debt	<u>(33,163)</u>
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(8,963,988)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Capital Contribution to Joint Sewerage System	(275,000)
Investment in CSA	(102,752)
Purchase of Investments	(13,537,483)
Interest and Dividends Received	<u>1,205,800</u>
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(12,709,435)</u>
Net Decrease in Cash and Cash Equivalents	(15,513,981)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>29,326,157</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 13,812,176</u></u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Cash and Cash Equivalents	\$ 5,765,310
Restricted Cash - Customer Deposits	1,809,355
Cash - Reserves	<u>6,237,511</u>
	<u><u>\$ 13,812,176</u></u>

(Continued)



**BVU AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

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RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 3,233,456
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities:	
Depreciation Expense	4,333,053
Amortization Expense	138,186
Legal Settlement	(2,100,000)
(Increase) Decrease in Assets	
Net Accounts Receivable	888,271
Notes Receivable	14,490
Other Receivables	(166,803)
Lease Receivables	332,757
Due from Other Governmental Entities	2,151,255
Prepays	(341,277)
Inventories	(348,458)
Other Current Assets	11,632
Net Pension Asset	617,568
(Increase) Decrease in Deferred Outflows of Resources	296,438
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	15,973
Accrued Payroll and Related Liabilities	17,311
Customer Security Deposits	(14,895)
Due to Other Governmental Entities	(58,066)
Unearned Revenue	694
Net OPEB Liabilities	(363,419)
Compensated Absences	5,843
Increase (Decrease) in Deferred Inflows of Resources	<u>(2,504,567)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,159,442</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Intangible ROU Asset	<u>\$ 149,774</u>

See accompanying notes to the financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

BVUA has three operating divisions consisting of Electric, Water, and Wastewater. BVUA has one discontinued division, OptiNet, as a result of the sale in August 2018.

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

***Joint Venture***

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

BVUA has a receivable of \$81,124 from the Joint Sewerage System as of June 30, 2023. Condensed financial information for the Joint Sewerage System as of June 30, 2023 is as follows:

Revenues	\$ 3,985,409
Expenses	(4,266,839)
Change in Net Position	(281,430)
Net Position - Beginning	15,170,204
Net Position - Ending	<u>\$ 14,888,774</u>
Assets	\$ 15,743,129
Liabilities	(854,355)
Net Position	<u>\$ 14,888,774</u>

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus and Basis of Accounting**

BVUA's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

**C. Joint Administration**

BVUA utilizes a joint administrative department for the Electric, Water, and Wastewater operations, which includes accounting, administration, billings, and collections. The shared administration, customer service, and other general expenses are allocated monthly based on the number of customers serviced by each division, operating revenues of each division, and plant in service of each division. For the year ended June 30, 2023, the expenses of this department were allocated 65.28% to the electric system, 18.43% to the water system, and 16.29% to the wastewater system.

**D. Cash and Cash Equivalents**

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

**E. Investments**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Accounts Receivable**

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

**G. Allowance for Uncollectible Accounts**

BVUA provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection data and specific account analysis. It is reasonably possible that the estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$195,260 at June 30, 2023.

**H. Inventories**

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

**I. Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method either by individual asset or the composite method for assets such as electric poles over the following estimated useful lives:

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Compensated Absences**

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

**K. Adopting of New Accounting Standards**

BVUA implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022. BVUA has three software arrangements that require recognition under GASBS No. 96. BVUA now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset. The software amortization expense is included on the Statement of Revenues, Expenses and Changes in Net Position related to BVUA's intangible asset of three software systems. The adoption of the standard was an increase to beginning capital assets of \$686,650 and an increase in beginning subscription liabilities of \$686,850, resulting in no impact on beginning net position.

**L. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. BVUA has items which are required to be reported as deferred inflows for the year ended June 30, 2023 which include the pension and OPEB changes in experience, proportions, and assumptions and deferred amounts related to leases.

**M. Pension**

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of BVUA's Retirement Plan and the additions to/deductions from BVUA's Retirement Plan's 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.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. OPEB - Group Life Insurance**

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

**O. Leases**

BVUA is a lessor for a noncancellable lease of a data center, office space, and warehouse buildings. BVUA recognizes a lease receivable and a deferred inflow of resources in the statement of net position. At the commencement of a lease, BVUA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how BVUA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- BVUA uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and the renewal period of five years. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**P. Estimates**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

All cash and certificates of deposit of BVUA are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by federal depository insurance.

*Custodial Credit Risk*

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

At year-end, BVUA had \$3,000 of cash on hand, which has been included in cash and cash equivalents. BVUA's carrying amount of deposits, including restricted cash, was \$13,812,176. The entire bank balance was collateralized in accordance with the Virginia Security for Public Deposits Act or covered by the Federal Deposit Insurance Corporation (FDIC).

**Investments**

The Board has adopted an investment policy that sets forth the guidelines for BVUA's investment of funds. These guidelines are in accordance in Virginia statutes governing public funds. The statutes authorize BVUA to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the VIP.

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

Investments	\$ 4,279,512
Investments - Reserves	34,376,827
Restricted Investments	<u>916,109</u>
Total Investments	<u><u>\$ 39,572,448</u></u>

**Restricted Assets**

Restricted assets consist primarily of customer deposits and reserve accounts related to the Virginia Resource Authority loans payable (see note 7).



**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 3 - NOTES RECEIVABLE**

BVUA had a program whereby qualifying homeowners could obtain interest-bearing loans to pay for energy conservation measures in their homes. The customer repays the loan over a period of up to ten years at a stated interest rate of up to 9.25%. Payments are made with the customers' regular monthly bills. Loans are secured by the related real property. The balance of the energy conservation loans as of June 30, 2023 was \$24,107. Beginning in September 2015, TVA began administering all new loans. BVUA continues to administer the loans that were in place as of this date.

**NOTE 4 - DUE TO OTHER GOVERNMENTAL ENTITIES**

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

Electric Utility Taxes

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

Water Utility Taxes

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

In Lieu of Tax Payments (Electric Division)

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

Third Party Trash Collection Billing Agent

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 4 - DUE TO OTHER GOVERNMENTAL ENTITIES (CONTINUED)**

Litigation Agreement

BVUA and the City of Bristol, Virginia, reached a Settlement Agreement relating to various lawsuits brought by both parties against the other. BVUA has agreed to pay the City of Bristol, Virginia, a one-time payment of \$2,100,000 as part of this Settlement Agreement. This payment is coming from the proceeds of the sale of the OptiNet assets. No funds from the three operating divisions of BVUA will be used for this payment. The Agreement has been approved by all appropriate parties and is just waiting on the remaining open conditions to be met before this payment is made.

The following are the total taxes and fees payable to each entity at June 30, 2023:

City of Bristol, Virginia	\$ 2,605,264
Joint Sewer System	160,750
Washington County, Virginia	91,799
State Corporation Commission	56,514
Scott County, Virginia	4,380
Bristol, Tennessee	7,459
Sullivan County, Tennessee	661
Other Governmental Entities	<u>515</u>
 Total Due to Other Governmental Entities	 <u><u>\$ 2,927,342</u></u>

**NOTE 5 - LESSOR AGREEMENTS**

BVUA follows GASB Statement No. 87, *Leases*, which enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources.

On August 1, 2021, BVUA, as a lessor, entered into an agreement with Point Broadband Fiber Holding, LLC (the "tenant"), the lessee, to rent the data center, office, and warehouse buildings located on the BVUA Network Center premises. The lease calls for an initial term of five years commencing August 1, 2021. The lease includes options for renewing the lease for one additional five-year term. The lessee may terminate the lease at the end of a renewal term with 90 days written notice to the lessor. BVUA is reasonably certain that the lessee will renew this lease for the additional term. In accordance with the provisions of GASB Statement No. 87, *Leases*, the lease was measured as of August 1, 2021 with a lease term of ten years and an interest rate of 0.25%, BVUA's incremental borrowing rate.

Rent is payable monthly in advance of the first day of each month. The rent will increase on an annual basis by 2.50% with the payment due on or before August 1<sup>st</sup> of each year. For the July 1 payment, the amount due was \$27,766 and increased to \$28,460 each month thereafter during the fiscal year. BVUA recognized \$368,524 as lease revenue and \$8,075 as lease interest revenue for the year ended June 30, 2023.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 6 - CAPITAL ASSETS**

As described in Note 1, BVUA has recorded capital assets for three subscription arrangements under the scope of GASB 96. These are reported in the capital asset schedule below as Intangible ROU Software Arrangements.

The System has an arrangement for the access and use of software for financial management, customer management, billing, and collections. These services are provided in a 7-year term ending on August 31, 2026. The subscription will automatically renew for another 7-year term, extending the total term through August 31, 2033. The System has two other arrangements with different companies for the access and use of software. One has a term ending May 1, 2025 and the other was initiated during the year with a term ending May 17, 2026. The System has imputed a 4.75% discount rate for these arrangements based on the Prime Rate in effect on July 1, 2022, the date of the standard implementation. This rate was used to determine the present value of the intangible right-to-use asset and SBITA liability.

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance, as Restated	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, Not Depreciated					
Land	\$ 1,832,074	416,922	-	-	2,248,996
Construction in Progress	13,078,041	8,246,039	(9,485,753)	-	11,838,327
Total Capital Assets, Not Depreciated	14,910,115	8,662,961	(9,485,753)	-	14,087,323
Capital Assets, Being Depreciated or Amortized					
Distribution System	58,590,236	3,843,668	(418,210)	6,374	62,022,068
General Plant	47,444,144	4,093,384	-	894	51,538,422
Buildings	10,799,864	452,521	(12,452)	-	11,239,933
Equipment, Furniture and Fixtures	6,959,306	619,403	(64,641)	(7,268)	7,506,800
Transportation Equipment	5,180,844	428,221	(59,253)	-	5,549,812
Intangible ROU Software Arrangements*	686,850	149,774	-	-	836,624
Total Capital Assets, Being Depreciated or Amortized	129,661,244	9,586,971	(554,556)	-	138,693,659
Less Accumulated Depreciation and Amortization For					
Distribution System	(34,769,869)	(2,183,060)	34,155	359,429	(36,559,345)
General Plant	(30,552,346)	(1,160,683)	5,141	-	(31,707,888)
Buildings	(4,826,926)	(292,980)	4,472	-	(5,115,434)
Equipment, Furniture and Fixtures	(6,141,708)	(322,493)	60,634	(11,296)	(6,414,863)
Transportation Equipment	(3,863,047)	(373,837)	55,540	11,296	(4,170,048)
Intangible ROU Software Arrangements*	-	(138,186)	-	-	(138,186)
Total Accumulated Depreciation and Amortization	(80,153,896)	(4,471,239)	159,942	359,429	(84,105,764)
Total Capital Assets Being Depreciated, Net	49,507,348	5,115,732	(394,614)	359,429	54,587,895
Capital Assets, Net	\$ 64,417,463	13,778,693	(9,880,367)	359,429	68,675,218

\*New category for the System's subscription-based information technology arrangements, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Depreciation expense for the year ended June 30, 2023 was \$4,333,053. Amortization expense of \$138,186 is included in Electric Operations and Maintenance.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

BVUA received contributions in aid of construction of \$682,599 for fiscal year 2023. This amount is reported as a reduction in costs of the related assets. Idle property in the amount of \$24,175 was held at June 30, 2023.

**NOTE 7 - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2023 are as follows:

	Beginning Balance, as Restated	Additions	Reductions	Loan Forgiveness	Ending Balance	Due Within One Year
VRA Loans:						
Hassan Heights Water Tank	\$ 507,959	-	(65,841)	-	442,118	67,964
Bristol View Connector	556,725	-	(72,162)	-	484,563	74,489
Little Creek Interceptor	6,426,588	228,882	(392,779)	-	6,262,691	392,779
Beaver Creek Basin	-	118,604	-	(11,861)	106,743	-
Compensated Absences	1,062,427	507,930	(502,087)	-	1,068,270	505,111
Subscription Liability*	686,850	149,774	(138,186)	-	698,438	133,875
Totals	<u>\$ 9,240,549</u>	<u>1,005,190</u>	<u>(1,171,055)</u>	<u>(11,861)</u>	<u>9,062,823</u>	<u>1,174,218</u>

\*New category for the System's subscription liabilities due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

**Subscription-Based Information Technology Arrangements**

Intangible right-to-use software arrangements of \$836,624 have been recorded in capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for software met the criteria of a SBITA; thus, requiring it to be recorded by the System as intangible assets and a SBITA liability. See Note 6 for additional details regarding these subscription arrangements. In addition to the SBITA liability, additional payments are made to CSA throughout the year for variable charges based on monthly usage. These are not considered to be part of the SBITA liability and are expensed as incurred.

A summary of the principal and interest amounts to maturity on the SBITA arrangements as of June 30, 2023 is as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 133,875	30,256	164,131
2025	121,495	24,093	145,588
2026	76,854	19,385	96,239
2027	63,514	15,956	79,470
2028	63,101	13,015	76,116
2029-2033	233,545	25,213	258,758
2034-2038	6,054	36	6,090
	<u>\$ 698,438</u>	<u>127,954</u>	<u>826,392</u>

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

**Virginia Resources Authority Loans Payable**

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

The Bristol View Connector Revolving Loan Fund (RLF) loan was issued in the amount of \$1,289,511, of which \$484,563 was outstanding as of June 30, 2023. The Hassan Heights Water Tank RLF loan was issued in the amount of \$1,176,557, of which \$442,118 was outstanding as of June 30, 2023. Each note has a 20-year term and a 3.20% interest rate with principal and interest payments through April 2029.

In January 2020, the Little Creek Interceptor Revolving Loan Fund loan was issued in the amount of \$7,855,589, of which \$7,244,639 was drawn as of June 30, 2023. There is \$610,950 that is still available to draw. The note has a 20-year term and a 0.00% interest rate with principal payments beginning in April 2021 and maturing October 2040. The balance outstanding as of June 30, 2023 was \$6,262,691.

In June 2023, the Beaver Creek Basin Loan Fund loan was issued in the amount of \$8,578,800, of which \$118,604 was drawn as of June 30, 2023. There is \$8,460,196 that is still available to draw. Forgiveness of principal in the amount of \$11,861 was recognized as grant revenue for the year ended June 30, 2023. The balance outstanding as of June 30, 2023 was \$106,743. The note has a 30-year term and a 0.50% interest rate with principal payments beginning in June 2025 and maturing June 2053, therefore there is no future maturities schedule.

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

Year Ended June 30	VRA - Bristol View		VRA - Hassan Heights		VRA - Little Creek	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 74,489	14,915	67,964	13,608	392,779	-
2025	76,892	12,512	70,157	11,416	392,779	-
2026	79,372	10,032	72,419	9,153	392,779	-
2027	81,932	7,472	74,755	6,817	392,779	-
2028	84,575	4,829	77,167	4,406	392,779	-
2029-2033	87,303	2,101	79,656	1,917	1,963,897	-
2034-2038	-	-	-	-	1,963,897	-
2039-2040	-	-	-	-	371,002	-
	<u>\$ 484,563</u>	<u>51,861</u>	<u>442,118</u>	<u>47,317</u>	<u>6,262,691</u>	<u>-</u>

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**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

**Virginia Resources Authority Loans Payable (Continued)**

Details of long-term indebtedness are as follows:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Amount Outstanding
VRA RLF Loan - Bristol View Connector	3.20%	09-08	04-29	\$ 1,289,511	\$ 484,563
VRA RLF Loan - Hassan Heights Water Tank	3.20%	09-08	04-29	1,176,557	442,118
VRA RLF Loan - Little Creek Interceptor	0.00%	01-20	10-40	7,855,589	6,262,691
VRA RLF Loan - Beaver Creek Basin	0.00%	6-23	6-53	8,578,800	106,743
					<u>\$ 7,296,115</u>

**NOTE 8 - PENSION PLAN**

**Plan Description**

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	<b>About Plan 2</b> Same as Plan 1.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> <li>The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> </ul>

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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



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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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



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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Employees Covered by Benefit Terms**

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	36
Inactive members:	
Vested inactive members	44
Non-vested inactive members	29
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	78
Active members	<u>62</u>
Total Covered Employees	<u><u>176</u></u>

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

BVUA's contractually required employer contribution rate for the year ended June 30, 2023 was 0.00% 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 BVUA were \$0 and \$38,943 for the years ended June 30, 2023 and June 30, 2022, respectively.

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Net Pension Asset**

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For BVUA, the net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

**Actuarial Assumptions – General Employees**

The total pension liability for General Employees in BVUA's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

*Mortality rates:*

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for male; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females forward 2 years

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions – General Employees (Continued)**

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; Set separate rates based on experience for Plan 2/Hybrid; change final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Long-Term Expected Rate of Return**

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

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return (Continued)**

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

\* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, 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 FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, 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.

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**NOTE 8 - PENSION PLAN (CONTINUED)**

**Changes in Net Pension Asset**

	<b>Increase (Decrease)</b>		
	<b>Plan Fiduciary Net</b>		
	<b>Total Pension Liability</b>	<b>Position</b>	<b>Net Pension Asset</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balance at June 30, 2021</b>	<u>\$ 8,955,527</u>	<u>13,975,970</u>	<u>(5,020,443)</u>
<b>Changes for the Year:</b>			
Service Cost	380,162	-	380,162
Interest	620,733	-	620,733
Differences Between Expected and Actual Experience	(178,088)	-	(178,088)
Contributions - Employer	-	37,559	(37,559)
Contributions - Employees	-	195,015	(195,015)
Net Investment Income	-	(19,023)	19,023
Benefit Payments, Including Refunds of Employee Contributions	(279,288)	(279,288)	-
Administrative Expense	-	(8,639)	8,639
Other Changes	-	327	(327)
<b>Net Changes</b>	<u>543,519</u>	<u>(74,049)</u>	<u>617,568</u>
<b>Balance at June 30, 2022</b>	<u>\$ 9,499,046</u>	<u>13,901,921</u>	<u>(4,402,875)</u>

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
BVUA's Net Pension Asset	\$ (2,801,613)	(4,402,875)	(5,667,127)

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - PENSION PLAN (CONTINUED)**

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

For the year ended June 30, 2023, BVUA recognized negative pension expense of \$(767,921). At June 30, 2023, BVUA 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	\$ 42,116	374,171
Changes of assumptions	212,929	30,345
Net difference between projected and actual earnings on pension plan investments	-	391,693
Total	<u>\$ 255,045</u>	<u>796,209</u>

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

<u>Year ended June 30</u>	
2024	\$ (345,555)
2025	(148,458)
2026	(239,259)
2027	192,108
2028	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

**Single-Employer Plan**

***Plan Description***

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

Employees are eligible to participate in the plan if they were hired before July 1, 2018, retire with at least 25 years of service, and are at least 60 years of age. The plan allows eligible individuals to continue to participate in the employer's group medical plan upon their retirement. BVUA will also pay 80% of the insurance premium (employer's portion) based on the employee's years of service. If the employee has 30 years of service, BVUA will pay 100% of the employer's portion. If the employee has 29 years of service, the amount paid by BVUA will be reduced by 6%. This reduction continues until the employee has 25 years of service, at which time BVUA will pay 70% of the employer's portion.

The maximum monthly amount that BVUA will pay under this plan is \$1,197 for dual coverage and \$647 for single coverage. Employees are allowed to remain on the plan until they turn the age of 65. If the employee has a spouse on the plan, the spouse can remain on the plan until either the employee or the spouse reaches the age of 65.

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

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Single-Employer Plan (Continued)**

***Employees Covered by Benefit Terms***

As of the July 1, 2022 actuarial valuation date, the following employees were covered by benefit terms:

Active employees	54
Inactive employees or beneficiaries currently receiving benefits	<u>11</u>
	<u>65</u>

***Net OPEB Liability***

BVUA's net OPEB liability of \$692,500 is based on a measurement date of July 1, 2022 and the corresponding measurement period of July 1, 2021 to July 1, 2022. The measurement of the total OPEB liability is based on a valuation date of July 1, 2022.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	3.69% (represents the Municipal GO AA 20-year yield curve rates)
Salary Scale	3.00%
Healthcare Cost Trend Rates	6.50% for fiscal year end 2023, decreasing 0.50% per year to an ultimate rate of 4.50%
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method	Entry Age Actuarial Cost Method



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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Single-Employer Plan (Continued)**

***Changes in the Net OPEB Liability***

Changes in the net OPEB Liability were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>Position (b)</b>	<b>(a-b)</b>
Balance at 7/1/2022	\$ 1,055,100	-	1,055,100
Changes for the year:			
Service Cost	11,600	-	11,600
Interest	19,200	-	19,200
Differences Between Expected and			
Actual Experience	(88,500)	-	(88,500)
Assumption Changes	(166,900)	-	(166,900)
Contributions - Employer	-	138,000	(138,000)
Benefit Payments	(138,000)	(138,000)	-
Net Changes	(362,600)	-	(362,600)
Balance at 6/30/2023*	\$ 692,500	-	692,500

\*Measurement date is July 1, 2022

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

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

	<b>1.00% Decrease</b>	<b>Current Discount</b>	<b>1.00% Increase</b>
	<b>(2.69%)</b>	<b>Rate (3.69%)</b>	<b>(4.69%)</b>
Net OPEB Liability	\$ 728,900	692,500	659,700

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Single-Employer Plan (Continued)**

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

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

	<b>1.00% Decrease (5.50%)</b>	<b>Current Trend Rate (6.50%)</b>	<b>1.00% Increase (7.50%)</b>
Net OPEB Liability	\$ 675,300	692,500	712,100

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

For the year ended June 30, 2023, BVUA recognized negative OPEB expense of \$(616,300). At June 30, 2023, BVUA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	280,900
Changes of Assumptions	28,400	114,400
Employer Contributions Subsequent to the Measurement Date	75,625	-
Total	<u>\$ 104,025</u>	<u>395,300</u>

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

<u>Year ended June 30</u>	
2024	\$ (291,900)
2025	(75,000)

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Cost-Sharing Employer Plan – Group Life Insurance Plan**

***Plan Description***

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

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

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

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

**BVU AUTHORITY  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Plan Description (Continued)***

**Benefit Amounts**

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

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

**Reduction in Benefit Amounts**

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Contributions***

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$33,021 and \$50,266 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the entity reported a liability of \$207,586 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.01724% as compared to 0.01790% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense (gain) of \$(59,957). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences Between Expected and Actual Experience	\$ 16,438	8,328
Net Difference Between Projected and Actual Earnings on GLI OPEB		
Program Investments	-	12,971
Change in Assumptions	7,743	20,220
Change in Proportion	-	151,830
Employer Contributions Subsequent to the Measurement Date	33,021	-
	<hr/>	<hr/>
Total	\$ 57,202	193,349
	<hr/>	<hr/>

\$33,021 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (66,145)
2025	(58,216)
2026	(36,515)
2027	(5,216)
2028	(3,076)

**BVU AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

The actuarial assumptions used in the June 30, 2021 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***Net GLI OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	(2,467,989)
Employers' Net GLI OPEB Liability	<u>\$ 1,204,096</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.



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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

\* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 19, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.11%, including expected inflation of 2.5%.

***Discount Rate***

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

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Discount Rate (Continued)***

Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Employer's Proportionate Share of the GLI Program Net OPEB Liability	\$ 302,062	207,586	131,237

***Group Life Insurance Program Fiduciary Net Position***

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The aggregate OPEB amounts for both plans are as follows as of June 30, 2023:

	OPEB - Medical	OPEB - GLI	Total
OPEB Liability	\$ (692,500)	(207,586)	(900,086)
Deferred Outflow of Resources	104,025	57,202	161,227
Deferred Inflow of Resources	(395,300)	(193,349)	(588,649)
OPEB Expense (Gain)	(616,300)	(59,957)	(676,257)

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**NOTE 10 - SERVICE CONTRACTS**

In September 2006, BVUA entered into an agreement with the Tennessee Valley Authority (TVA) for the purchase of wholesale electric power. The original contract period was for January 1, 2008 through December 31, 2027; however, on September 30, 2019, BVUA signed an updated contract with TVA which extended the duration of this service contract through September 2039. For the year ended June 30, 2023, \$38,527,651 was expensed under this contract. Of this total, \$19,300 is included in billing and collections.

**NOTE 11 - RISK MANAGEMENT**

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

Workmens' Compensation Insurance

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

General Liability and Other

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

Healthcare

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

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

**NOTE 12 - INTERDIVISION TRANSACTIONS**

***Interdivision Receivables and Payables***

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 12 - INTERDIVISION TRANSACTIONS (CONTINUED)**

***Interdivision Receivables and Payables (Continued)***

The amounts due between the individual divisions as of June 30, 2023 are as follows:

<u>Receivable Division</u>	<u>Payable Division</u>	<u>Amount</u>
Electric	OptiNet	\$ 152,974
Water	Electric	7,454
Wastewater	Electric	6,246
OptiNet	Electric	132,685
OptiNet	Water	26,297
OptiNet	Wastewater	22,806

During the year ended June 30, 2023, charges for services revenue of \$187,871 and \$1,205 were received by the Electric and Water divisions, respectively. These revenues were paid by the following divisions: Electric - \$169,522, Water - \$15,994, and Wastewater - \$3,560.

The Electric division received rent from property of \$126,076 from: Water - \$66,923 and Wastewater - \$59,153 for the year ended June 30, 2023.

***Interdivision Notes Payable***

During the year ended June 30, 2016, a note payable from OptiNet to Electric was re-established in the amount of \$13,741,288, which included \$4,643,549 of accrued interest, through a prior period adjustment. This note was removed in fiscal year 2007 by former management based on their understanding at the time of Virginia's law related to the allowance of cross-subsidization of the internet division. However, based on the audit conducted by the Virginia Auditor of Public Accounts, as required by legislation of the Virginia General Assembly, and their report issued in October 2016, cross-subsidization was allowed only for internet services, but not telephone and cable television. As a result the Electric - OptiNet interdivision borrowing related to telephone and cable television was not allowed to be removed and therefore was re-established between the Electric division and OptiNet by a promissory note with 2.70% interest. Principal and interest payments of \$147,669 per month began in January 2021 with a maturity date of December 2030. This interdivision note was paid off during the fiscal year and the balance as of June 30, 2023 was \$0. This amount, plus any interest income, are eliminated in the basic financial statements.

An intercompany loan agreement was entered into in August 2018 between the Water division and Wastewater division for an amount up to \$2,500,000 with an interest rate of 2.30% and maturity date of 20 years from the effective date. In November 2018, \$1,700,000 was borrowed and the balance is \$1,363,936 as of June 30, 2023. This amount is eliminated in the basic financial statements.

Total interest expense for the intercompany notes payable was \$236,628 for the year ended June 30, 2023. This amount is eliminated in the basic financial statements.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

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

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

BVUA has entered into construction contracts for sewer improvement projects which were not completed at fiscal year-end. At June 30, 2023, remaining construction commitments are \$8,708,180.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>									
Service Cost	\$ 380,162	424,451	441,152	761,034	753,335	822,504	871,916	934,815	944,947
Interest	620,733	535,052	600,228	530,485	465,275	403,565	349,213	280,294	206,470
Differences between Expected and Actual Experience	(178,088)	(53,401)	(1,782,026)	12,360	75,776	191,654	(138,688)	(873)	-
Changes in Assumptions	-	256,622	-	350,019	-	(286,779)	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(279,288)	(267,788)	(182,067)	(497,913)	(227,704)	(271,049)	(340,915)	(118,449)	(75,133)
<b>Net Change in Total Pension Liability</b>	<b>543,519</b>	<b>894,936</b>	<b>(922,713)</b>	<b>1,155,985</b>	<b>1,066,682</b>	<b>859,895</b>	<b>741,526</b>	<b>1,095,787</b>	<b>1,076,284</b>
<b>Total Pension Liability - Beginning</b>	<b>8,955,527</b>	<b>8,060,591</b>	<b>8,983,304</b>	<b>7,827,319</b>	<b>6,760,637</b>	<b>5,900,742</b>	<b>5,159,216</b>	<b>4,063,429</b>	<b>2,987,145</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 9,499,046</b>	<b>8,955,527</b>	<b>8,060,591</b>	<b>8,983,304</b>	<b>7,827,319</b>	<b>6,760,637</b>	<b>5,900,742</b>	<b>5,159,216</b>	<b>4,063,429</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 37,559	93,038	131,663	152,136	333,762	353,523	439,461	443,009	762,024
Contributions - Employees	195,015	178,426	193,858	225,543	361,712	378,856	391,387	387,783	399,374
Net Investment Income	(19,023)	3,025,156	204,915	675,237	675,540	956,184	140,294	294,159	728,746
Benefit Payments, including Refunds of Employee Contributions	(279,288)	(267,788)	(182,067)	(497,913)	(227,704)	(271,049)	(340,915)	(118,449)	(75,133)
Administrative Expense	(8,639)	(7,327)	(6,711)	(6,584)	(5,334)	(4,985)	(4,070)	(3,651)	(2,960)
Other Changes	327	287	(186)	(484)	(842)	(634)	369	(64)	(32)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(74,049)</b>	<b>3,021,792</b>	<b>341,472</b>	<b>547,935</b>	<b>1,137,134</b>	<b>1,411,895</b>	<b>626,526</b>	<b>1,002,787</b>	<b>1,812,019</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>13,975,970</b>	<b>10,954,178</b>	<b>10,612,706</b>	<b>10,064,771</b>	<b>8,927,637</b>	<b>7,515,742</b>	<b>6,889,216</b>	<b>5,886,429</b>	<b>4,074,410</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 13,901,921</b>	<b>\$ 13,975,970</b>	<b>10,954,178</b>	<b>10,612,706</b>	<b>10,064,771</b>	<b>8,927,637</b>	<b>7,515,742</b>	<b>6,889,216</b>	<b>5,886,429</b>
<b>BVUA's Net Pension Asset - Ending (a) - (b)</b>	<b>\$ (4,402,875)</b>	<b>(5,020,443)</b>	<b>(2,893,587)</b>	<b>(1,629,402)</b>	<b>(2,237,452)</b>	<b>(2,167,000)</b>	<b>(1,615,000)</b>	<b>(1,730,000)</b>	<b>(1,823,000)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>146.35%</b>	<b>156.06%</b>	<b>135.90%</b>	<b>118.14%</b>	<b>128.59%</b>	<b>132.05%</b>	<b>127.37%</b>	<b>133.53%</b>	<b>144.86%</b>
<b>Covered Payroll</b>	<b>\$ 3,750,403</b>	<b>3,694,999</b>	<b>3,954,855</b>	<b>4,444,208</b>	<b>7,260,790</b>	<b>7,542,969</b>	<b>7,814,346</b>	<b>7,740,429</b>	<b>7,873,956</b>
<b>BVUA's Net Pension Asset as a Percentage of Covered Payroll</b>	<b>-117.40%</b>	<b>-135.87%</b>	<b>-73.17%</b>	<b>-36.66%</b>	<b>-30.82%</b>	<b>-28.73%</b>	<b>-20.67%</b>	<b>-22.35%</b>	<b>-23.15%</b>

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

See Independent Auditors' Report.

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

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Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ -	\$ -	\$ -	\$ 4,103,948	0.00%
2022	38,943	38,943	-	3,750,403	1.22%
2021	94,527	94,527	-	3,694,999	1.22%
2020	133,452	133,452	-	3,954,855	3.85%
2019	144,138	144,138	-	4,444,208	3.85%
2018	334,000	334,000	-	7,260,790	4.91%
2017	353,512	353,512	-	7,542,969	4.91%
2016	497,444	497,444	-	7,814,346	5.76%
2015	565,450	565,450	-	7,740,429	5.76%

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

See Independent Auditors' Report.



**BVU AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2023**

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**Changes of Benefit Terms**

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

**Changes of Assumptions**

The actuarial assumptions used in the June 30, 2021, valuations 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others - Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; Set separate rates based on experience for Plan 2/Hybrid; change final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

See Independent Auditors' Report.

**BVU AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY**  
**AND RELATED RATIOS - RETIREE HEALTH INSURANCE**  
**For the Fiscal Years Ended June 30**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>						
Service Cost	\$ 11,600	10,400	43,600	171,700	172,500	164,300
Interest	19,200	26,900	74,000	111,500	170,200	168,700
Changes in Benefit Terms	-	-	(1,009,200)	(281,100)	-	-
Differences Between Expected and Actual Experience	(88,500)	(32,800)	(248,800)	(490,900)	(2,085,500)	-
Changes in Assumptions	(166,900)	29,300	41,800	(75,900)	96,400	-
Benefit Payments, Including Refunds of Employee Contributions	(138,000)	(133,200)	(133,200)	(127,600)	(112,000)	(141,700)
<b>Net Change in Total OPEB Liability</b>	<b>(362,600)</b>	<b>(99,400)</b>	<b>(1,231,800)</b>	<b>(692,300)</b>	<b>(1,758,400)</b>	<b>191,300</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,055,100</b>	<b>1,154,500</b>	<b>2,386,300</b>	<b>3,078,600</b>	<b>4,837,000</b>	<b>4,645,700</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 692,500</b>	<b>1,055,100</b>	<b>1,154,500</b>	<b>2,386,300</b>	<b>3,078,600</b>	<b>4,837,000</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 138,000	133,200	133,200	127,600	112,000	141,700
Benefit Payments, Including Refunds of Employee Contributions	(138,000)	(133,200)	(133,200)	(127,600)	(112,000)	(141,700)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Employer's Net OPEB Liability</b>	<b>\$ 692,500</b>	<b>1,055,100</b>	<b>1,154,500</b>	<b>2,386,300</b>	<b>3,078,600</b>	<b>4,837,000</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 3,719,800</b>	<b>3,492,700</b>	<b>3,492,700</b>	<b>3,792,600</b>	<b>3,856,300</b>	<b>7,548,200</b>
<b>BVUA's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>18.62%</b>	<b>30.21%</b>	<b>33.05%</b>	<b>62.92%</b>	<b>79.83%</b>	<b>64.08%</b>

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

There are no assets accumulated in a trust that meets the criteria of GASB Codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

See Independent Auditors' Report.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 138,000	133,200	133,200	127,600	112,000	141,700
Contributions in Relation to Actuarially Determined Contribution	138,000	133,200	133,200	127,600	112,000	141,700
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expected Covered-Employee Payroll	3,719,800	3,492,700	3,492,700	3,792,600	3,856,300	7,548,200
Contributions as a % of Covered-Employee Payroll	3.71%	3.81%	3.81%	3.36%	2.90%	1.88%

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

***Notes to Schedule***

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

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

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

See Independent Auditors' Report.

**BVU AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE PROGRAM**  
**For the Measurement Dates of June 30, 2017 through 2022**

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	2022	2021	2020	2019	2018	2017
BVUA's Proportion of the Net GLI OPEB Liability	0.01724%	0.01790%	0.01922%	0.02267%	0.03819%	0.04089%
BVUA's Proportionate Share of the Net GLI OPEB Liability	\$ 207,586	\$ 208,405	\$ 320,749	\$ 368,901	\$ 580,000	\$ 615,000
BVUA's Covered Payroll	\$ 3,750,403	\$ 3,694,999	\$ 3,954,855	\$ 4,444,208	\$ 7,260,790	\$ 7,542,969
BVUA's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only five years available. However, additional years will be included as they become available.

See Independent Auditors' Report.

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

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 33,021	\$ 33,021	\$ -	\$ 4,103,948	0.80%
2022	50,266	50,266	-	3,750,403	1.34%
2021	49,514	49,514	-	3,694,999	1.34%
2020	51,808	51,808	-	3,954,855	1.31%
2019	54,896	54,896	-	4,444,208	1.24%
2018	95,116	95,116	-	7,260,790	1.31%
2017	39,223	39,223	-	7,542,969	0.52%

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

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

**Notes to Schedule**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

See Independent Auditors' Report.

## **COMBINING FINANCIAL SCHEDULES**

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF NET POSITION**  
**June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 2,161,561	265,095	247,225	3,091,429	5,765,310	-	5,765,310
Investments	-	-	-	4,279,512	4,279,512	-	4,279,512
Accounts Receivable, Net of Allowance	5,010,057	324,744	497,732	-	5,832,533	-	5,832,533
Notes Receivable	24,107	-	-	-	24,107	-	24,107
Other Receivables	314,045	-	-	-	314,045	-	314,045
Due from Other Governmental Entities	-	-	81,124	-	81,124	-	81,124
Internal Balances	139,274	-	-	181,788	321,062	(321,062)	-
Prepays	474,545	66,292	45,987	-	586,824	-	586,824
Inventories	818,648	569,881	61,586	-	1,450,115	-	1,450,115
Other Current Assets	11,900	7,253	4,279	-	23,432	-	23,432
<b>Total Current Assets</b>	<b>8,954,137</b>	<b>1,233,265</b>	<b>937,933</b>	<b>7,552,729</b>	<b>18,678,064</b>	<b>(321,062)</b>	<b>18,357,002</b>
<b>Noncurrent Assets</b>							
Restricted Cash - Customer Deposits	1,809,355	-	-	-	1,809,355	-	1,809,355
Cash - Reserves	2,888,415	1,398,299	1,950,797	-	6,237,511	-	6,237,511
Investments - Reserves	21,941,421	3,448,864	8,986,542	-	34,376,827	-	34,376,827
Restricted Investments	-	179,547	736,562	-	916,109	-	916,109
Notes Receivable	-	-	1,363,936	-	1,363,936	(1,363,936)	-
Leases Receivable	3,054,404	-	-	-	3,054,404	-	3,054,404
Investment in Joint Sewerage System	-	-	7,005,709	-	7,005,709	-	7,005,709
Investment in CSA	102,752	-	-	-	102,752	-	102,752
Net Pension Asset	2,932,314	777,883	692,678	-	4,402,875	-	4,402,875
Capital Assets, Net	40,531,684	13,450,532	14,693,002	-	68,675,218	-	68,675,218
<b>Total Noncurrent Assets</b>	<b>73,260,345</b>	<b>19,255,125</b>	<b>35,429,226</b>	<b>-</b>	<b>127,944,696</b>	<b>(1,363,936)</b>	<b>126,580,760</b>
<b>TOTAL ASSETS</b>	<b>82,214,482</b>	<b>20,488,390</b>	<b>36,367,159</b>	<b>7,552,729</b>	<b>146,622,760</b>	<b>(1,684,998)</b>	<b>144,937,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows Related to OPEB	106,811	29,510	24,906	-	161,227	-	161,227
Deferred Outflows Related to Pension	175,285	41,927	37,833	-	255,045	-	255,045
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>282,096</b>	<b>71,437</b>	<b>62,739</b>	<b>-</b>	<b>416,272</b>	<b>-</b>	<b>416,272</b>

(Continued)

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF NET POSITION**  
**June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable and Accrued Liabilities	3,777,141	170,729	190,442	-	4,138,312	-	4,138,312
Accrued Interest Payable	-	7,413	-	-	7,413	-	7,413
Accrued Payroll and Related Liabilities	39,310	15,018	7,988	-	62,316	-	62,316
Customer Security Deposits	1,809,355	-	-	-	1,809,355	-	1,809,355
Due to Other Governmental Entities	809,796	17,546	-	2,100,000	2,927,342	-	2,927,342
Internal Balances	132,685	18,843	16,560	152,974	321,062	(321,062)	-
Unearned Revenue	28,460	-	-	-	28,460	-	28,460
Notes Payable	-	142,453	392,779	-	535,232	-	535,232
Subscription Liability	133,875	-	-	-	133,875	-	133,875
Compensated Absences	330,253	92,543	82,315	-	505,111	-	505,111
<b>Total Current Liabilities</b>	<b>7,060,875</b>	<b>464,545</b>	<b>690,084</b>	<b>2,252,974</b>	<b>10,468,478</b>	<b>(321,062)</b>	<b>10,147,416</b>
<b>Noncurrent Liabilities</b>							
Notes Payable	-	2,148,164	5,976,655	-	8,124,819	(1,363,936)	6,760,883
Subscription Liability	564,563	-	-	-	564,563	-	564,563
Compensated Absences	379,481	120,087	63,591	-	563,159	-	563,159
Net OPEB Liabilities	616,802	148,199	135,085	-	900,086	-	900,086
<b>Total Noncurrent Liabilities</b>	<b>1,560,846</b>	<b>2,416,450</b>	<b>6,175,331</b>	<b>-</b>	<b>10,152,627</b>	<b>(1,363,936)</b>	<b>8,788,691</b>
<b>TOTAL LIABILITIES</b>	<b>8,621,721</b>	<b>2,880,995</b>	<b>6,865,415</b>	<b>2,252,974</b>	<b>20,621,105</b>	<b>(1,684,998)</b>	<b>18,936,107</b>

(Continued)



**BVU AUTHORITY**  
**COMBINING SCHEDULE OF NET POSITION**  
**June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Related to OPEB	384,270	108,488	95,891	-	588,649	-	588,649
Deferred Inflows Related to Pension	551,295	128,530	116,384	-	796,209	-	796,209
Deferred Inflows Related to Leases	2,978,899	-	-	-	2,978,899	-	2,978,899
TOTAL DEFERRED INFLOWS OF RESOURCES	3,914,464	237,018	212,275	-	4,363,757	-	4,363,757
NET POSITION							
Net Investment in Capital Assets	39,833,246	12,523,851	8,323,568	-	60,680,665	-	60,680,665
Restricted - Net Pension Asset	2,932,314	777,883	692,678	-	4,402,875	-	4,402,875
Unrestricted	27,194,833	4,140,080	20,335,962	5,299,755	56,970,630	-	56,970,630
TOTAL NET POSITION	\$ 69,960,393	17,441,814	29,352,208	5,299,755	122,054,170	-	122,054,170

See Independent Auditors' Report.

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
OPERATING REVENUES							
Charges for Services	\$ 47,231,047	4,056,354	5,959,442	-	57,246,843	(189,076)	57,057,767
Rent from Property	896,550	101,772	-	-	998,322	(126,076)	872,246
Forfeited Discounts and Penalties	363,760	32,609	35,117	-	431,486	-	431,486
Connections and Transfers	363,138	57,947	(4,701)	-	416,384	-	416,384
Lease Revenue	368,524	-	-	-	368,524	-	368,524
Other	346,037	-	155,563	-	501,600	-	501,600
TOTAL OPERATING REVENUES	49,569,056	4,248,682	6,145,421	-	59,963,159	(315,152)	59,648,007
OPERATING EXPENSES							
Electric Wholesale Power	38,508,351	-	-	-	38,508,351	-	38,508,351
Electric Operations and Maintenance	5,403,360	-	-	-	5,403,360	(25,130)	5,378,230
Water Operations and Maintenance	-	1,392,992	-	-	1,392,992	(15,994)	1,376,998
Wastewater Operations and Maintenance	-	-	1,955,701	-	1,955,701	(3,560)	1,952,141
Billing and Collection	915,577	246,548	237,746	-	1,399,871	-	1,399,871
General and Administrative	2,378,288	731,610	603,446	23,031	3,736,375	(270,468)	3,465,907
Depreciation	2,976,301	849,073	507,679	-	4,333,053	-	4,333,053
TOTAL OPERATING EXPENSES	50,181,877	3,220,223	3,304,572	23,031	56,729,703	(315,152)	56,414,551
Operating Income	(612,821)	1,028,459	2,840,849	(23,031)	3,233,456	-	3,233,456

(Continued)

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
NONOPERATING REVENUES (EXPENSES)							
Interest Income	214,477	-	32,294	55,647	302,418	(236,628)	65,790
Interest Expense	(168)	(64,182)	-	(204,336)	(268,686)	236,628	(32,058)
Loss on Investment in JSS	-	-	(418,393)	-	(418,393)	-	(418,393)
Investment Income	508,076	41,380	126,078	464,476	1,140,010	-	1,140,010
Legal Settlement	-	-	-	(2,100,000)	(2,100,000)	-	(2,100,000)
Loss on Disposal of Assets	(18,269)	-	-	-	(18,269)	-	(18,269)
TOTAL NONOPERATING REVENUES (EXPENSES)	704,116	(22,802)	(260,021)	(1,784,213)	(1,362,920)	-	(1,362,920)
Income (Loss) Before Capital Contributions and Transfers	91,295	1,005,657	2,580,828	(1,807,244)	1,870,536	-	1,870,536
TRANSFERS IN (OUT)	3,433,955	890,553	881,918	(5,206,426)	-	-	-
Change in Net Position	3,525,250	1,896,210	3,462,746	(7,013,670)	1,870,536	-	1,870,536
NET POSITION, JULY 1, 2022	66,435,143	15,545,604	25,889,462	12,313,425	120,183,634	-	120,183,634
NET POSITION, JUNE 30, 2023	\$ 69,960,393	17,441,814	29,352,208	5,299,755	122,054,170	-	122,054,170

See Independent Auditors' Report.

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from Customers and Users	\$ 50,337,416	4,198,680	6,109,896	22,880	60,668,872	(315,152)	60,353,720
Receipt (Payment) of Customer Deposits	(14,895)	-	-	-	(14,895)	-	(14,895)
Payments to Suppliers	(43,989,149)	(1,442,368)	(2,152,773)	(30,023)	(47,614,313)	315,152	(47,299,161)
Payments to Employees	(5,176,003)	(1,571,290)	(1,057,038)	924,109	(6,880,222)	-	(6,880,222)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>1,157,369</b>	<b>1,185,022</b>	<b>2,900,085</b>	<b>916,966</b>	<b>6,159,442</b>	<b>-</b>	<b>6,159,442</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers (to) from Other Divisions	3,433,955	890,553	881,918	(5,206,426)	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>3,433,955</b>	<b>890,553</b>	<b>881,918</b>	<b>(5,206,426)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from Sale of Equipment	22,063	-	-	-	22,063	-	22,063
Acquisition and Construction of Capital Assets	(6,291,155)	(1,049,794)	(1,278,598)	-	(8,619,547)	-	(8,619,547)
Payments Received on Notes Receivable	13,327,978	-	73,830	-	13,401,808	(13,401,808)	-
Proceeds from Debt	-	-	347,486	-	347,486	-	347,486
Principal Paid on Capital Debt and Subscription Liability	(138,186)	(211,831)	(404,640)	(13,327,978)	(14,082,635)	13,401,808	(680,827)
Interest Paid on Capital Debt	(168)	(65,287)	-	(204,336)	(269,791)	236,628	(33,163)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>6,920,532</b>	<b>(1,326,912)</b>	<b>(1,261,922)</b>	<b>(13,532,314)</b>	<b>(9,200,616)</b>	<b>236,628</b>	<b>(8,963,988)</b>

(Continued)

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
CASH FLOWS FROM INVESTING ACTIVITIES							
Capital Contribution to Joint Sewerage System	-	-	(275,000)	-	(275,000)	-	(275,000)
Investment in CSA	(102,752)		-	-	(102,752)	-	(102,752)
Purchase of Investments	(15,835,759)	(2,761,144)	(7,257,049)	12,316,469	(13,537,483)	-	(13,537,483)
Interest and Dividends Received	722,553	41,380	158,372	520,123	1,442,428	(236,628)	1,205,800
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(15,215,958)	(2,719,764)	(7,373,677)	12,836,592	(12,472,807)	(236,628)	(12,709,435)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,704,102)	(1,971,101)	(4,853,596)	(4,985,182)	(15,513,981)	-	(15,513,981)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,563,433	3,634,495	7,051,618	8,076,611	29,326,157	-	29,326,157
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,859,331</u>	<u>1,663,394</u>	<u>2,198,022</u>	<u>3,091,429</u>	<u>13,812,176</u>	<u>-</u>	<u>13,812,176</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION							
Cash and Cash Equivalents	\$ 2,161,561	265,095	247,225	3,091,429	5,765,310	-	5,765,310
Restricted Cash - Customer Deposits	1,809,355	-	-	-	1,809,355	-	1,809,355
Cash - Reserves	2,888,415	1,398,299	1,950,797	-	6,237,511	-	6,237,511
	<u>\$ 6,859,331</u>	<u>1,663,394</u>	<u>2,198,022</u>	<u>3,091,429</u>	<u>13,812,176</u>	<u>-</u>	<u>13,812,176</u>

(Continued)

**BVU AUTHORITY**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

	Electric	Water	Wastewater	BVU OptiNet	Totals	Eliminating Entries	Combined Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income	\$ (612,821)	1,028,459	2,840,849	(23,031)	3,233,456	-	3,233,456
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation Expense	2,976,301	849,073	507,679	-	4,333,053	-	4,333,053
Amortization Expense	138,186	-	-	-	138,186	-	138,186
Legal Settlement	-	-	-	(2,100,000)	(2,100,000)	-	(2,100,000)
(Increase) Decrease in Assets							
Net Accounts Receivable	995,576	(19,975)	(87,330)	-	888,271	-	888,271
Notes Receivable	14,490	-	-	-	14,490	-	14,490
Other Receivables	(150,659)	(20,728)	4,584	-	(166,803)	-	(166,803)
Lease Receivables	332,757	-	-	-	332,757	-	332,757
Due from Other Governmental Entities	-	-	51,255	2,100,000	2,151,255	-	2,151,255
Internal Balances	(9,180)	-	-	-	(9,180)	9,180	-
Prepays	(255,037)	(40,253)	(45,987)	-	(341,277)	-	(341,277)
Inventories	(82,327)	(252,897)	(13,234)	-	(348,458)	-	(348,458)
Other Current Assets	13,319	(3,895)	2,208	-	11,632	-	11,632
Net Pension Asset	(792,099)	(223,627)	(197,661)	1,830,955	617,568	-	617,568
(Increase) Decrease in Deferred Outflows of Resources	3,360	568	2,664	289,846	296,438	-	296,438
Increase (Decrease) in Liabilities							
Accounts Payable and Accrued Liabilities	(147,703)	110,503	60,165	(6,992)	15,973	-	15,973
Accrued Payroll and Related Liabilities	9,040	6,032	2,239	-	17,311	-	17,311
Customer Security Deposits	(14,895)	-	-	-	(14,895)	-	(14,895)
Due to Other Governmental Entities	(60,113)	2,047	-	-	(58,066)	-	(58,066)
Internal Balances	-	(7,454)	(6,246)	22,880	9,180	(9,180)	-
Unearned Revenue	694	-	-	-	694	-	694
Net OPEB Liabilities	(166,498)	(47,176)	(51,810)	(97,935)	(363,419)	-	(363,419)
Compensated Absences	11,650	(2,806)	(3,001)	-	5,843	-	5,843
Increase (Decrease) in Deferred Inflows of Resources	(1,046,672)	(192,849)	(166,289)	(1,098,757)	(2,504,567)	-	(2,504,567)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 1,157,369	1,185,022	2,900,085	916,966	6,159,442	-	6,159,442
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of Intangible ROU Asset	\$ 149,774	-	-	-	149,774	-	149,774

See Independent Auditors' Report.

**STATISTICAL SECTION**  
**(UNAUDITED)**

## STATISTICAL SECTION (Unaudited)

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

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

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



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

**Table 1**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Investment in Capital Assets	\$ 112,939,156	113,129,629	118,453,883	110,940,595	99,827,738	55,064,481	55,156,898	53,682,266	56,239,343	60,680,665
Restricted	-	-	1,730,000	1,615,000	2,167,000	2,237,452	1,629,402	2,893,587	5,020,443	4,402,875
Unrestricted	24,859,969	28,443,885	29,837,005	38,257,839	50,456,001	53,159,536	56,434,904	60,222,715	58,923,848	56,970,630
Total net position	<u>\$ 137,799,125</u>	<u>141,573,514</u>	<u>150,020,888</u>	<u>150,813,434</u>	<u>152,450,739</u>	<u>110,461,469</u>	<u>113,221,204</u>	<u>116,798,568</u>	<u>120,183,634</u>	<u>122,054,170</u>

Source: Internal records

See Independent Auditors' Report.

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

**Table 2**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021*	2022**	2023
OPERATING REVENUES										
Charges for services	\$ 79,998,232	79,548,565	84,275,758	84,021,323	82,580,342	56,997,844	50,672,016	50,231,585	54,033,830	57,057,767
Management and consulting fees	902,050	142,219	153,441	167,873	-	-	-	-	-	-
OptiNet backhaul fees	-	-	-	-	173,502	15,462	-	-	-	-
Rent from property	372,342	359,748	363,302	365,037	366,219	879,364	1,160,266	1,119,289	834,809	872,246
Forfeited discounts and penalties	569,876	521,319	528,163	556,020	557,976	440,329	288,101	68,992	412,481	431,486
Connections and transfers	264,568	238,495	244,972	268,764	241,541	284,344	281,836	244,825	536,797	416,384
Lease Revenue	-	-	-	-	-	-	-	-	364,902	368,524
Income from CPC Operations	1,754,793	2,019,780	-	-	-	-	-	-	-	-
Other	208,849	422,767	273,926	344,704	347,972	163,763	302,398	427,664	354,700	501,600
TOTAL OPERATING REVENUES	84,070,710	83,252,893	85,839,562	85,723,721	84,267,552	58,781,106	52,704,617	52,092,355	56,537,519	59,648,007
OPERATING EXPENSES										
Electric Wholesale Power	40,717,621	40,695,776	38,583,259	41,410,889	37,848,680	36,927,142	33,496,989	32,410,046	35,529,430	38,508,351
Electric Operations and Maintenance	-	-	-	-	-	-	-	4,033,610	4,585,170	5,378,230
Water Operations and Maintenance	-	-	-	-	-	-	-	1,058,798	1,263,453	1,376,998
Wastewater Operations and Maintenance	-	-	-	-	-	-	-	1,673,049	1,926,503	1,952,141
Power and Pumping	1,520,399	1,505,748	1,706,911	1,624,118	1,738,854	1,790,223	1,658,581	-	-	-
Purification and collection system	709,984	690,180	676,057	702,955	706,056	701,762	676,980	-	-	-
Transmission and distribution	2,348,990	2,229,767	2,139,208	2,061,893	2,185,113	3,411,866	3,743,868	-	-	-
Telephone, broadband, and CATV	8,398,670	9,070,919	11,639,364	10,185,055	11,479,223	1,106,421	-	-	-	-
Billing and collection	5,219,137	5,132,043	5,985,459	5,180,156	4,758,234	2,443,130	2,120,431	2,161,535	2,135,280	1,399,871
Sales promotion	499,935	389,409	145,453	-	-	-	-	-	-	-
Administrative and general	9,907,878	9,095,690	9,126,869	8,364,721	7,678,109	5,230,293	4,593,911	2,929,048	3,266,013	3,465,907
Depreciation	9,527,739	11,176,532	13,096,513	13,150,430	12,507,809	4,523,409	3,921,049	4,045,918	3,985,854	4,333,053
Distribution of CPC operations	-	-	438,580	445,630	482,470	42,581	-	-	-	-
TOTAL OPERATING EXPENSES	78,850,353	79,986,064	83,537,673	83,125,847	79,384,548	56,176,827	50,211,809	48,312,004	52,691,703	56,414,551
OPERATING INCOME	5,220,357	3,266,829	2,301,889	2,597,874	4,883,004	2,604,279	2,492,808	3,780,351	3,845,816	3,233,456
NONOPERATING REVENUES (EXPENSES)										
Amortization	(245,127)	(245,127)	(245,127)	(245,127)	(245,127)	(2,788,816)	-	-	-	-
Interest income	86,004	91,563	56,193	46,587	34,062	277,147	567,009	55,590	25,492	65,790
Interest expense	(1,610,286)	(1,519,855)	(1,412,327)	(1,485,679)	(1,431,411)	(2,095,445)	(46,404)	(40,605)	(36,403)	(32,058)
Loss on investment in Joint Sewer System	-	-	-	-	(228,311)	(394,178)	(179,931)	(286,569)	(424,148)	(418,393)
Loss on sale of OptiNet	-	-	-	-	-	(39,988,630)	-	-	-	-
Investment Income (Loss)	-	-	-	-	-	-	-	-	(14,215)	1,140,010
Legal Settlement	-	-	-	-	-	-	-	-	-	(2,100,000)
Gain (loss) on disposal of assets	34,065	(49,335)	87,639	(121,109)	(150,266)	386,104	(73,747)	68,597	(11,476)	(18,269)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,735,344)	(1,722,754)	(1,513,622)	(1,805,328)	(2,021,053)	(44,603,818)	266,927	(202,987)	(460,750)	(1,362,920)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,485,013	1,544,075	788,267	792,546	2,861,951	(41,999,539)	2,759,735	3,577,364	3,385,066	1,870,536
Capital contributions	2,076,268	381,314	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 5,561,281	1,925,389	788,267	792,546	2,861,951	(41,999,539)	2,759,735	3,577,364	3,385,066	1,870,536

Source: Internal records

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

\*\*2022 Operating Revenues classifications were changed for new lease reporting requirements (GASB 87).

See Independent Auditors' Report.

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

**Table 3**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Electric Services	\$ 49,217,850	54,784,861	52,400,666	52,778,132	52,558,707	46,957,893	42,288,130	41,800,128	45,030,293	47,231,047
Water Services	3,076,751	3,153,864	3,498,356	3,684,813	3,587,519	3,462,139	3,578,690	3,631,161	3,766,482	4,056,354
Wastewater Services	3,265,730	3,237,100	3,514,978	4,252,002	4,279,216	4,609,702	4,805,196	4,800,296	5,237,055	5,959,442
OptiNet Services	16,504,546	15,010,554	16,179,533	16,933,367	19,572,790	1,810,419	-	-	-	-
CPC Services	-	-	-	-	-	157,691	-	-	-	-
Management and consulting fees	782,109	-	-	-	-	-	-	-	-	-
OptiNet backhaul fees	119,941	142,219	153,441	167,873	173,502	15,462	-	-	-	-
Rent from property	372,342	359,748	363,302	365,037	366,219	879,364	1,160,266	1,119,289	834,809	998,322
Forfeited discounts and penalties	569,876	521,319	528,163	556,020	557,976	440,329	288,101	68,992	412,481	431,486
Connections and transfers	264,568	238,495	244,972	268,764	241,541	284,344	281,836	244,825	536,797	416,384
Lease Revenue	-	-	-	-	-	-	-	-	364,902	368,524
Income from CPC Operations	1,754,793	2,019,780	-	-	-	-	-	-	-	-
Other	208,849	422,767	273,926	344,704	347,972	163,763	302,398	427,664	248,402	501,600
Interest Income	86,004	91,563	56,193	46,587	34,062	277,147	567,009	55,590	106,298	302,418
Investment Income	-	-	-	-	-	-	-	-	-	1,140,010
Capital Grants and Contributions	2,076,268	381,314	-	-	-	-	-	-	-	-
<b>Total Revenues by Source</b>	<b>\$ 78,299,627</b>	<b>80,363,584</b>	<b>77,213,530</b>	<b>79,397,299</b>	<b>81,719,504</b>	<b>59,058,253</b>	<b>53,271,626</b>	<b>52,147,945</b>	<b>56,537,519</b>	<b>61,405,587</b>

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

Source: Internal records

See Independent Auditors' Report.

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

**Table 4**

<b>Electric</b>	<b>2023 Rank</b>	<b>2014 Rank</b>
Universal Fibers Systems, LLC (**481)	1	1
HR Bristol, LLC (**920)	2	-
Strongwell (**104)	3	4
Snack Alliance (**403)	4	-
Wal-Mart Stores East Inc (**503)	5	5
Snack Alliance (**402)	6	-
Aerus, LLC (**482)	7	7
Green Valley Poultry (**553)	8	-
Sam's Wholesale (**108)	9	8
KVAT Food Stores 821 (**073)	10	10
Bristol Compressors International (**483)	-	2
Ball Metal Beverage (**409)	-	3
Sandvik Management, LLC (**480)	-	6
Hirschfeld Industries Birdge, LLC (**583)	-	9

<b>Water</b>	<b>2023 Rank</b>	<b>2014 Rank</b>
Snack Alliance (**402)	1	2
American Merchant, Inc (**206)	2	-
Ridgecrest Town Apts, LLC (**730)	3	10
Bristol Housing Authority (**379)	4	-
Hulsing Hotels Virginia, Inc (**285)	5	5
Carriage Hills Condos (**231)	6	-
Associated Asphalted Bristol, LLC (**091)	7	-
City of Bristol, VA (**465)	8	9
United Parcel Service (**303)	9	7
Cheddar's Franchise, LLC 2151 (**132)	10	-
Washington County Service Authority (**573)	-	1
Strongwell (**104)	-	3
City of Bristol, VA (**001)	-	4
VI College (**073)	-	6
Bristol Courtyard by Marriot (**672)	-	8

Source: Internal billing records.

(Continued)

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

**Table 4**

<b>Wastewater</b>	<b>2023 Rank</b>	<b>2014 Rank</b>
City of Bristol, VA (**219)	1	1
Snack Alliance (**402)	2	2
Washington County Service Authority (**580)	3	-
Washington County Service Authority (**520)	4	5
Universal Fibers Systems, LLC (**587)	5	4
American Merchant, Inc (**206)	6	-
Ridgecrest Town Apts., LLC (**730)	7	-
Bristol Housing Authority (**379)	8	-
Hulsing Hotels Virginia, Inc (**285)	9	10
Washington County Service Authority (**581)	10	6
Bristol Compressors International (**582)	-	3
Strongwell (**104)	-	7
Washington County Service Authority (**530)	-	8
City of Bristol, VA (**001)	-	9

Source: Internal billing records.

See Independent Auditors' Report.

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Table 5										
	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Residential-Schedule RS (Rate Class 22)</b>											
Customer Charge	\$ 10.10	\$ 10.10	\$ 10.60	\$ 12.20	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 20.00	\$ 20.00	
TVA Hydro-Allocation Credit	\$ -	\$ -	\$ -	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)	\$ (1.60)	
Energy Charge:											
Summer (Jun, Jul, Aug, and Sep)	\$ 0.07745	\$ 0.07904	\$ 0.08534	\$ 0.08690	\$ 0.07868	\$ 0.07894	\$ 0.07283	\$ 0.07113	\$ 0.06817	\$ 0.06884	
Winter (Dec, Jan, Feb, and Mar)	\$ 0.07454	\$ 0.07606	\$ 0.08226	\$ 0.08374	\$ 0.07545	\$ 0.07562	\$ 0.06958	\$ 0.06796	\$ 0.06500	\$ 0.06564	
Transition (Apr, May, Oct, and Nov)	\$ 0.07274	\$ 0.07421	\$ 0.08035	\$ 0.08179	\$ 0.07345	\$ 0.07357	\$ 0.06758	\$ 0.06601	\$ 0.06305	\$ 0.06367	
<b>General Power-Schedule GSA1 (Rate Class 40)</b>											
(demand up to 50 kW and usage up to 15,000 kWh)											
Customer Charge	\$ 15.20	\$ 15.20	\$ 15.84	\$ 15.84	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 20.00	\$ 20.00	
Energy Charge:											
Summer (Jun, Jul, Aug, and Sep)	\$ 0.08897	\$ 0.09069	\$ 0.09765	\$ 0.09933	\$ 0.09387	\$ 0.09458	\$ 0.08774	\$ 0.08590	\$ 0.08308	\$ 0.08380	
Winter (Dec, Jan, Feb, and Mar)	\$ 0.08608	\$ 0.08773	\$ 0.09460	\$ 0.09621	\$ 0.09068	\$ 0.09131	\$ 0.08453	\$ 0.08277	\$ 0.07995	\$ 0.08064	
Transition (Apr, May, Oct, and Nov)	\$ 0.08427	\$ 0.08587	\$ 0.09268	\$ 0.09424	\$ 0.08866	\$ 0.08923	\$ 0.08250	\$ 0.08079	\$ 0.07797	\$ 0.07864	
<b>General Power-Schedule GSA2 (Rate Class 50)</b>											
(demand of 50 kW to 1,000 kW or demand of less than 50 kW but usage in excess of 15,000 kWh)											
Customer Charge	\$ 60.00	\$ 60.00	\$ 62.54	\$ 62.54	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	
Demand Charge:											
First 50 kW											
Excess of 50 kW											
Summer	\$ 14.37	\$ 14.69	\$ 15.70	\$ 16.01	\$ 16.32	\$ 16.37	\$ 15.41	\$ 15.07	\$ 15.07	\$ 15.20	
Winter	\$ 13.50	\$ 13.79	\$ 14.77	\$ 15.06	\$ 15.35	\$ 15.38	\$ 14.44	\$ 14.13	\$ 14.13	\$ 14.25	
Transition	\$ 13.50	\$ 13.79	\$ 14.77	\$ 15.06	\$ 15.35	\$ 15.38	\$ 14.44	\$ 14.13	\$ 14.13	\$ 14.25	
Energy Charge:											
First 15,000 kWh											
Summer	\$ 0.08653	\$ 0.08825	\$ 0.09510	\$ 0.09678	\$ 0.09341	\$ 0.09413	\$ 0.08773	\$ 0.08589	\$ 0.08584	\$ 0.08657	
Winter	\$ 0.08364	\$ 0.08529	\$ 0.09204	\$ 0.09365	\$ 0.09020	\$ 0.09083	\$ 0.08450	\$ 0.08274	\$ 0.08269	\$ 0.08380	
Transition	\$ 0.08182	\$ 0.08342	\$ 0.09012	\$ 0.09168	\$ 0.08819	\$ 0.08876	\$ 0.08247	\$ 0.08076	\$ 0.08071	\$ 0.08138	
Additional kWh											
Summer	\$ 0.04149	\$ 0.04227	\$ 0.04598	\$ 0.04675	\$ 0.04246	\$ 0.04305	\$ 0.03983	\$ 0.03899	\$ 0.03894	\$ 0.03927	
Winter	\$ 0.03860	\$ 0.03931	\$ 0.04293	\$ 0.04362	\$ 0.03925	\$ 0.03976	\$ 0.03661	\$ 0.03585	\$ 0.03580	\$ 0.03610	
Transition	\$ 0.03735	\$ 0.03803	\$ 0.04161	\$ 0.04227	\$ 0.03787	\$ 0.03834	\$ 0.03523	\$ 0.03451	\$ 0.03446	\$ 0.03478	

(Continued)

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

													Table 5

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Table 5									
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Power-Schedule GSB (Rate Class 36)</b>										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Summer										
On Peak kW	\$ 17.44	\$ 17.84	\$ 10.09	\$ 10.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kW	\$ 4.71	\$ 4.78	\$ 5.56	\$ 5.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 17.44	\$ 17.84	\$ 10.09	\$ 10.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter										
On Peak kW	\$ 10.18	\$ 10.39	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kW	\$ 4.71	\$ 4.78	\$ 5.56	\$ 5.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 10.18	\$ 10.39	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition										
On Peak Billing kW	\$ 4.71	\$ 4.78	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
On Peak Transition Max kW	\$ -	\$ -	\$ 5.56	\$ 5.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 4.71	\$ 4.78	\$ 9.20	\$ 9.42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
Summer										
On Peak kWh	\$ 0.08039	\$ 0.08236	\$ 0.07553	\$ 0.07722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak										
First 425/200 hours use of demand	\$ 0.04490	\$ 0.04594	\$ 0.05236	\$ 0.05350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Next 195/200 hours use of demand	\$ 0.02579	\$ 0.02633	\$ 0.00930	\$ 0.00941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620/400 hours use of demand	\$ 0.00958	\$ 0.00970	\$ 0.00613	\$ 0.00615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter										
On Peak kWh	\$ 0.04901	\$ 0.05016	\$ 0.06495	\$ 0.06639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak										
First 425/200 hours use of demand	\$ 0.04490	\$ 0.04594	\$ 0.05442	\$ 0.05560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Next 195/200 hours use of demand	\$ 0.02579	\$ 0.02633	\$ 0.00930	\$ 0.00941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620/400 hours use of demand	\$ 0.00958	\$ 0.00970	\$ 0.00613	\$ 0.00615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition										
On Peak kWh	\$ -	\$ -	\$ 0.05206	\$ 0.05319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak										
First 425 hours use of demand	\$ 0.04490	\$ 0.04594	\$ 0.05206	\$ 0.05319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Next 195 hours use of demand	\$ 0.02579	\$ 0.02633	\$ 0.00930	\$ 0.00941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620 hours use of demand	\$ 0.00958	\$ 0.00970	\$ 0.00613	\$ 0.00615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)



**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Fiscal Year										Table 5
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>General Power-Schedule GSB (Rate Class 36)</b>											
<b>(Continued)</b>											
Facility Charge (per kW): (delivery voltage level)											
First 10,000 kW											
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Over 10,000 kW											
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reactive Charge (per kVAR):											
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Manufacturing Service Rate-Schedule MSB (Rate Class 26)</b>											
(demand of greater than 5,000 kW and less than 15,000 kW)											
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	
Demand Charge (per kW):											
Summer											
On Peak kW	\$ 16.79	\$ 17.19	\$ 9.50	\$ 9.72	\$ 9.95	\$ 10.22	\$ 10.22	\$ 10.22	\$ 10.22	\$ 10.22	
Off Peak kW	\$ 4.05	\$ 4.12	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	
Additional kW above contract demand	\$ 16.79	\$ 17.19	\$ 9.50	\$ 9.72	\$ 9.95	\$ 10.22	\$ 10.22	\$ 10.22	\$ 10.22	\$ 10.22	
Winter											
On Peak kW	\$ 9.53	\$ 9.74	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	
Off Peak kW	\$ 4.05	\$ 4.12	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	
Additional kW above contract demand	\$ 9.53	\$ 9.74	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	
Transition											
Billing kW	\$ 4.05	\$ 4.12	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	
Transition Max kW	\$ -	\$ -	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	
Additional kW above contract demand	\$ 4.05	\$ 4.12	\$ 8.60	\$ 8.80	\$ 9.01	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	\$ 9.25	

(Continued)

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Table 5											
	Fiscal Year											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Manufacturing Service Rate-Schedule MSB (Rate Class 26) (Continued)												
Energy Charge (per kWh):												
Summer												
On Peak kWh	\$ 0.06276	\$ 0.06427	\$ 0.05758	\$ 0.05885	\$ 0.06011	\$ 0.06173	\$ 0.06173	\$ 0.06173	\$ 0.06173	\$ 0.06173	\$ 0.06173	\$ 0.06173
Off Peak												
First 425/200 hours use of demand	\$ 0.02765	\$ 0.02824	\$ 0.03443	\$ 0.03514	\$ 0.03585	\$ 0.03679	\$ 0.03679	\$ 0.03679	\$ 0.03679	\$ 0.03679	\$ 0.03679	\$ 0.03679
Next 195/200 hours use of demand	\$ 0.00854	\$ 0.00863	\$ 0.00690	\$ 0.00694	\$ 0.00698	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717
Over 620/400 hours use of demand	\$ (0.00767)	\$ (0.00800)	\$ 0.00454	\$ 0.00453	\$ 0.00452	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464
Winter												
On Peak kWh	\$ 0.03202	\$ 0.03272	\$ 0.04703	\$ 0.04803	\$ 0.04905	\$ 0.05035	\$ 0.05035	\$ 0.05035	\$ 0.05035	\$ 0.05035	\$ 0.05035	\$ 0.05035
Off Peak												
First 425/200 hours use of demand	\$ 0.02765	\$ 0.02824	\$ 0.03649	\$ 0.03725	\$ 0.03801	\$ 0.03902	\$ 0.03902	\$ 0.03902	\$ 0.03902	\$ 0.03902	\$ 0.03902	\$ 0.03902
Next 195/200 hours use of demand	\$ 0.00854	\$ 0.00863	\$ 0.00690	\$ 0.00694	\$ 0.00698	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717
Over 620/400 hours use of demand	\$ (0.00767)	\$ (0.00800)	\$ 0.00454	\$ 0.00453	\$ 0.00452	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464
Transition												
On Peak kWh	\$ -	\$ -	\$ 0.03730	\$ 0.03807	\$ 0.03885	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988
Off Peak												
First 425/200 hours use of demand	\$ 0.02765	\$ 0.02824	\$ 0.03730	\$ 0.03807	\$ 0.03885	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988	\$ 0.03988
Next 195/200 hours use of demand	\$ 0.00854	\$ 0.00863	\$ 0.00690	\$ 0.00694	\$ 0.00698	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717	\$ 0.00717
Over 620/400 hours use of demand	\$ (0.00767)	\$ (0.00800)	\$ 0.00454	\$ 0.00453	\$ 0.00452	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464	\$ 0.00464
Facility Charge (per kW):(delivery voltage level)												
First 10,000 kW												
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW												
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):												
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46
Electric Vehicle Charging (Class 93)												
Customer Charge #1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.00
All kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.2405

(Continued)

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Table 5									
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Seasonal General Service Rate-Schedule SGSB (Rate Class 56)</b>										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Charge	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Summer										
Billing kW	\$ 22.76	\$ 23.30	\$ 20.07	\$ 20.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 22.76	\$ 23.30	\$ 20.07	\$ 20.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter										
Billing kW	\$ 16.28	\$ 16.65	\$ 17.01	\$ 17.37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 16.28	\$ 16.65	\$ 17.01	\$ 17.37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition										
Billing kW	\$ 11.42	\$ 11.66	\$ 13.95	\$ 14.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 11.42	\$ 11.66	\$ 13.95	\$ 14.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
Summer	\$ 0.03217	\$ 0.03288	\$ 0.03351	\$ 0.03420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter	\$ 0.02797	\$ 0.02857	\$ 0.02911	\$ 0.02968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition	\$ 0.02703	\$ 0.02760	\$ 0.02189	\$ 0.02866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW):										
(delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Table 5									
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Seasonal Manufacturing Service Rate-Schedule</b>										
<b>SMSB (Rate Class 02)</b>										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Charge	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Summer										
Billing kW	\$ 19.14	\$ 19.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 19.14	\$ 19.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter										
Billing kW	\$ 12.67	\$ 12.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 12.67	\$ 12.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition										
Billing kW	\$ 7.79	\$ 7.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 7.79	\$ 7.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
Summer	\$ 0.02222	\$ 0.02267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter	\$ 0.01747	\$ 0.01779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition	\$ 0.01636	\$ 0.01666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW):										
(delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Fiscal Year										Table 5
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Outdoor Lighting (Schedule LS - Part A)</b>											
(street/park lighting, traffic signals, and athletic field lighting)											
Customer Charge	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Energy Charge:											
Summer	\$ 0.07819	\$ 0.07894	\$ 0.08415	\$ 0.08488	\$ 0.85610	\$ 0.08318	\$ 0.08125	\$ 0.08045	\$ 0.08045	\$ 0.08076	\$ 0.08076
Winter	\$ 0.07530	\$ 0.07597	\$ 0.08107	\$ 0.08173	\$ 0.08239	\$ 0.07988	\$ 0.07801	\$ 0.07729	\$ 0.07729	\$ 0.07757	\$ 0.07757
Transition	\$ 0.07349	\$ 0.07411	\$ 0.07916	\$ 0.07977	\$ 0.08038	\$ 0.07781	\$ 0.07600	\$ 0.07533	\$ 0.07533	\$ 0.07559	\$ 0.07559
Facility Charge (per month)	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
<b>Outdoor Lighting (Schedule LS - Part B)</b>											
(outdoor lighting for individual customers)											
Energy Charge (per kWh):											
Summer	\$ 0.07819	\$ 0.07894	\$ 0.08415	\$ 0.08488	\$ 0.85610	\$ 0.08318	\$ 0.08125	\$ 0.08045	\$ 0.08045	\$ 0.08076	\$ 0.08076
Winter	\$ 0.07530	\$ 0.07597	\$ 0.08107	\$ 0.08173	\$ 0.08239	\$ 0.07988	\$ 0.07801	\$ 0.07729	\$ 0.07729	\$ 0.07757	\$ 0.07757
Transition	\$ 0.07349	\$ 0.07411	\$ 0.07916	\$ 0.07977	\$ 0.08038	\$ 0.07781	\$ 0.07600	\$ 0.07533	\$ 0.07533	\$ 0.07559	\$ 0.07559
Facility Charge (per month):											
Mercury Vapor/Incandescent (175 Watts)	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72	\$ 1.72
Mercury Vapor/Incandescent (400 Watts)	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46
Mercury Vapor Flood (400 Watts)	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96
Mercury Vapor Flood (1,000 Watts)	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.31
High Pressure Sodium (100 Watts)	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53
High Pressure Sodium (150 Watts)	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89	\$ 4.89
High Pressure Sodium (200 Watts)	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59
High Pressure Sodium (400 Watts)	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30
High Pressure Sodium Flood (400 Watts)	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14	\$ 6.14
High Pressure Sodium Flood (1,000 Watts)	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75
Metal Halide Flood (400 Watts)	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20
Metal Halide Flood (1,000 Watts)	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33	\$ 6.33
LED (100 Watts)	\$ -	\$ -	\$ -	\$ -	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53	\$ 3.53
Pole Rental Charge (per month):											
Wood	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Post Top	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
Aluminum	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
Installation Charge (one time fee):											
Existing Pole	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
New Pole	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00

(Continued)

**BVU AUTHORITY**  
**SCHEDULE OF ELECTRIC SYSTEM RATES**  
**Last Ten Fiscal Years**

	Fiscal Year										Table 5
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>TVA Fuel Cost Adjustment</b>											
<b>Residential (Schedule RS)</b>											
Energy Charge											
First 1,000 kWh	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	
Additional kWh	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	
<b>General Power (Schedule GSA1)</b>											
Energy Charge	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	
<b>General Power (Schedule GSA2)</b>											
Demand Charge											
First 50 kW											
Excess over 50 kW											
Energy Charge											
First 15,000 kWh	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	
Additional kWh	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	
<b>General Power (Schedule GSA3)</b>											
Demand Charge											
First 1,000 kW											
Excess over 1,000 kW											
Energy Charge	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	
<b>Manufacturing Service Rate (Schedule MSB)</b>											
Demand Charge											
Energy Charge											
First 620 hours of use demand	\$ 0.02672	\$ 0.02170	\$ 0.01780	\$ 0.01916	\$ 0.01750	\$ 0.01666	\$ 0.01234	\$ 0.01620	\$ 0.02625	\$ 0.02354	
Additional kWh	\$ 0.02672	\$ 0.02170	\$ 0.01780	\$ 0.01916	\$ 0.01750	\$ 0.01666	\$ 0.01234	\$ 0.01620	\$ 0.02625	\$ 0.02354	
<b>Outdoor Lighting (Schedule LS - Part A and Part B)</b>											
Energy Charge	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830	\$ 0.01495	\$ 0.01815	\$ 0.02715	\$ 0.02557	

See Independent Auditors' Report.

**BVU AUTHORITY  
SCHEDULE OF WATER SYSTEM RATES  
Last Ten Fiscal Years**

	<b>Table 6</b>									
	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Monthly Billing</b>										
<b>Customer Charge</b>										
Residential	11.53	11.53	12.11	12.11	12.11	12.11	13.11	13.11	14.11	16.11
Non-Residential	23.34	23.34	24.51	24.51	24.51	24.51	26.51	26.51	28.51	32.51
<b>Usage Charge (per 1,000 gallons)</b>										
0 - 100,000 gallons per month	3.49	3.49	3.66	3.66	3.66	3.66	3.66	3.66	3.70	-
100,001 - 3,250,000 gallons per month	2.87	2.87	3.01	3.01	3.01	3.01	3.01	3.01	3.04	-
3,250,001 - over gallons per month	1.57	1.57	1.65	1.65	1.65	1.65	1.65	1.65	3.04	-
0 - 125,000 gallons per month	-	-	-	-	-	-	-	-	-	3.77
125,001 - over gallons per month	-	-	-	-	-	-	-	-	-	3.10
<b>Industry Rate Class (per 1,000 gallons)</b>										
0 - 100,000 gallons per month	3.32	3.32	3.49	3.49	3.49	3.49	3.49	3.49	3.50	-
100,001 - 3,250,000 gallons per month	2.73	2.73	2.87	2.87	2.87	2.87	2.87	2.87	2.85	-
3,250,001 - over	1.49	1.49	1.56	1.56	1.56	1.56	1.56	1.56	1.75	-
0 - 125,000 gallons per month	-	-	-	-	-	-	-	-	-	3.77
125,001 - 3,500,000 gallons per month	-	-	-	-	-	-	-	-	-	3.10
3,500,001 - over gallons per month	-	-	-	-	-	-	-	-	-	1.85
<b>Meter Service Charge</b>										
1"	11.20	11.20	11.76	11.76	11.76	11.76	11.76	11.76	11.76	11.76
1-1/2 "	26.85	26.85	28.19	28.19	28.19	28.19	28.19	28.19	28.19	28.19
2"	44.50	44.50	46.73	46.73	46.73	46.73	46.73	46.73	46.73	46.73
3"	106.10	106.10	111.41	111.41	111.41	111.41	111.41	111.41	111.41	111.41
4"	168.30	168.30	176.72	176.72	176.72	176.72	176.72	176.72	176.72	176.72
6"	247.55	247.55	259.93	259.93	259.93	259.93	259.93	259.93	259.93	259.93
<b>Fire Line Charges</b>										
4"	35.00	35.00	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75
6"	70.00	70.00	73.50	73.50	73.50	73.50	73.50	73.50	73.50	73.50
8"	106.00	106.00	111.30	111.30	111.30	111.30	111.30	111.30	111.30	111.30
10"	141.00	141.00	148.05	148.05	148.05	148.05	148.05	148.05	148.05	148.05
Hydrant Rental	26.85	26.85	28.19	28.19	28.19	28.19	28.19	28.19	28.19	28.19
<b>Connection Fees/System Fees</b>										
<b>Water Meter</b>										
5/8" x 3/4"	990.00	990.00	990.00	990.00	990.00	990.00	990.00	990.00	990.00	990.00
1"	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
2"	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00	4,685.00
4"	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00	17,095.00
6"	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00	19,480.00

(Continued)

**BVU AUTHORITY  
SCHEDULE OF WATER SYSTEM RATES  
Last Ten Fiscal Years**

										Table 6
Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire Line										
Meter Size										
4"	17,095.00	17,095.00	17,950.00	17,950.00	17,950.00	17,950.00	17,950.00	17,950.00	17,950.00	17,950.00
6"	19,480.00	19,480.00	20,454.00	20,454.00	20,454.00	20,454.00	20,454.00	20,454.00	20,454.00	20,454.00
Non Metered										
4" line	8,540.00	8,540.00	8,967.00	8,967.00	8,967.00	8,967.00	8,967.00	8,967.00	N/A	N/A
6" line	9,735.00	9,735.00	10,222.00	10,222.00	10,222.00	10,222.00	10,222.00	10,222.00	N/A	N/A

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

Source: Internal Records

See Independent Auditors' Report.



**BVU AUTHORITY**  
**SCHEDULE OF WASTEWATER SYSTEM RATES**  
**Last Ten Fiscal Years**

Table 7										
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Monthly Billing										
Customer Charge										
Residential	11.43	11.43	13.14	13.14	13.14	13.14	14.14	14.14	15.14	17.14
Non-Residential	26.62	26.62	30.61	30.61	30.61	30.61	32.61	32.61	34.61	38.61
FOG (Fat, Oil & Grease)	-	-	-	-	-	-	-	-	-	60.00
Industrial Monitoring	-	-	-	-	-	-	-	-	-	80.00
Treatment Charge (per 1,000 gallons)										
Standard Class - All volumes	3.25	3.25	3.74	3.74	3.74	3.74	3.74	3.74	3.78	3.86
Industry Rate Class (per 1,000 gallons)										
All volumes	2.87	2.87	3.30	3.30	3.30	3.30	3.30	3.30	3.33	3.40
Meter Service Charge										
1"	13.25	13.25	15.24	15.24	15.24	15.24	15.24	15.24	15.24	15.24
1-1/2 "	32.15	32.15	36.97	36.97	36.97	36.97	36.97	36.97	36.97	36.97
2"	53.90	53.90	61.99	61.99	61.99	61.99	61.99	61.99	61.99	61.99
3"	121.85	121.85	140.13	140.13	140.13	140.13	140.13	140.13	140.13	140.13
4"	193.35	193.35	222.35	222.35	222.35	222.35	222.35	222.35	222.35	222.35
6"	479.20	479.20	551.08	551.08	551.08	551.08	551.08	551.08	551.08	551.08
Strong Waste Surcharge (per pound)										
Biological Oxygen Demand (BOD-5)										
0 - 300	-	-	-	-	-	-	-	-	-	-
301 - over	0.06	0.06	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Total Suspended Solids (TSS)										
0 - 300	-	-	-	-	-	-	-	-	-	-
301 - over	0.12	0.12	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Connection Fees/System Fees										
Line Size										
6"	1,405.00	1,405.00	1,616.00	1,616.00	1,616.00	1,616.00	2,250.00	2,250.00	2,250.00	2,250.00
All Other	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
FOG (Fat, Oil & Grease)	-	-	-	-	-	-	-	-	-	250.00
Industrial Monitoring	-	-	-	-	-	-	-	-	-	Actual Cost

**BVU AUTHORITY  
OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

										Table 8
Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2010 Revenue and Refunding Bonds	\$ 40,930,000	39,610,000	38,235,000	36,790,000	35,275,000	-	-	-	-	-
Southeast Rural Community Assistance Project (SERCAP)	222,773	214,826	-	-	-	-	-	-	-	-
VRA Revolving Loan Funds - Hassen Heights Water Tank	965,771	914,698	861,977	807,556	751,379	693,391	633,532	571,742	507,958	442,118
VRA Revolving Loan Funds - Bristol View Connector	1,058,489	1,002,512	944,730	885,084	823,514	759,958	694,351	626,631	556,724	484,563
VRA Revolving Loan Funds - Little Creek Interceptor and Sewer Basin Project	-	-	-	-	-	-	1,760,903	6,511,972	6,426,588	6,262,691
VRA Revolving Loan Funds - Beaver Creek Basin	-	-	-	-	-	-	-	-	-	106,743
Total Outstanding Debt	<u>\$ 43,177,033</u>	<u>41,742,036</u>	<u>40,041,707</u>	<u>38,482,640</u>	<u>36,849,893</u>	<u>1,453,349</u>	<u>3,088,786</u>	<u>7,710,345</u>	<u>7,491,271</u>	<u>7,296,115</u>
Outstanding Debt Per Customer (by Department)										
Electric	\$ 928	893	863	832	792	-	-	-	-	-
Water	602	572	548	522	493	184	169	152	134	117
Sewer	29	28	-	-	-	-	230	844	830	826
OptiNet	1,874	1,796	1,713	1,661	1,615	-	-	-	-	-

Source: Internal Records

See Independent Auditors' Report.

**BVU AUTHORITY  
REVENUE BOND COVERAGE  
Last Ten Fiscal Years**

**Table 9**

Fiscal	Gross	Operating	Net	Debt Service Requirements (2)			
Year	Revenues	Expenses (1)	Available	Principal	Interest	Total	Coverage
Electric							
2014	\$ 54,163,773	49,944,002	4,219,771	460,000	645,408	1,105,408	3.82
2015	53,690,719	49,122,216	4,568,503	480,000	624,310	1,104,310	4.14
2016	53,152,408	46,782,178	6,370,230	505,000	600,793	1,105,793	5.76
2017	53,552,196	49,384,256	4,167,940	530,000	576,533	1,106,533	3.77
2018	52,259,747	45,607,913	6,651,834	560,000	549,635	1,109,635	5.99
2019	49,387,236	46,491,770	2,895,466	-	-	-	-
2020	44,875,543	41,699,522	3,176,021	-	-	-	-
2021	43,458,957	39,941,634	3,517,323	-	-	-	-
2022	47,239,481	44,159,885	3,079,596	-	-	-	-
2023	49,255,108	47,036,054	2,219,054	-	-	-	-
Water							
2014	3,768,161	2,846,974	921,187	188,705	183,143	371,847	2.48
2015	3,506,449	2,590,455	915,994	197,050	175,836	372,886	2.46
2016	3,606,976	2,561,690	1,045,286	200,503	168,084	368,587	2.84
2017	3,638,490	2,458,512	1,179,978	209,067	160,160	369,227	3.20
2018	3,647,363	2,345,605	1,301,758	217,747	151,658	369,404	3.52
2019	3,630,730	2,526,263	1,104,467	121,557	49,437	170,995	6.46
2020	3,790,844	2,129,017	1,661,827	125,478	45,516	170,995	9.72
2021	3,764,296	1,825,961	1,938,335	129,512	41,464	170,976	11.34
2022	3,927,271	2,209,072	1,718,199	133,690	37,287	170,976	10.05
2023	4,247,477	2,288,233	1,959,244	138,002	32,975	170,976	11.46
Sewer							
2014	4,324,296	3,038,855	1,285,441	3,227	3,408	6,635	193.74
2015	4,142,224	2,803,659	1,338,565	7,947	7,977	15,924	84.06
2016	4,728,757	3,001,951	1,726,806	-	-	-	-
2017	4,667,993	2,797,133	1,870,860	-	-	-	-
2018	4,640,570	3,084,857	1,555,713	-	-	-	-
2019	4,733,250	2,946,194	1,787,056	-	-	-	-
2020	4,910,277	2,581,771	2,328,506	-	-	-	-
2021	4,887,560	2,363,439	2,524,121	196,390	-	196,390	12.85
2022	5,389,658	2,673,775	2,715,883	392,779	-	392,779	6.91
2023	6,145,421	2,734,180	3,411,241	392,779	-	392,779	8.68
OptiNet							
2014	22,936,382	14,773,808	8,162,574	710,000	995,318	1,705,318	4.79
2015	23,069,018	15,602,283	7,466,735	750,000	962,492	1,712,492	4.36
2016	24,530,309	18,463,163	6,067,146	780,000	925,944	1,705,944	3.56
2017	24,768,880	16,022,255	8,746,625	820,000	888,344	1,708,344	5.12
2018	24,486,249	16,391,298	8,094,951	855,000	846,977	1,701,977	4.76
2019	1,862,461	2,558,343	(695,882)	-	-	-	-
2020	442,801	170,906	271,895	-	-	-	-
2021	-	132,887	(132,887)	-	-	-	-
2022	-	(336,884)	336,884	-	-	-	-
2023	-	23,031	(23,031)	-	-	-	-

(1) Total operating expenses less depreciation.

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

Source: Internal records

See Independent Auditors' Report.

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

										Table 10
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Unemployment Rate</b>										
City of Bristol	6.40%	5.40%	5.10%	4.50%	3.70%	3.90%	9.80%	5.70%	3.60%	3.60%
Scott County	5.90%	5.20%	4.90%	4.00%	3.20%	3.20%	6.40%	4.30%	3.20%	3.20%
Washington County	5.80%	4.80%	4.60%	4.10%	3.40%	3.40%	7.70%	4.20%	3.10%	3.00%
Virginia	5.30%	4.50%	4.10%	3.70%	3.00%	2.80%	8.10%	4.50%	2.80%	2.80%
<b>Population</b>										
City of Bristol	17,690	17,625	17,669	17,160	16,877	17,018	17,165	17,231	16,975	N/A
Scott County	23,181	22,759	22,733	22,377	22,121	21,892	21,995	21,534	21,476	N/A
Washington County	54,943	54,130	53,410	53,789	53,992	53,417	53,559	54,079	53,958	N/A
Virginia	8,326,289	8,382,993	8,411,808	8,470,020	8,517,685	8,535,519	8,586,967	8,655,608	8,662,021	N/A
<b>Personal Income (Thousands of Dollars)</b>										
Washington County + City of Bristol	2,693,897	2,686,904	2,591,795	2,791,654	2,899,980	2,926,742	3,039,568	3,344,277	N/A	N/A
Scott County	667,370	690,471	695,417	714,652	727,191	745,943	776,097	847,824	N/A	N/A
Virginia	420,235,927	440,823,733	448,683,501	466,743,276	492,312,666	509,201,256	545,523,000	552,429,000	583,240,000	N/A
<b>Per Capita Personal Income (Dollars)</b>										
Washington County + City of Bristol	37,523	37,650	36,420	39,221	40,912	41,513	42,796	47,310	N/A	N/A
Scott County	29,623	31,024	31,570	32,685	33,769	34,589	35,882	39,583	N/A	N/A
Virginia	50,528	52,687	53,323	55,105	57,799	59,657	61,958	64,942	67,333	N/A

Source:

United States Department of Labor, Bureau of Labor Statistics

Weldon Cooper Center for Public Service

Bureau of Economic Analysis

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

See Independent Auditors' Report.

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

**Table 11**

	<b>2023</b>		<b>2014</b>	
	Employees (1)	Rank	Employees (1)	Rank
<b>City of Bristol</b>				
Bristol City Public Schools	250 to 499 employees	1	250 to 499 employees	2
Electro Mechanical Corporation	250 to 499 employees	2	500 to 999 employees	1
Univeral Fiber Systems	250 to 499 employees	3	250 to 499 employees	-
Highlands Community Services Board	250 to 499 employees	4	250 to 499 employees	5
City of Bristol	250 to 499 employees	5	250 to 499 employees	3
U.P.S.	250 to 499 employees	6	250 to 499 employees	9
Snack Alliance Inc	250 to 499 employees	7	100 to 249 employees	8
Food City (K VA T Food Stores)	250 to 499 employees	8	100 to 249 employees	7
Strongwell	100 to 249 employees	9	250 to 499 employees	6
VDOT	100 to 249 employees	10	250 to 499 employees	-
OfficeMax North America Inc	-	-	250 to 499 employees	4
Ball Metal Beverage Conta Corp	-	-	100 to 249 employees	10
	<b>2023</b>		<b>2014</b>	
	Employees (1)	Rank	Employees (1)	Rank
<b>Washington County</b>				
Food City (K VA T Food Stores)	1000 and over employees	1	1000 and over employees	2
Washington County Schools	1000 and over employees	2	1000 and over employees	1
Utility Trailer Manufacturing	500 to 999 employees	3	250 to 499 employees	6
Wal Mart Associates Inc	500 to 999 employees	4	250 to 499 employees	7
Mountain States Health Al	500 to 999 employees	5	250 to 499 employees	3
Paramont Manufacturing	250 to 499 employees	6	250 to 499 employees	10
Emory and Henry College	500 to 999 employees	7	-	-
Washington County	250 to 499 employees	8	250 to 499 employees	8
Kearney National, Inc.	250 to 499 employees	9	-	-
Virginia Highlands Community College	250 to 499 employees	10	-	-
Bristol Compressors International	-	-	500 to 999 employees	4
Camac Corportation	-	-	250 to 499 employees	5
Lowes Home Centers, Inc	-	-	250 to 499 employees	9
	<b>2023</b>		<b>2014</b>	
	Employees (1)	Rank	Employees (1)	Rank
<b>Scott County</b>				
Scott County School Board	500 to 999 employees	1	500 to 999 employees	1
Tempur Production	250 to 499 employees	2	100 to 249 employees	3
VFP Inc.	250 to 499 employees	3	100 to 249 employees	5
Ttec Healthcare Solutions Inc	100 to 249 employees	4	-	-
Food City (K VA T Food stores Inc)	100 to 249 employees	5	100 to 249 employees	4
County of Scott	100 to 249 employees	6	100 to 249 employees	6
Sw Virginia Regional Jail Auth	100 to 249 employees	7	100 to 249 employees	9
Ridgecrest Manor Nursing & Rehabilitation	100 to 249 employees	8	-	-
Joy Technologies	100 to 249 employees	9	250 to 499 employees	2
Ehealth Technologies Inc.	50 to 99 employees	10	-	-
Videll Healthcare Duffield	-	-	100 to 249 employees	7
Mountain Region Personal Care	-	-	100 to 249 employees	8
Family Preservation Services	-	-	50 to 99 employees	10

Source: Virginia Employment Commission Quarterly Census of Employment and Wages for 1st Qtr 2023 and 2nd Qtr 2014.  
Data for 2nd Qtr 2023 was not available at the time this report was prepared.

See Independent Auditors' Report.

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

**Table 12**

<b>Fiscal Year</b>	<b>Tri-Cities Airport, Tennessee</b>		<b>Abingdon, Virginia</b>	
	<b>Heating Degree Days *</b>	<b>Cooling Degree Days *</b>	<b>Heating Degree Days *</b>	<b>Cooling Degree Days *</b>
2023	3627	1071	N/A	N/A
2022	3692	1326	N/A	N/A
2021	3931	1260	4321	1033
2020	3718	1313	4137	1040
2019	3811	1459	4269	1133
2018	4094	1277	4623	902
2017	3347	1391	3921	969
2016	3587	1178	4224	740
2015	4418	1149	5007	715
2014	4449	1099	4833	744

Source: U.S. Department of Commerce, National Oceanic and Atmospheric Administration, Tri-Cities Regional Airport, Blountville, Tennessee, Elevation 1,519 feet (Bristol, VA, within city limits, Elevation 1,662 to 2,124 feet)

Source: U.S. Department of Commerce, National Oceanic and Atmospheric Administration, Abingdon, Virginia, Elevation 1,925 feet (Bristol, VA, within city limits, Elevation 1,662 to 2,124 feet)  
Recording of Heating and Cooling Degree Days ceased in 2021.

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

See Independent Auditors' Report.

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

										Table 13
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Purchased Power (kWh)</b>	560,711,607	559,840,691	539,503,555	514,938,200	519,494,701	492,770,724	454,425,227	459,835,333	469,272,051	456,235,944
<b>Consumption (kWh)</b>										
Residential	210,410,023	207,969,958	191,675,969	188,244,626	200,775,221	198,934,677	193,323,865	200,052,498	198,946,026	193,462,560
Commercial	37,996,296	37,231,807	34,537,543	34,061,091	35,451,776	35,626,834	34,579,213	34,690,975	36,100,459	35,211,306
Large Commercial and Industrial	284,900,300	286,970,054	289,730,297	269,085,894	254,088,620	233,433,790	201,978,170	196,844,541	205,794,486	207,032,457
Street and Outdoor Lighting	5,828,021	5,717,871	5,762,394	5,738,744	5,673,241	5,755,556	5,813,774	5,808,546	5,895,092	5,932,228
<b>Total Consumption</b>	<u>539,134,640</u>	<u>537,889,690</u>	<u>521,706,203</u>	<u>497,130,355</u>	<u>495,988,858</u>	<u>473,750,857</u>	<u>435,695,022</u>	<u>437,396,560</u>	<u>446,736,063</u>	<u>441,638,551</u>
<b>Line Losses (kWh)</b>	21,576,967	21,951,001	17,797,352	17,807,845	23,505,843	19,019,867	18,730,205	22,438,773	22,535,988	14,597,393
<b>Line Losses as a percentage of purchased power</b>	3.85%	3.92%	3.30%	3.46%	4.52%	3.86%	4.12%	4.88%	4.80%	3.20%
<b>Customer Count</b>										
Residential	13,542	13,632	13,605	13,574	13,665	13,597	13,583	13,662	13,662	13,559
Commercial	2,214	2,220	2,230	2,237	2,262	2,274	2,294	2,322	2,352	2,379
Large Commercial and Industrial	323	326	322	308	304	314	310	304	309	307
Street and Outdoor Lighting	136	137	138	142	142	144	144	143	144	144
<b>Total Customer Count</b>	<u>16,215</u>	<u>16,315</u>	<u>16,295</u>	<u>16,261</u>	<u>16,373</u>	<u>16,329</u>	<u>16,331</u>	<u>16,431</u>	<u>16,467</u>	<u>16,389</u>

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

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

										Table 14
	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Production (000's)</b>										
Total gallons pumped	962,961	813,624	805,108	850,545	876,953	885,047	993,099	945,448	932,915	852,303
Gallons used in operations	13,482	9,514	8,161	8,248	9,133	9,707	10,680	10,239	10,311	8,998
<b>Gallons Available For Sale</b>	<u>949,479</u>	<u>804,110</u>	<u>796,947</u>	<u>842,297</u>	<u>867,820</u>	<u>875,340</u>	<u>982,419</u>	<u>935,209</u>	<u>922,604</u>	<u>843,305</u>
<b>Consumption (000's)</b>										
Residential	297,231	290,302	283,256	276,619	275,081	274,283	276,993	272,574	264,189	263,236
Commercial and Industrial	283,626	270,345	277,781	301,811	307,244	296,352	303,563	313,655	334,609	336,623
Other Water Authorities	92,400	-	-	-	-	-	-	-	-	-
<b>Total Consumption</b>	<u>673,257</u>	<u>560,647</u>	<u>561,037</u>	<u>578,430</u>	<u>582,325</u>	<u>570,635</u>	<u>580,556</u>	<u>586,229</u>	<u>598,798</u>	<u>599,859</u>
<b>Gallons Losses (000's)</b>	276,222	243,463	235,910	263,867	285,495	304,705	401,863	348,980	323,806	243,446
<b>Losses as a percentage of gallons pumped</b>	28.68%	29.92%	29.30%	31.02%	32.56%	34.43%	40.47%	36.91%	34.71%	28.56%
<b>Customer Count</b>										
Residential	6,788	6,845	6,832	6,827	6,862	6,830	6,815	6,838	6,858	6,822
Commercial and Industrial	1,055	1,059	1,056	1,049	1,039	1,060	1,059	1,066	1,075	1,077
Other Water Authorities	-	-	-	-	-	-	-	-	1	1
<b>Total Customer Count</b>	<u>7,843</u>	<u>7,904</u>	<u>7,888</u>	<u>7,876</u>	<u>7,901</u>	<u>7,890</u>	<u>7,874</u>	<u>7,904</u>	<u>7,934</u>	<u>7,900</u>

Note: Customer count is as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.



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

**Table 15**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Gallons Transported (000's)</b>										
Residential	309,184	297,356	289,329	291,908	298,172	289,392	297,891	286,494	280,086	281,345
Commercial and Industrial	456,611	423,265	430,416	403,663	411,638	426,992	441,985	443,867	500,018	586,858
<b>Total Gallons Transported (000's)</b>	<u>765,795</u>	<u>720,621</u>	<u>719,745</u>	<u>695,571</u>	<u>709,810</u>	<u>716,384</u>	<u>739,876</u>	<u>730,361</u>	<u>780,104</u>	<u>868,203</u>
<b>Customer Count</b>										
Residential	6,633	6,702	6,691	6,688	6,730	6,701	6,690	6,727	6,747	6,709
Commercial and Industrial	983	985	977	967	945	972	977	993	1,000	1,000
<b>Total Customer Count</b>	<u>7,616</u>	<u>7,687</u>	<u>7,668</u>	<u>7,655</u>	<u>7,675</u>	<u>7,673</u>	<u>7,667</u>	<u>7,720</u>	<u>7,747</u>	<u>7,709</u>

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

**BVU AUTHORITY**  
**DEMAND FOR SERVICES AND CAPITAL INDICATORS**  
**June 30, 2023**

**Table 16**

<b>Electric System</b>		
Delivery Points From TVA	2	
Number of Substations	9	
Miles of Transmission Lines	27	
Miles of Overhead Circuit Lines	577	
Number of Owned Poles	13,240	
Number of Leased Poles	2,567	
Number of Transformers	6,138	
Number of IntelliRuptors	62	
Number of Feeder Breakers	34	
<b>Water System</b>		
Daily Capacity of Water Plant	10,000,000	Gallons per Day
Average Daily Consumption	1,643,400	Gallons per Day
Number of Water Tanks	5	
Storage Capacity	6,800,000	Gallons
Miles of Water Lines	161	
<b>Sewer System</b>		
Total Daily Capacity of Treatment Plant	15,000,000	Gallons per Day
BVUA Daily Capacity of Treatment Plant	6,750,000	Gallons per Day
Average Daily Customer Usage	2,378,600	Gallons per Day
Miles of Sewer Lines	141	
<b>Number of Employees</b>		
Full Time	66	
Part Time	-	
Total	66	

Source: Internal Records

See Independent Auditors' Report.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

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

To the Board of Directors  
BVU Authority  
Bristol, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of BVU Authority (BVUA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise BVUA's basic financial statements, and have issued our report thereon dated October 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the Joint Sewerage System, as described in our report on BVUA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered BVUA'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 BVUA's internal control. Accordingly, we do not express an opinion on the effectiveness of BVUA's internal control.

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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



BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

October 31, 2023

**BVU AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2023**

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**SECTION I - FINANCIAL STATEMENT AUDIT FINDINGS**

None Noted