



**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY
LYNCHBURG, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**



**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY
LYNCHBURG, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

Prepared By:

The Accounting Department

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Table of Contents

	<u>Page</u>
Front Cover	1
INTRODUCTORY SECTION	
Title Page	2
Table of Contents	3-4
Authority Members	5
Letter of Transmittal	6-9
Organizational Chart	10
GFOA Certificate	11
FINANCIAL SECTION	
Independent Auditors' Report	12-14
Management's Discussion and Analysis	15-20
<u>Basic Financial Statements</u>	
Exhibit 1 Statement of Net Position	22-23
Exhibit 2 Statement of Revenues, Expenses, and Changes in Net Position	24
Exhibit 3 Statement of Cash Flows	25
Notes to Financial Statements	26-54
<u>Required Supplementary Information</u>	
Exhibit 4 Schedule of Changes in Net Pension Liability and Related Ratios	56-57
Exhibit 5 Schedule of Employer Contributions - Pension Plan	58
Exhibit 6 Notes to Required Supplementary Information - Pension Plan	59
Exhibit 7 Schedule of Authority's Share of Net OPEB Liability-Group Life Insurance Plan	60
Exhibit 8 Schedule of Employer Contributions-Group Life Insurance Plan	61
Exhibit 9 Notes to Required Supplementary Information-Group Life Insurance Plan	62
<u>Other Supplementary Information</u>	
Supporting Schedules:	
Schedule 1 Schedule of Revenues and Expenses	64-66
Schedule 2 Schedule of Revenues - Central/Rustburg Division - Budget and Actual	67

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Annual Comprehensive Financial Report
For the Year Ended June 30, 2024

Table of Contents (Continued)

		<u>Page</u>
FINANCIAL SECTION: (CONTINUED)		
<u>Other Supplementary Information: (Continued)</u>		
Supporting Schedules: (Continued)		
Schedule 3	Schedule of Revenues - Naruna Division - Budget and Actual	68
Schedule 4	Schedule of Operating Expenses - Central/Rustburg Division - Budget and Actual	69-70
Schedule 5	Schedule of Operating Expenses - Naruna Division - Budget and Actual	71
Schedule 6	Schedule of Other Nonoperating Expenses - Capital Improvement Division - Central/Rustburg Division	72
Schedule 7	Revenue Bond Compliance	73-74
 STATISTICAL SECTION		
Table 1	Net Position by Component	76
Table 2	Changes in Net Position	77
Table 3	Revenues by Source	78
Table 4	Schedule of Water and Sewer Rates	79
Table 5	Water and Wastewater Flows	80
Table 6	Principal Water and Wastewater System Customers	81
Table 7	Expenses by Type	82
Table 8	Outstanding Debt by Type	83
Table 9	Revenue Bond Debt Service Coverage	84
Table 10	Demographic Data for the Service Area	85
Table 11	Principal Employers in the Campbell Area	86
Table 12	Number of Employees by Identifiable Activity	87
Table 13	Operating and Capital Indicators	88
Table 14	Water and Wastewater System Connections	89
 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 <i>Government Auditing Standards</i>		90-91

AUTHORITY MEMBERS

Charles A. Droog - Chairman

Donald L. Austin - Vice-Chairman

Wilson L. Dickerson

Carter S. Elliott, Jr.

Joseph C. Kirkland

James R. Marstin

Daniel L. Richardson

Jeffrey S. Wells - Executive Director

April M. Farmer - Treasurer

Wendy C. Meese - Secretary

CAMPBELL COUNTY

EXECUTIVE DIRECTOR
JEFFREY S. WELLS, P.E.
jwells@ccusa-water.com



TELEPHONE
(434) 239-8654

OPERATIONS SUPERINTENDENT
JOSHUA S. PRIBBLE
jspribble@ccusa-water.com

Fax
(434) 237-5820

UTILITIES AND SERVICE AUTHORITY

20644 TIMBERLAKE ROAD, LYNCHBURG, VIRGINIA 24502

January 31, 2025

To the Members of the Authority Board, Customers, and Interested Parties:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Campbell County Utilities and Service Authority (the "Authority") for the fiscal year ended June 30, 2024. The ACFR was prepared by the Authority in conformity with U.S. Generally Accepted Accounting Principles (GAAP) with emphasis on disclosure of the financial activities of the Authority. Responsibility for both the completeness and reliability of the information, including all disclosures, rests with the Authority, and is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations, and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The basic financial statements have been audited by our independent auditors, Robinson, Farmer, Cox Associates, who have issued an unmodified ("clean") opinion on the financial statements of the Authority as of and for the year ended June 30, 2024. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standard*, 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 for the Commonwealth of Virginia. The annual audit is planned and performed to obtain reasonable, rather than absolute, assurance that the basic financial statements of Campbell County Utilities and Service Authority are free of any material misstatement. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read with it.

Profile

The Authority was created by a resolution of the Board of Supervisors of Campbell County, Virginia (the "County") in 1964 according to the Virginia Water and Waste Authorities Act. The Authority was created for the purposes of acquisition, construction, operation, and maintenance of a water system for the supply and distribution of water and of sewer and sewage disposal systems. It is possible the Authority will also become responsible for stormwater management and/or garbage and refuse collection and disposal within Campbell County once directed by the Campbell County Board of Supervisors.

The Authority is a separate entity from Campbell County and financial data included in the accompanying ACFR is not included in the financial information of Campbell County. It is commonly misinterpreted that the Authority receives tax revenue and other assistance from the County, but the Authority operates using its own revenue sources. There have been two projects over the past 20 years that the County saw as beneficial to its overall Master Plan that were not financially conducive to the Authority, so the County agreed through moral obligation to fund the financing of these two projects.

The management of the Authority is vested in a board of seven members appointed by the Campbell County Board of Supervisors. The Authority Board hired an Executive Director who is responsible for the daily functions of the Authority.

As of June 30, 2024, the Authority had 9,167 water connections and 3,216 sewer connections. A large portion of Campbell County remains rural, so it is not economically feasible to extend water or sewer lines to all of the population of Campbell County. The Authority serves 11,844 equivalent residential units (ERU's); therefore, it is estimated that the Authority provides water to approximately 29,610 of the estimated 55,270 residents of Campbell County. Sewer main extensions are substantially more expensive, and the Authority provided sewer treatment services to approximately 4,420 ERU's, or an estimated 11,050 Campbell County residents. These figures do not include connections to commercial, industrial, or governmental facilities.

*Services
Provided*

The Authority provides service through 197.9 miles of water line and 57.79 miles of sewer mains. Prior to 1986, the Authority purchased all water from the City of Lynchburg to distribute to its customers; however, in the early 80's, due to rising costs of purchasing water being out of the Authority's control, the Authority Board and staff determined it was time to construct a water plant for the Authority to have some separation and independence from the City of Lynchburg. The Authority continues to purchase water from the City of Lynchburg to serve a small portion of its residential customers and along the Mount Athos corridor to serve a large business. The Authority has access to the City of Lynchburg supply in case of emergency.

The Authority provides sewer treatment services to the Rustburg area within Campbell County, for 214 customers. This number includes residential, commercial, and governmental. The treatment

for the remaining customers in Campbell County is provided by purchasing these services from the City of Lynchburg. The Authority currently owns one million gallons per day of capacity in the Lynchburg Sewer Treatment Plant and could purchase more capacity if it becomes necessary in the future. The Authority pays for the treatment services as well as a portion of the sewer capital expenses for the City.

The Authority has a contract to serve the County and Town of Appomattox on a wholesale basis with a minimum daily requirement of 31,000 gallons per day, but current usage exceeds the minimum requirement.

The Authority has a contract to serve the Town of Altavista on a wholesale basis with a minimum daily requirement of 75,000 gallons per day from April 1 to October 31 of each year. There is no minimum requirement November 1 to March 31 of each year.

*Economic
Conditions
and
Outlook*

Campbell County experienced an explosion of growth in 2008, but now experiences modest growth and has much opportunity for future growth. The Authority has benefited from growth of a local university and multi-family housing developments.

Campbell County Board of Supervisors has a Master Plan for Campbell County that attempts to balance residential growth with commercial development. All proposed developments must first be approved by Campbell County to ensure it fits into Campbell County's Master Plan.

In 2012, the Authority created a base fee for sewer customers to offset the cyclical nature of growth. Before the base fee was created, Authority water customers subsidized wastewater capital projects. The Authority also slightly increased the water base fee to fund water capital projects. In July 2023, the Authority increased usage rates for water and sewer as well as base fees for both water and sewer for the first time since July 1, 2012. The Authority's overall fees remain competitive with other Authorities surrounding Campbell County.

*Internal
Control
Structure
and
Budgetary
Controls*

The Authority's management is responsible for establishing and maintaining a system of internal accounting controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that those financial records for preparing financial statements and preparing financial statements and maintaining asset accountability are reliable. Accounting functions are separated to the extent possible for a small-sized staff.

The Authority prepares an annual budget for current expenses and capital outlays, but also uses reasonable estimates of upcoming expenses to prepare a five-year plan which is used to assure that short and long-term financial objectives are being met. The Authority ensures that deficits and surpluses will be balanced during that five-year budget projection.

The proposed budget is presented to the Board for review and a Budget Committee of two Board members is assigned to evaluate each budgetary item.

Division managers participate in the budgeting process and are responsible for the budgetary items that are controllable within their division. The Accounting Manager is responsible for general Authority costs as well as monitoring expenses of the Authority as a whole. Budgetary control is exercised with the understanding that budget amounts (both revenue and expenses) are projections of anticipated service levels. Expenses are evaluated at year-end, whether they are under- or over-budget, to ensure they were made consistently with Authority policies.

*Relevant
Financial
Policies*

Investments are made according to limitations outlined in the Authority's Agreement of Trust with its Bond Trustee. Investments are made to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the Code of Virginia.

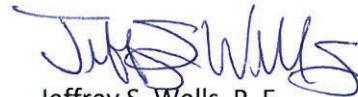
Awards

The accompanying ACFR is the thirteenth to be submitted to the Government Finance Officers Association (GFOA) on behalf of the Authority. To be awarded, the Authority had to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements. The Authority was awarded its first Certificate of Achievement for fiscal year 2012.

A Certificate of Achievement (if awarded) would be valid for a period of one year only. We believe that our ACFR will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the Authority.

We would like to thank the Authority Board Members for their dedicated and conscientious management of the Authority's operations and being diligent stewards of funds on behalf of the customers of Campbell County Utilities and Service Authority. These efforts are reflected in the accompanying information.

Respectfully submitted,

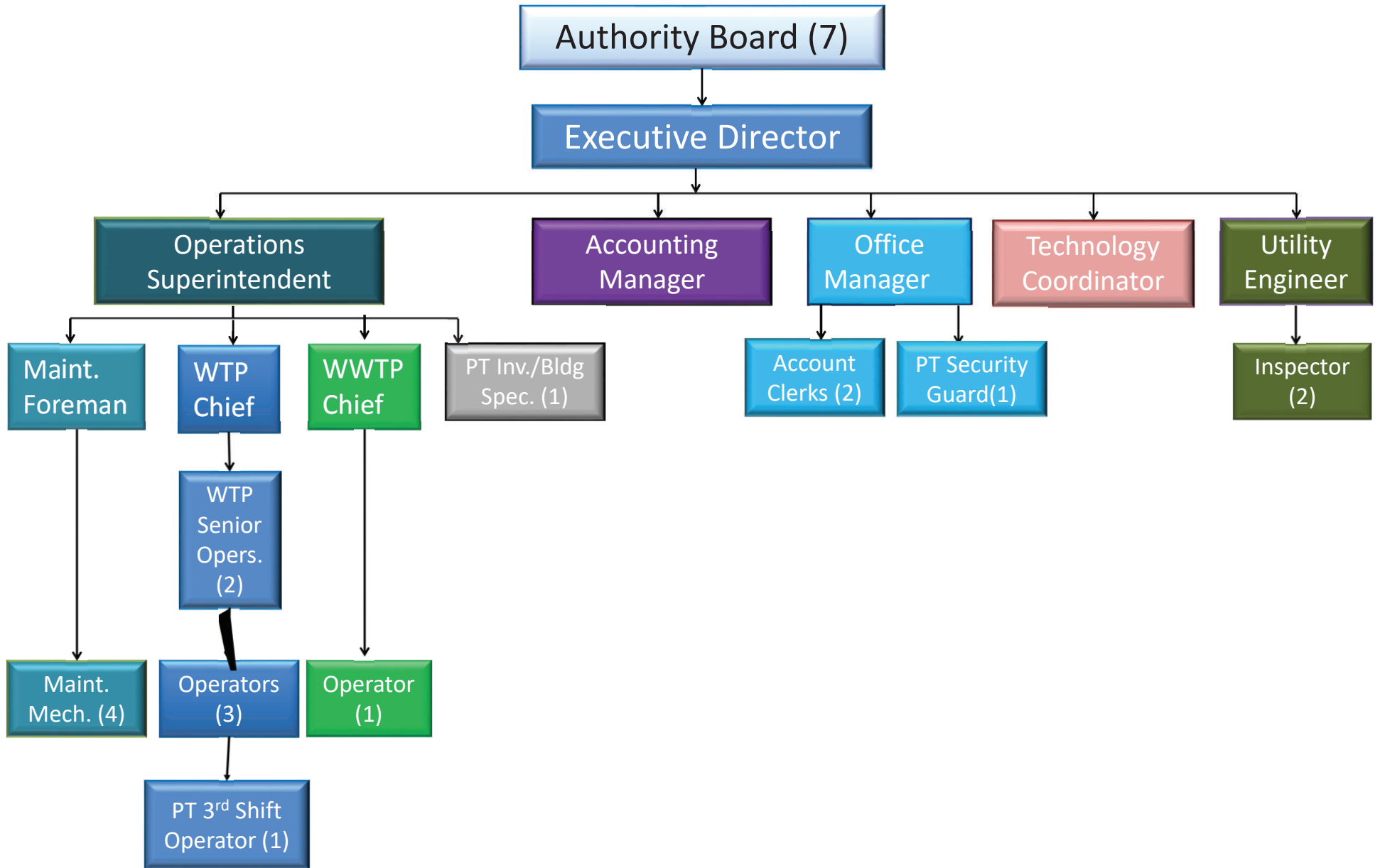


Jeffrey S. Wells, P. E.

Executive Director

CCUSA ORGANIZATIONAL CHART

June 30, 2024





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Campbell County Utilities and Service Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Independent Auditors' Report

**To the Honorable Board Members
Campbell County Utilities and Service Authority
Lynchburg, Virginia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Campbell County Utilities and Service Authority, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Campbell County Utilities and Service Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Campbell County Utilities and Service Authority, as of June 30, 2024, and the changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *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 Campbell County Utilities and Service Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Campbell County Utilities and Service Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Campbell County Utilities and Service Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Campbell County Utilities and Service Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant 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 pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Campbell County Utilities and Service Authority's basic financial statements. The accompanying supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules 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 opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, on our consideration of Campbell County Utilities and Service Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Campbell County Utilities and Service Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Campbell County Utilities and Service Authority's internal control over financial reporting and compliance.

Robinson, Fournier, Cox Associates

Charlottesville, Virginia
January 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Board Members of Campbell County Utilities and Service Authority Lynchburg, Virginia

As management of Campbell County Utilities and Service Authority, (the "Authority"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024.

Overview of the Financial Statements

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

Financial statements

The *Statement of Net Position* presents information on the Authority's assets and liabilities as well as deferred inflows and outflows of resources, with the difference between these is reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or declining.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused compensated absences).

The basic financial statements can be found on pages 22 through 25 of this report.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 26 through 54 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in Exhibits 4 through 9 of the Required Supplementary Information (pages 56 through 62).

Financial Highlights

- The Authority's total assets and deferred outflows of resources totaled \$86,897,447. Liabilities and deferred inflows of resources totaled \$6,144,495. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,752,952 (Total Net Position), of which \$13,104,324 is unrestricted and may be used to meet the Authority's ongoing obligations to customers and creditors compared to \$76,581,407 net position with \$10,893,745 unrestricted net position at the close of fiscal year 2023 and \$74,162,996 net position with \$10,174,954 unrestricted net position at the close of fiscal year 2022.

Financial Highlights: (Continued)

- The Authority's total net position increased by \$4,171,545; however, 44.0% of this increase was attributable to capital contributions from developers. The percentage of increase in total net position due to capital contributions was 47.6% in FY23 and 44.3% in FY22. The Authority is currently investing in its own capital by upgrading aging lines, rehabilitating facilities, and replacing equipment; this capital outlay is not providing growth for the system but is ensuring reliable service is provided to Authority customers.
- The Authority's total liabilities increased by \$308,575 this fiscal year from FY23 compared to an increase of \$368,522 in FY23 from FY22 and a decrease of \$886,030 in FY22 from FY21. While the Authority experienced an increase in FY24, the Authority has experienced a total decrease of \$360,446 over the past five fiscal years.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Table 1
Summary of Statement of Net Position
At June 30, 2023 and 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Current assets	\$ 15,021,190	\$ 12,416,237
Capital assets	70,284,758	68,812,242
Other noncurrent assets	97,911	303,972
Restricted assets	<u>789,463</u>	<u>786,397</u>
Total assets	<u>\$ 86,193,322</u>	<u>\$ 82,318,848</u>
Deferred outflows	<u>\$ 704,125</u>	<u>635,419</u>
Total assets and deferred outflows	<u><u>\$ 86,897,447</u></u>	<u><u>\$ 82,954,267</u></u>
Current liabilities	\$ 1,377,341	\$ 919,405
Long-term liabilities	<u>4,371,267</u>	<u>4,520,628</u>
Total liabilities	<u>\$ 5,748,608</u>	<u>\$ 5,440,033</u>
Deferred inflows	<u>\$ 395,887</u>	<u>\$ 932,827</u>
Net investment in capital assets	\$ 67,148,628	\$ 65,187,662
Restricted	500,000	500,000
Unrestricted	<u>13,104,324</u>	<u>10,893,745</u>
Total net position	<u>\$ 80,752,952</u>	<u>\$ 76,581,407</u>
Total liabilities, deferred inflows, and net position	<u><u>\$ 86,897,447</u></u>	<u><u>\$ 82,954,267</u></u>

- The Authority's combined net position increased by \$4,171,545 during the year compared to an increase of \$2,418,411 in the previous fiscal year and \$3,878,215 in fiscal year 2022.

Financial Highlights: (Continued)

Statement of Net Position: (Continued)

The following table shows the revenues and expenses of the Authority during the fiscal year:

Table 2
Changes in Net Position
At June 30, 2023 and 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Operating revenues:		
Water sales, charges and sewer service charges	\$ 7,715,221	\$ 6,947,505
Total operating revenues	\$ 7,715,221	\$ 6,947,505
Operating expenses:		
Source of supply	\$ 1,219,845	\$ 1,195,399
Wastewater treatment	695,299	493,297
Maintenance and inspection	888,067	1,022,455
Personnel	2,874,288	2,531,627
Administrative and general	551,221	527,643
Depreciation	1,824,334	1,821,493
Total operating expenses	\$ 8,053,054	\$ 7,591,914
Net income (loss) from operations	\$ (337,833)	\$ (644,409)
Nonoperating revenues (expenses):		
Interest income	\$ 358,876	\$ 16,106
Interest expense	(57,304)	(58,196)
Grant from Campbell County	92,415	91,838
Grant from VRA	-	373,518
Other nonoperating expenses	(130,315)	(135,826)
Total nonoperating revenues (expenses)	\$ 263,672	\$ 287,440
Net income (loss) before capital contributions	\$ (74,161)	\$ (356,969)
Capital contributions	4,245,706	2,775,380
Change in net position	\$ 4,171,545	\$ 2,418,411
Net position - beginning of year	76,581,407	74,162,996
Net position - end of year	\$ 80,752,952	\$ 76,581,407

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Authority's financial position. By far the largest portion of the Authority's net position (81.5%) reflects investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers; consequently, these assets are *not* available for future spending.

Financial Analysis: (Continued)

Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Operating revenues increased by \$767,716 and operating expenses including depreciation and amortization increased by \$458,299 from FY 2023. Key elements of these changes are as follows:

- Capital Contributions from developers in the form of dedicated facilities were \$1,834,787. These included water transmission and distribution lines, sewer mains, service lines and laterals.
- Water and sewer user rates were increased in FY24. This was the first increase in rates since July 2012. User fees went into effect with customer invoices dated September 1, 2023 and later. Retail water consumption and meter service charges fell short of budgeted projections by 0.5% or \$27,073 but sewer revenue exceeded forecasts by 14.95%, or \$236,276.
- Capital Recovery Fees (formerly "Availability Fees") for water and sewer both exceeded budget expectations in FY24. Water Capital Recovery Fees exceeded budget projections by 25.7%, or \$165,756. Capital Recovery Fees for sewer exceeded budget projections by 17.5%, or \$118,675. Authority staff and the Budget Committee (the Budget Committee consists of two Authority Board members) are conservative when preparing the budget for Capital Recovery Fees and do not normally rely on one-time fees to fund ongoing operations.

Capital Asset and Debt Administration

Capital Assets - The Authority's investment in capital assets as of June 30, 2024, net of accumulated depreciation was \$70,284,758. Investment in Capital Assets grew approximately 3.0% during FY24. Investments in capital assets grew 2.7% during FY23 and 2.1% in FY22.

The Authority Board encumbered \$1,719,500 for capital projects throughout the year.

Additional information on the Authority's capital assets can be found in Note 3 to the financial statements.

Long-Term Obligations – At the end of the fiscal year, the Authority had \$4,934,015 in Long-Term Debt. Long-term debt obligations consists of bonds and notes outstanding, compensated absences, net opeb liability and net pension liability. The Authority had \$5,062,591 long-term debt at the end of FY23, a decrease of 3.3%. Campbell County pays a portion of the bond payments through a moral obligation agreement (\$92,415 in FY24). The noncurrent portion of compensated absences accounted for approximately 2.88% of long-term liabilities.

More detailed information on the Authority's long-term liabilities is presented in Note 5 of the Notes to the Financial Statements.

Review of Operations:

Operating Revenues - Total Operating Revenue increased approximately 11.1%. Operating Revenue increased in FY23 from FY22 by 3.5%. A comparison of the current fiscal year's actual and budgeted income is found on Schedule 2 under Supporting Schedules of the Financial Section. Operating Revenues exceeded budget projections by \$258,871, or 3.47%.

Review of Operations: (Continued)

Operating Expenses - Operating Expenses before depreciation and amortization were less than budget projections by 3.1% (or \$202,398). Operating Expenses before depreciation and amortization increased from FY23 Operating Expenses by approximately 7.9% (or \$458,299).

Overall expenses in the **Personnel division** increased by approximately 13.5%, or \$342,661. Authority employees were given a 7% cost of living adjustment and step increases were given to nine employees according to longevity. Other than salaries, the Health Insurance, Retirement and FICA line items also experienced large increases.

Expenses in the **Administrative and General division** increased by 4.5% for fiscal year 2024. One of the main reasons for this increase is due to the Equipment Contracts line item. The Office Equipment Contracts line item contains several subcategories including but not limited to network equipment, warranties, system updates, and technology support. The line items for postage, bank service fees, and office supplies also experienced increases in FY24. Bank service fees increased because the Authority entered a contract with Invoice Cloud to provide online customer access in FY23. The fees for this service are included in bank service fees.

Expenses for the **Source of Supply division** (Expenses at the Water Treatment Plant) increased by 2.0% from fiscal year 2023. The main increase in this division was the increase in fees for water treatment from the City of Lynchburg. The Authority purchases water from the City of Lynchburg to serve BWXT and some residential customers located in the Vista Acres and Old Rustburg Road areas. There were also large increases in the Maintenance line and the Equipment and Supplies line. Both of these lines are affected by leaks in the Authority water lines.

Expenses for the **Wastewater Treatment division** increased 40.9% in FY24, or \$202,002. The largest increase was in the Purchase Services Lynchburg line item, which includes treatment expenses for sewage treated at the Lynchburg Regional Wastewater Treatment Facility. This line item accounted for \$169,677 of the increase in this division. There were also increases in the Maintenance line and the Equipment and Supplies line.

Expenses in the **Maintenance and Inspection division** decreased 13.1% from FY23. Leak repairs and other required labor in the system are charged to the "Maintenance" line item within this division, resulting in fluctuations in this line item from year to year. The Authority had increases in the Maintenance line and the Equipment and Supplies line in FY24; however, the overall expenses in FY24 were less than the expenses experienced in FY23 from leaks experienced in a 2-mile stretch of Authority waterline that was found to be impacted by corrosive soil in FY23. The Authority began a capital project in FY24 to replace 2-miles of waterline that caused issues in FY23.

The **Naruna division** continues to be a small portion of overall Authority expenses with overall expenses of \$17,324 in FY24, an increase of 7.8% from FY23.

A summary of the current fiscal year's actual and budgeted expenses is found on Schedules 4 and 5 under Supporting Schedules of the Financial Section. A comparative summary of Authority financial data for FY24 and the previous nine years can be found in Table 2 in the Statistical Section.

Non-Operating Income and Expenses - Non-Operating items are items not directly related to Operations; they reflect more how the business is financed. They include such items as interest income and interest expense, Capital Recovery Fees, grants, and contributions in aid to construction by various parties. Investments made by the Authority are tightly regulated as to the type of investments that can be made in the financial markets. Please see Note 2 in the Notes to Financial Statements for a discussion as to the statutes governing the investment of Authority funds. The Authority invested in U.S. Treasury notes in August 2023, resulting in an increase in interest income by approximately \$340,000 in FY24.

Review of Operations: (Continued)

Interest Expense decreased approximately 1.5% this fiscal year. Revenue from Capital Recovery Fees exceeded budget projections for water and sewer, as was previously explained in more detail under the heading “Financial Analysis.” Capital Recovery Fees are used to fund capital asset projects and to help pay interest expense on the long-term debt; however, in FY12, the Authority Board created a Base Fee for sewer customers so that Capital Recovery Fees would not be the sole source to fund capital asset projects. Both the Water Base Fee and the Sewer Base Fee were increased by \$1 in FY24. These fees have not increased since FY13. The Authority increased usage fees in FY24 by \$0.30 for water and \$0.80 for sewer.

Contributions in Aid to Construction (CIAC) recognized in FY24 totaled \$1,834,787. Developers construct water and sewer infrastructure as they develop properties and then the infrastructure is “dedicated” to the Authority for future maintenance.

An agreement with Campbell County directs that the Authority is to forward any Aid to Construction Fees that are collected in the Leesville Road Billing zone to the County as well as twenty percent of usage fees from all customers served in this billing zone until the bond to fund the project is paid in full. This is in accordance with the agreement with the County to assist in the funding of the project.

Trends in Operations

Connection Growth –Table 14 containing new connections over the last 10 Fiscal Years is in the Statistical section of this report. The average growth of water customers over the last 10 years is approximately 1.65% per year. Growth reflected in new water connections made in FY24 was 2.2%. The average annual growth of sewer customers over the last 10 years was approximately 3.82%, but the Authority experienced growth of 4.5% in FY24.

User Rates – The Authority increased user rates and base fees in FY24 for the first time since FY13. Page 79 in the Statistical Section lists the user rates for water and sewer as well as existing connection, Capital Recovery Fees, and Construction Fees in place at fiscal year end.

Long Term Debt - The Authority refinanced its two 2011 Bond issues in December 2020, saving approximately \$235,000 over the life of the Bonds. The Revenue Bond Compliance report can be found on page 84 in the Statistical Section. Bond covenants require the Authority to maintain Debt Service Coverage Ratio of 1.15. The actual debt coverage achieved in FY24 was 8.36%. Approximately 7.4% of the Authority’s operating revenue was used to fund bond payments in fiscal year 2024 as compared to 7.6% in FY23 (including non-operating revenue but not including Contributions in aid of construction, this calculation would have been 5.4% in FY24 and 6.1% in FY23.)

Summary – The Authority had a successful year in its operations. The Authority had adequate debt service coverage for the year. The Authority had a positive change in net position of \$2,336,758 before capital contributions this year.

Requests for Information

This financial report is designed to provide a general overview of Campbell County Utilities and Service Authority’s finances for all those with an interest in the Authority’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Mr. Jeffrey S. Wells, at 20644 Timberlake Road, Lynchburg, Virginia 24502.

Basic Financial Statements

Statement of Net Position
At June 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 12,761,112
Accounts receivable	1,388,978
Leases receivable, current portion	206,061
Inventory	665,039
	<hr/>
Total current assets	\$ 15,021,190

Noncurrent assets:

Restricted assets:

Cash and cash equivalents - debt service	\$ 789,463
------------------------------------------	------------

Leases receivable, net of current portion	\$ 97,911
-------------------------------------------	-----------

Capital assets:

Land and land rights	\$ 324,183
Structures and improvements	28,082,230
Water and sanitary sewer mains and improvements other than structures	65,785,210
Machinery and equipment	5,586,603
Other	1,160,244
Lynchburg facilities capacity	4,182,394
Construction in progress	4,237,010
	<hr/>

Total capital assets	\$ 109,357,874
----------------------	----------------

Less accumulated depreciation	(39,073,116)
-------------------------------	--------------

Net capital assets	\$ 70,284,758
--------------------	---------------

Total noncurrent assets	\$ 71,172,132
-------------------------	---------------

Total assets	\$ 86,193,322
--------------	---------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refunding	\$ 77,126
-------------------------------	-----------

Pension deferrals	605,386
-------------------	---------

OPEB deferrals	21,613
	<hr/>

Total deferred outflows of resources	\$ 704,125
--------------------------------------	------------

Statement of Net Position
At June 30, 2024 (Continued)

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 789,282
Accrued interest payable	8,062
Advances for construction	17,249
Compensated absences, current portion	41,942
Notes payable, current portion	58,895
Revenue bonds payable, current portion	461,911
	<hr/>
Total current liabilities	\$ 1,377,341

Noncurrent liabilities:

Net pension liability	\$ 1,472,878
Net OPEB liability	80,114
Compensated absences, noncurrent portion	125,825
Notes payable, noncurrent portion	590,132
Revenue bonds payable, noncurrent portion	2,102,318
	<hr/>
Total noncurrent liabilities	\$ 4,371,267
	<hr/>
Total liabilities	\$ 5,748,608

DEFERRED INFLOWS OF RESOURCES

Pension deferrals	\$ 101,729
OPEB deferrals	13,188
Lease deferrals	280,970
	<hr/>
Total deferred inflows of resources	\$ 395,887

NET POSITION

Net investment in capital assets	\$ 67,148,628
Restricted:	
Debt service	500,000
Unrestricted	13,104,324
	<hr/>
Total net position	\$ 80,752,952

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

Operating revenues:	
Water sales, charges and sewer service charges	\$ <u>7,715,221</u>
Operating expenses:	
Source of supply	\$ 1,219,845
Wastewater treatment	695,299
Maintenance and inspection	888,067
Personnel	2,874,288
Administrative and general	<u>551,221</u>
Total operating expenses before depreciation	\$ <u>6,228,720</u>
Depreciation	\$ <u>1,824,334</u>
Operating income (loss)	\$ <u>(337,833)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 358,876
Interest expense	(57,304)
Grant from Campbell County	92,415
Other nonoperating expenses	<u>(130,315)</u>
Total nonoperating revenues (expenses)	\$ <u>263,672</u>
Income (loss) before capital contributions	\$ <u>(74,161)</u>
Capital contributions:	
Capital recovery fees	\$ 1,606,431
Connection fees	170,769
Sewer capacity fee	633,719
Capital contributions	<u>1,834,787</u>
Total capital contributions	\$ <u>4,245,706</u>
Change in net position	\$ 4,171,545
Net position - beginning of year	<u>76,581,407</u>
Net position - end of year	\$ <u><u>80,752,952</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Receipts from customers and users	\$ 7,709,481
Payments to/for employees	(2,672,488)
Payments to suppliers/others	(3,206,587)
Net cash provided by (used for) operating activities	<u>\$ 1,830,406</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (1,462,065)
Contributions from governmental units	92,415
Capital recovery fees	1,606,431
Connection fees	170,769
Sewer capacity fee	633,719
Retirement of indebtedness	(507,731)
Interest on long-term debt	(39,245)
Net cash provided by (used for) capital and related financing activities	<u>\$ 494,293</u>
Cash flows from investing activities:	
Interest income	\$ 358,876
Sale of investments	286,397
Net cash provided by (used for) investing activities	<u>\$ 645,273</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,969,972
Cash and cash equivalents at beginning of year (includes restricted cash)	<u>10,580,603</u>
Cash and cash equivalents at end of year (includes restricted cash)	<u><u>\$ 13,550,575</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (337,833)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,824,334
Other nonoperating expenses	(130,315)
Changes in operating assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in:	
Accounts receivable	(21,463)
Leases receivable	463,295
Prepaid items	5,192
Inventory	(165,406)
Pension deferrals - deferred outflows of resources	(87,624)
OPEB deferrals - deferred outflows of resources	(363)
Increase (decrease) in:	
Accounts payable and accrued expenses	438,374
Net pension liability	371,618
Net OPEB liability	42
Compensated absences	7,495
Lease deferrals - deferred inflows of resources	(447,572)
OPEB deferrals - deferred inflows of resources	(5,674)
Pension deferrals - deferred inflows of resources	(83,694)
Net cash provided by (used for) operating activities	<u><u>\$ 1,830,406</u></u>
Supplemental Disclosure:	
Noncash investing, capital, and financing activities:	
Capital assets contributed	<u><u>\$ 1,834,787</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business and Reporting Entity:

Organization and Purpose:

The Campbell County Utilities and Service Authority (the “Authority”) was established on November 24, 1964 by resolution of the Board of Supervisors of Campbell County, Virginia (the “County”) and was chartered by the Commonwealth of Virginia State Corporation Commission in December 1964 to provide water and sewer services to County residents as permitted under the Code Virginia (1950) as amended (The “Enabling Act”).

The Enabling Act provides that the Authority is authorized, subject to the restrictions of the Authority’s articles of incorporation, among other things, (1) to acquire, construct, improve, operate and maintain any water system or sewage disposal system, (2) to issue revenue bonds of the Authority payable solely from revenues to pay all or any part of the cost of water system or sewage disposal system, (3) to fix, revise, charge and collect rates, fees and charges for the use of and for the services furnished by any system operated by the Authority and, (4) to enter into contracts with any unit, including counties and cities, and authorities, relating to the furnishing of services of any water system or sewage disposal system of the Authority. The Enabling Act also provides that the Authority is subject in all respects to the jurisdiction of the Virginia State Water Control Board pursuant to the provisions of the State Water Control Law.

Financial Reporting Entity:

The Authority has determined that it is a related organization to Campbell County. The Authority is a legally separate organization whose Board members are appointed by the Campbell County Board of Supervisors. Since the Board of Supervisors cannot impose its will on the Authority and since there is no potential financial benefit (or burden) in the relationship, the Board of Supervisors is not financially accountable for the Authority. Accordingly, the Authority is not considered a component unit of the County.

Financial Statement Presentation:

Basic Financial Statements - Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements and required supplementary information consist of:

- Management’s discussion and analysis
- Enterprise fund financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

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

Financial Statement Presentation: (Continued)

- Required Supplementary Information
 - Schedule of Changes in Net Pension Liability and Related Ratios
 - Schedule of Employer Contributions - Pension Plan
 - Notes to Required Supplementary Information - Pension Plan
 - Schedule of Authority's Share of Net OPEB Liability Group Life Insurance Plan
 - Schedule of Employer Contributions Group Life Insurance Plan
 - Notes to Required Supplementary Information Group Life Insurance Plan

Basis of Accounting - Campbell County Utilities and Service Authority operates as an enterprise fund, uses the flow of economic resources measurement focus, and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

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

Restricted Assets - Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments - Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Materials and Supplies Inventory - Inventories are valued at cost, using the first-in, first-out method of valuation.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

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

Capital Assets and Depreciation - Purchased and constructed capital assets in service are recorded at historical cost. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Capital assets acquired by the Authority through contributions, such as from developers, are capitalized and recorded in the accounts at acquisition value on the date accepted. The Authority provides for depreciation of capital assets in service on the straight-line method at amounts estimated to amortize the cost of assets over their estimated useful lives, as follows:

Structures and Improvements	20 to 66-2/3 years
Lynchburg Facilities Capacity	66-2/3 years
Other	66-2/3 years
Equipment	5 to 10 years

When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in results of operations. Depreciation expense for the year ended June 30, 2024 was \$1,824,334. Included in depreciation expense was \$163,373 charged to Lynchburg Facilities Capacity.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Allowance for Uncollectible Accounts - The Authority calculates its allowance for specific accounts using historical collection data and, in certain cases, specific account analysis. Historical collection data indicates that any uncollectible amounts would be negligible. Management believes that any accounts that may be written off would not be significant. Accordingly, no allowance for uncollectible accounts has been established.

Budgetary Comparison Schedules - The “Schedule of Revenues-Budget and Actual” for the Central/Rustburg Division and the Naruna Division and the “Schedule of Expenses-Budget and Actual” for the Central/Rustburg Division and the Naruna Division, compare budget and actual data. Although a budget is not legally required to be adopted, a fiscal year budget is prepared for management and fiscal planning purposes and is required under the Agreement of Trust for the 1993 bond issue dated October 1, 1993 amended and supplemented by the First Supplemental Agreement of Trust dated March 15, 1997, the Second Supplemental Agreement of Trust dated September 1, 1999, the Third Supplemental Agreement of Trust dated June 1, 2001, the Fourth Supplemental Agreement of Trust dated August 15, 2003, the Fifth Supplemental Agreement of Trust dated January 7, 2004, and the Sixth Supplemental Agreement of Trust dated June 15, 2005. Budgetary control is exercised at the departmental level. Any changes to the budget as adopted require Board approval. A review of budgetary comparisons presented herein will disclose how accurately the Authority was able to forecast its revenues and expenses. Budgets are not adopted for the Capital Division.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

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

Unbilled Revenue - The Authority bills service charges to customers on a bi-monthly basis. Service charges earned but unbilled are accrued based on the last billing. These items are reported in the financial statements as a part of receivables and revenues. The amount of estimated unbilled revenue included in accounts receivable totaled \$508,222.

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

Net Position - For the Authority, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the Authority financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent 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. The Authority has several types of items that qualify for reporting in this category. Certain items related to pension, OPEB liability, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

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

Long-Term Obligations - Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

Other Postemployment Benefits (OPEB)

Group Life Insurance

For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS GLI OPEB Plan'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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority does not have a formal investment policy that addresses credit risk or interest rate risk.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities:

The Authority's rated debt investments as of June 30, 2024 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The Authority's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial papers are required to be rated no lower than Standard & Poor's A-1 and Moody's Investors Service P-1.

Authority's Rated Debt Investments		
Investment	S&P Rating	Value
U.S. Government Securities		
Money Market Funds	AAAm	\$ 320,040
Total investments		\$ 320,040

Interest Rate Risk:

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
U.S. Government Securities		
U.S. Treasury Notes	\$ 10,293,618	\$ 10,293,618
Total investments	\$ 10,293,618	\$ 10,293,618

Funds held by US Bank as trustee for revenue bonds:

2020 Revenue Bonds:		
Revenue bond debt service		\$ 289,463
Other funds:		
Minimum balance required by 1993 bond indenture		500,000
Total restricted assets		\$ 789,463

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Authority has the following recurring fair value measurements as of June 30, 2024:

<u>Investment Type</u>	<u>6/30/2024</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets or Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Government Securities				
Money Market Funds	\$ 320,040	\$ 320,040	\$ -	\$ -
U.S. Treasury Notes	10,293,618	10,293,618		
Total investments	<u>\$ 10,613,658</u>	<u>\$ 10,613,658</u>	<u>\$ -</u>	<u>\$ -</u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 3 - CAPITAL ASSETS:

Details of changes in capital assets for the fiscal year ended June 30, 2024 are as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and other reductions</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:				
Land and land rights	\$ 324,183	\$ -	\$ -	\$ 324,183
Construction in progress	<u>3,053,850</u>	<u>2,965,438</u>	<u>1,782,278</u>	<u>4,237,010</u>
Total capital assets not being depreciated	<u>\$ 3,378,033</u>	<u>\$ 2,965,438</u>	<u>\$ 1,782,278</u>	<u>\$ 4,561,193</u>
Capital assets being depreciated:				
Structures and improvements	\$ 27,472,500	\$ 609,730	\$ -	\$ 28,082,230
Water and sanitary sewer mains and improvements other than structures	65,310,718	474,492	-	65,785,210
Machinery and equipment	4,661,612	924,991	-	5,586,603
Other	1,160,244	-	-	1,160,244
Lynchburg Facilities Capacity	<u>4,077,916</u>	<u>104,478</u>	<u>-</u>	<u>4,182,394</u>
Total capital assets being depreciated	<u>\$ 102,682,990</u>	<u>\$ 2,113,691</u>	<u>\$ -</u>	<u>\$ 104,796,681</u>
Less: Accumulated depreciation:				
Structures and improvements	\$ (13,672,874)	\$ (540,297)	\$ -	\$ (14,213,171)
Water and sanitary sewer mains and improvements other than structures	(16,509,255)	(786,474)	-	(17,295,729)
Machinery and equipment	(3,506,449)	(308,829)	-	(3,815,278)
Other	(581,058)	(25,361)	-	(606,419)
Lynchburg Facilities Capacity	<u>(2,979,146)</u>	<u>(163,373)</u>	<u>-</u>	<u>(3,142,519)</u>
Total accumulated depreciation	<u>\$ (37,248,782)</u>	<u>\$ (1,824,334)</u>	<u>\$ -</u>	<u>\$ (39,073,116)</u>
Capital assets being depreciated, net	<u>\$ 65,434,208</u>	<u>\$ 289,357</u>	<u>\$ -</u>	<u>\$ 65,723,565</u>
Net capital assets	<u>\$ 68,812,241</u>	<u>\$ 3,254,795</u>	<u>\$ 1,782,278</u>	<u>\$ 70,284,758</u>

Lynchburg Facilities Capacity - The Authority entered into an agreement with the City of Lynchburg, Virginia to purchase capacity in its regional sewage treatment plant. The cost of this purchase is recorded in capital assets and is amortized over a period of 66 2/3 years. Amortization of this cost is included in depreciation expense and totaled \$163,373 for FY24. The unamortized balance of this cost was \$1,039,875 at June 30, 2024.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 4 - CONSTRUCTION WORK IN PROGRESS:

	Balance Beginning of Year	Cost of Construction	Adjustments/ Transfers to Utility Plant & Equipment	Balance End of Year
7-11 at Timberlake and Laxton	\$ 8,792	\$ -	\$ -	\$ 8,792
Absolute Storage	2,755	-	-	2,755
2" Water Service - 20600A Timberlake Drive	16,233	-	16,233	-
2" Water Service - 20276 Timberlake Road	-	8,206	8,206	-
2" Leesville Road Waterline Ext - Burnette 50/50 Project	-	26,344	-	26,344
Altavista - Business Lane Master Meter	82,312	6,659	-	88,971
Automatic Gate - RWWTP	34,120	8,180	42,300	-
Automatic Gate - Timberlake Office	2,560	34,113	-	36,673
Blue Ridge Commons - Phase 2	25,430	-	-	25,430
Blue Ridge Lane Waterline Ext 50/50 Project	53,917	-	-	53,917
Castle Craig Water System Replacement	685,734	9,960	-	695,694
Centra Rehab Hospital Sewer Ext & Fire Meter	-	34	-	34
Cedar Haven Court Water Services Replacement	15,467	-	15,467	-
Chick Fil A Timberlake Road	102,853	-	-	102,853
Concord Waterline Leak(s) Investigation	22,046	40,000	-	62,046
CCUSA Office Renovations	425,931	82,311	508,242	-
CCUSA Air/Vacuum Valve Maintenance	6,447	-	6,447	-
Crescent Grove Subdivision	-	3,397	-	3,397
Daly Seven 102 Unit Hotel	10,522	-	-	10,522
Dearing Ford Road Waterline Ext - Project Highway	-	600	-	600
Dollar General Sewer Service - Wards Road	956	-	956	-
Dreaming Creek Sewershed Flow Projection	19,080	2,120	-	21,200
Drying Bed Closure Plan WWTP Hurt & Proffitt	3,600	2,171	-	5,771
English Commons - Phase 1	17,555	-	-	17,555
Evington Tank Swing Check	22,463	-	22,463	-
Exhaust Fans for Pump Stations	41,498	-	41,498	-
Flat Creek and US 460 WWTP Genset and Switch Gear	-	12,129	-	12,129
GIS AS-Built Plan Posting and GIS Training	-	2,548	-	2,548
Greenwell Ct. Waterline Relocation - VDOT	60,821	-	-	60,821
Hidden Valley Mobile Home Park	7,732	-	7,732	-
Hydraulic Model	-	33,738	-	33,738
Home 2 Suites - Motel	4,992	7,491	-	12,483
Kaiser Corner at Wards Crossing West	12	-	-	12
Lead and Copper Rule Revisions	-	5,140	-	5,140
Leesville Road Apartments	-	10,764	-	10,764
Living Waters Waterline Extension	3,496	-	-	3,496
LU Aviation Maintenance Training Facility	16,012	38,852	54,864	-
Lynbrook Road WWPS Pump Replacement	-	10,585	-	10,585
Lynchburg Airport Rangoon Road Meter	14,917	-	-	14,917

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 4 - CONSTRUCTION WORK IN PROGRESS: (CONTINUED)

	Balance Beginning of Year	Cost of Construction	Adjustments/ Transfers to Utility Plant & Equipment	Balance End of Year
Martin Drive WWPS	\$ -	\$ 160,620	\$ -	\$ 160,620
Merryman Parcels Off-Site Sewer	5,346	414,282	419,628	-
Merryman Parcels On-Site Water and Sewer	20,116	8,414	-	28,530
Merryman - Section 2 (The Allure)	-	6,027	-	6,027
Mod Wash at Wards Road & Lawyers Road	-	7,511	-	7,511
Pinnacle Trailer Sales - Ewing Drive	7,553	-	7,553	-
Raw Water Pump #2	47,515	-	-	47,515
Relocation of Liberty Sewer Main	9,139	-	-	9,139
Royal Farms Store #243	8,038	2,107	-	10,145
Rt 24 Generator Controls Replacement	-	19,917	19,917	-
Rt 29 to Greendale WL Replacement	15,226	-	-	15,226
Rustburg WWTP Flood Protection	194	-	194	-
Rustburg Middle School W & S Improvements	259,607	-	-	259,607
SCADA - Radio Replacement - WW	176,739	\$ -	\$ 176,739	\$ -
SCADA - Topview Software	16,100	-	-	16,100
SCADA - Upgrade Remaining Outdated PLCs	9,300	-	-	9,300
Sewer Flow Study	37,275	12,425	-	49,700
Sheetz Water Service Upgrade	7,139	-	7,139	-
Simon's Run Water Line 2013	9,245	-	-	9,245
Starbucks Waterline	9,950	-	-	9,950
Steele's Collision Sewer Extension	5,374	-	5,374	-
Storage Building at WWTP	-	69,518	-	69,518
Tanglewood Booster PS Pump #1 Rebuild	-	25,864	25,864	-
Sheetz - Concord	2,746	-	2,482	264
Tanglewood Elevated Tank Cathodic Protection	8,000	-	8,000	-
Timberlake Road Sewer (Greenwell Court)	690	-	-	690
Trent's Landing - Backup Pump #1	26,803	-	-	26,803
Trent's Landing Subdivision - Section 2	15,441	-	-	15,441
Trent's Landing Subdivision - Section 3	-	4,859	-	4,859
Village Drive Patio Homes	22,815	398	-	23,213

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 4 - CONSTRUCTION WORK IN PROGRESS: (CONTINUED)

	Balance Beginning of Year	Cost of Construction	Adjustments/ Transfers to Utility Plant & Equipment	Balance End of Year
Walgreens Easement	\$ -	\$ 2,500	\$ -	\$ 2,500
Wards Road and English Tavern Road Waterline Replacement	-	107,799	-	107,799
Wards Road Ext. (to serve Dawson Ford Garbee)	47	-	-	47
Wards Rd Bridge Over NS Railroad	92,035	-	-	92,035
Waterlick Road Low Pressure Sewer	17,857	-	-	17,857
Waterline Extension 1122 Wards Road	5,790	-	-	5,790
WAWA Wards Road and Lawyers Road	-	4,786	-	4,786
Whitestone - Pump #1	14,358	-	14,358	-
Wildwood Water Service Replacement	175,069	93,454	-	268,523
William Campbell HS Waterline	6,267	-	-	6,267
Willowbrook Sewer Connector	25,315	940	-	26,255
Winston Lane Water Line	19,182	-	-	19,182
Woodhaven Service Replacement Project	11,583	-	11,583	-
WTP Clean Process Solids Pond	9,206	117,853	127,059	-
WTP Filter Gallery Floor	11,970	-	11,970	-
WTP Finished Water Pumps - Switch Gear	-	21,667	-	21,667
WWTP - EQ Blowers	24,387	-	24,387	-
WTP Mixers & Flocculators	122,960	7,335	130,295	-
WTP Lab Equipment	5,890	5,956	11,846	-
WTP Raw Water Pump Replacement	-	53,482	53,482	-
WTP SCADA - Priority 4	3,330	-	-	3,330
Yellow Branch Mixed Use Dev WWTP and FM	55,400	539,328	-	594,728
Yellow Branch Mixed Use Gravity Sewer	24,600	860,494	-	885,094
Retainage	-	72,560	-	72,560
Total	\$ 3,053,850	\$ 2,965,438	\$ 1,782,278	\$ 4,237,010

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS:

A summary of long-term obligation activity for the year is as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Other long-term obligations:					
Net pension liability	\$ 1,101,260	\$ 977,828	\$ 606,210	\$ 1,472,878	\$ -
Net OPEB liability	80,072	35,154	35,112	80,114	-
Compensated absences	160,272	47,563	40,068	167,767	41,942
Direct borrowings and placements:					
Notes payable	707,921	-	58,894	649,027	58,895
Revenue bonds payable	3,013,066	-	448,837	2,564,229	461,911
Total	<u>\$ 5,062,591</u>	<u>\$ 1,060,545</u>	<u>\$ 1,189,121</u>	<u>\$ 4,934,015</u>	<u>\$ 562,748</u>

Amounts required to amortize long-term obligations:

Fiscal Year Ending June 30,	Direct Borrowings and Direct Placements			
	Notes Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 58,895	\$ 10	\$ 461,911	\$ 29,282
2026	58,895	9	373,911	24,175
2027	58,895	9	386,911	19,445
2028	50,287	8	290,912	14,654
2029	44,908	7	215,911	11,174
2030	44,908	7	218,912	8,046
2031	44,907	6	222,911	4,865
2032	44,907	6	225,912	1,629
2033	44,907	5	13,911	-
2034	23,634	5	13,912	-
2035	23,634	4	13,911	-
2036	23,634	3	13,912	-
2037	23,633	3	13,911	-
2038	23,633	2	13,912	-
2039	23,633	2	13,911	-
2040	23,633	1	13,912	-
2041	23,633	1	13,911	-
2042	2,817	-	13,912	-
2043	2,817	-	13,911	-
2044	2,817	-	13,912	-
Total	<u>\$ 649,027</u>	<u>\$ 88</u>	<u>\$ 2,564,229</u>	<u>\$ 113,270</u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations are as follows:

	<u>Total</u>	<u>Amount Due Within One Year</u>
Net pension liability	\$ 1,472,878	\$ -
Net OPEB liability	\$ 80,114	\$ -
Compensated absences	\$ 167,767	\$ 41,942
Direct Borrowings and Placements:		
Notes payable:		
\$131,234 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$5,171 on June 1 through June 2015, thereafter \$1,284 through June 1, 2028, interest at 0%	\$ 5,137	\$ 1,284
\$295,122 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$8,608 on June 1 through 2027, interest at 0%	25,819	8,608
\$136,530 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$4,096 on June 1 through 2028, interest at 0%	16,383	4,096
\$172,189 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$5,740 on June 1, through 2041, interest at 0.59%	97,569	5,740
\$425,467 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$21,273 on June 1, through 2033, interest at 0%	191,466	21,273
\$84,495 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$2,816 on June 1, through 2044, interest at 0%	56,337	2,816
\$15,078 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$15,078 on June 1, through 2041, interest at 0%	256,316	15,078
Total notes payable	<u>\$ 649,027</u>	<u>\$ 58,895</u>
Revenue Bonds:		
\$2,115,000 Water and Sewer System Revenue Bond, Series 2020A dated December 17, 2020, principal payable in various installments beginning October 1, 2021 through October 1, 2031, interest payable semi-annually at 1.537%	\$ 1,608,000	\$ 191,000
\$1,495,000 Water and Sewer System Refunding Revenue Bond, Series 2020B dated December 17, 2020, principal payable semi-annually in various incremental amounts beginning April 1, 2021 through October 1, 2027, interest payable semi-annually at 1.022%	678,000	257,000
\$370,000 Water and Sewer System Revenue bond dated June 30, 2022, principal payable semi-annually in the amount of \$7,257 maturing on June 1, 2053, interest payable semi-annually at 1%. Amount drawn on the bond as of June 30, 2024 was \$284,066.	278,229	13,911
Total revenue bonds	<u>\$ 2,564,229</u>	<u>\$ 461,911</u>
Total long-term obligations	<u>\$ 4,934,015</u>	<u>\$ 562,748</u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations are as follows: (Continued)

County of Campbell, Virginia has entered into a Support Agreement with the Authority whereby the County has undertaken a nonbinding obligation to appropriate to the Authority funds as necessary to pay the debt service required by certain water and sewer system revenue bonds. The Authority received \$92,415 from the County in FY24.

NOTE 6 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

Benefit Structures

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, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	19
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	1
Active members	<u>22</u>
Total covered employees	<u><u>42</u></u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2024 was 10.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$178,844 and \$165,655 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

The net pension liability (NPL) 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 the Authority, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

All Others (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 males; 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 set forward 2 years

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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
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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

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; the Authority was also provided with an opportunity to use an alternative 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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 6,878,243	\$ 5,776,983	\$ 1,101,260
Changes for the year:			
Service cost	\$ 146,275	\$ -	\$ 146,275
Interest	458,099	-	458,099
Differences between expected and actual experience	369,762	-	369,762
Contributions - employer	-	164,981	(164,981)
Contributions - employee	-	74,175	(74,175)
Net investment income	-	366,908	(366,908)
Benefit payments, including refunds of employee contributions	(475,729)	(475,729)	-
Administrative expenses	-	(3,692)	3,692
Other changes	-	146	(146)
Net changes	\$ 498,407	\$ 126,789	\$ 371,618
Balances at June 30, 2023	\$ 7,376,650	\$ 5,903,772	\$ 1,472,878

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Net Pension Liability	\$ 2,639,039	\$ 1,472,878	\$ 540,518

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

For the year ended June 30, 2024, the Authority recognized pension expense of \$378,470. At June 30, 2024, the Authority 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	\$ 404,532	\$ -
Change in assumptions	22,010	-
Net difference between projected and actual earnings on pension plan investments	-	101,729
Employer contributions subsequent to the measurement date	178,844	-
Total	\$ 605,386	\$ 101,729

\$178,844 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	\$ 155,400
2026	(1,333)
2027	167,760
2028	2,986
2029	-

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable 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 \$9,254 as of June 30, 2024.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan 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 GLI Plan 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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which 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 GLI Plan from the entity were \$9,211 and \$8,490 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2024, the entity reported a liability of \$80,114 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00670% as compared to 0.00660% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$3,890. 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.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB: (Continued)

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,001	\$ 2,432
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,219
Change in assumptions	1,712	5,551
Changes in proportionate share	2,689	1,986
Employer contributions subsequent to the measurement date	<u>9,211</u>	<u>-</u>
Total	<u>\$ 21,613</u>	<u>\$ 13,188</u>

\$9,211 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, 2025. 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>	
2025	\$ (284)
2026	(3,361)
2027	1,774
2028	234
2029	851
Thereafter	-

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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
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 Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
		<hr/>
Employers' Net GLI OPEB Liability (Asset)	\$	1,199,313
		<hr/> <hr/>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB 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:

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

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 7 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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. Through the fiscal year ended June 30, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority’s proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 118,754	\$ 80,114	\$ 48,873

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 8 - LITIGATION:

At June 30, 2024 there were no matters of litigation involving the Authority which would materially affect the Authority’s financial position should any court decisions on pending matters not be favorable to the Authority.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 9 - COMPENSATED ABSENCES:

The Authority has accrued the liability arising from outstanding compensated absences.

Authority employees earn vacation and sick leave at a variable rate based on length of service. No benefits or pay is received for unused sick leave upon termination. Vacation accumulates on a calendar year basis and terminates annually if not taken. The Authority has outstanding accrued vacation pay and related benefits totaling \$167,767 at June 30, 2024.

NOTE 10 - RISK MANAGEMENT:

The Authority insures against the risk of loss for workers' compensation, theft, property damage, and liability through contracts with commercial insurance carriers. A summary of coverage is detailed below:

Property damage	\$ 11,825,200	100% value
Flood damage	2,500,000	
Earthquake	2,500,000	
Local Government liability	1,000,000	each occurrence
Automobile liability	1,000,000	combined single limit
Umbrella liability	5,000,000	
Worker's compensation	1,000,000	employer's liability each occurrence
Boiler and machinery	1,000,000	

There have been no insurance settlements exceeding insurance coverage during the past three years.

NOTE 11 - LEASES RECEIVABLE:

The Authority leases tower space to companies under various lease contracts. In fiscal year 2024, the Authority recognized lease and interest revenue in the amount of \$463,294, and \$16,613, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Briarcliff AT&T	7/1/2021	8/1/2024	38	Monthly	3.00%	\$ 6,236
Oakdale AT&T	7/1/2021	8/1/2024	38	Monthly	3.00%	6,252
Oakdale T-Mobile	7/1/2021	12/1/2024	42	Monthly	3.00%	13,960
Sunburst AT&T	7/1/2021	8/1/2024	38	Monthly	3.00%	6,252
Sunburst T-Mobile	7/1/2021	12/1/2024	42	Monthly	3.00%	124,451
Sunburst US Cellular	6/1/2022	5/1/2027	60	Monthly	3.00%	146,821
Total						<u>\$ 303,972</u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 11 - LEASES RECEIVABLE: (CONTINUED)

Expected future payments at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 206,061	\$ 4,991	\$ 211,052
2026	49,463	2,249	51,712
2027	48,448	723	49,171
Total	<u>\$ 303,972</u>	<u>\$ 7,963</u>	<u>\$ 311,935</u>

NOTE 12 - CONSTRUCTION COMMITMENTS:

At June 30, 2024, the Authority had the following major projects under construction:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expenditures as of June 30, 2024</u>	<u>Contract Balance</u>
Yellow Branch Sanitary Improvements	\$ 1,316,427	\$ 554,040	\$ 762,387
Total	<u>\$ 1,316,427</u>	<u>\$ 554,040</u>	<u>\$ 762,387</u>

NOTE 13 - UPCOMING PRONOUNCEMENTS:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

- Required Supplementary Information -

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability					
Service cost	\$ 146,275	\$ 113,645	\$ 115,494	\$ 111,022	\$ 105,618
Interest	458,099	443,586	398,549	367,684	345,701
Changes of assumptions	-	-	97,043	-	176,347
Differences between expected and actual experience	369,762	98,561	297,695	191,255	38,030
Benefit payments	(475,729)	(471,111)	(239,308)	(186,077)	(128,157)
Net change in total pension liability	<u>\$ 498,407</u>	<u>\$ 184,681</u>	<u>\$ 669,473</u>	<u>\$ 483,884</u>	<u>\$ 537,539</u>
Total pension liability - beginning	6,878,243	6,693,562	6,024,089	5,540,205	5,002,666
Total pension liability - ending (a)	<u><u>\$ 7,376,650</u></u>	<u><u>\$ 6,878,243</u></u>	<u><u>\$ 6,693,562</u></u>	<u><u>\$ 6,024,089</u></u>	<u><u>\$ 5,540,205</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 164,981	\$ 137,907	\$ 131,751	\$ 94,536	\$ 95,682
Contributions - employee	74,175	71,031	69,091	65,019	64,954
Net investment income	366,908	1,600	1,314,011	89,820	297,215
Benefit payments	(475,729)	(471,111)	(239,308)	(186,077)	(128,157)
Administrative expense	(3,692)	(3,850)	(3,226)	(3,032)	(2,816)
Other	146	136	124	(108)	(188)
Net change in plan fiduciary net position	<u>\$ 126,789</u>	<u>\$ (264,287)</u>	<u>\$ 1,272,443</u>	<u>\$ 60,158</u>	<u>\$ 326,690</u>
Plan fiduciary net position - beginning	5,776,983	6,041,270	4,768,827	4,708,669	4,381,979
Plan fiduciary net position - ending (b)	<u><u>\$ 5,903,772</u></u>	<u><u>\$ 5,776,983</u></u>	<u><u>\$ 6,041,270</u></u>	<u><u>\$ 4,768,827</u></u>	<u><u>\$ 4,708,669</u></u>
Authority's net pension liability - ending (a) - (b)	\$ 1,472,878	\$ 1,101,260	\$ 652,292	\$ 1,255,262	\$ 831,536
Plan fiduciary net position as a percentage of the total pension liability	80.03%	83.99%	90.25%	79.16%	84.99%
Covered payroll	\$ 1,572,204	\$ 1,446,905	\$ 1,373,936	\$ 1,321,085	\$ 1,328,943
Authority's net pension liability as a percentage of covered payroll	93.68%	76.11%	47.48%	95.02%	62.57%

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 100,225	\$ 102,855	\$ 106,130	\$ 101,893	\$ 94,235
Interest	324,122	320,344	293,053	265,416	248,500
Changes of assumptions	-	(186,312)	-	-	-
Differences between expected and actual experience	7,424	(66,044)	102,991	134,547	-
Benefit payments	(118,852)	(114,884)	(109,724)	(104,354)	(97,794)
Net change in total pension liability	<u>\$ 312,919</u>	<u>\$ 55,959</u>	<u>\$ 392,450</u>	<u>\$ 397,502</u>	<u>\$ 244,941</u>
Total pension liability - beginning	4,689,747	4,633,788	4,241,338	3,843,836	3,598,895
Total pension liability - ending (a)	<u>\$ 5,002,666</u>	<u>\$ 4,689,747</u>	<u>\$ 4,633,788</u>	<u>\$ 4,241,338</u>	<u>\$ 3,843,836</u>
Plan fiduciary net position					
Contributions - employer	\$ 115,315	\$ 111,589	\$ 103,559	\$ 101,737	\$ 98,188
Contributions - employee	61,392	59,339	57,108	56,022	53,477
Net investment income	300,656	437,315	62,808	149,981	436,173
Benefit payments	(118,852)	(114,884)	(109,724)	(104,354)	(97,794)
Administrative expense	(2,498)	(2,424)	(2,083)	(1,966)	(2,287)
Other	(272)	(393)	(26)	(30)	23
Net change in plan fiduciary net position	<u>\$ 355,741</u>	<u>\$ 490,542</u>	<u>\$ 111,642</u>	<u>\$ 201,390</u>	<u>\$ 487,780</u>
Plan fiduciary net position - beginning	4,026,238	3,535,696	3,424,054	3,222,664	2,734,884
Plan fiduciary net position - ending (b)	<u>\$ 4,381,979</u>	<u>\$ 4,026,238</u>	<u>\$ 3,535,696</u>	<u>\$ 3,424,054</u>	<u>\$ 3,222,664</u>
Authority's net pension liability - ending (a) - (b)	\$ 620,687	\$ 663,509	\$ 1,098,092	\$ 817,284	\$ 621,172
Plan fiduciary net position as a percentage of the total pension liability	87.59%	85.85%	76.30%	80.73%	83.84%
Covered payroll	\$ 1,225,417	\$ 1,099,288	\$ 1,158,231	\$ 1,120,448	\$ 1,069,535
Authority's net pension liability as a percentage of covered payroll	50.65%	60.36%	94.81%	72.94%	58.08%

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2015 through June 30, 2024

<u>Date</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>
2024	\$ 178,844	\$ 178,844	\$ -	\$ 1,705,690	10.49%
2023	165,655	165,655	-	1,572,204	10.54%
2022	137,907	137,907	-	1,446,905	9.53%
2021	131,752	131,752	-	1,373,936	9.59%
2020	94,167	94,167	-	1,321,085	7.13%
2019	95,681	95,681	-	1,328,943	7.20%
2018	116,047	116,047	-	1,225,417	9.47%
2017	114,460	114,460	-	1,099,288	10.41%
2016	105,167	105,167	-	1,158,231	9.08%
2015	101,737	101,737	-	1,120,448	9.08%

*Excludes contributions (mandatory and match on voluntary) to the defined benefit contribution portion of the Hybrid plan.

Notes to Required Supplementary Information - Pension Plan
 For the Year Ended June 30, 2024

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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
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

Schedule of Authority's Share of Net OPEB Liability
 Group Life Insurance Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.0067%	\$ 80,114	\$ 1,572,204	5.10%	69.30%
2022	0.0066%	80,072	1,446,905	5.53%	67.21%
2021	0.0066%	77,424	1,373,936	5.64%	67.45%
2020	0.0064%	107,139	1,321,085	8.11%	52.64%
2019	0.0068%	110,238	1,328,943	8.30%	52.00%
2018	0.0066%	100,000	1,250,317	8.00%	51.22%
2017	0.0066%	99,000	1,208,661	8.19%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance Plan

For the Years Ended June 30, 2014 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 9,211	\$ 9,211	\$ -	\$ 1,705,690	0.54%
2023	8,490	8,490	-	1,572,204	0.54%
2022	7,813	7,813	-	1,446,905	0.54%
2021	7,419	7,419	-	1,373,936	0.54%
2020	6,870	6,870	-	1,321,085	0.52%
2019	6,911	6,911	-	1,328,943	0.52%
2018	6,502	6,502	-	1,250,317	0.52%
2017	6,285	6,285	-	1,208,661	0.52%
2016	5,560	5,560	-	1,158,231	0.48%
2015	5,378	5,378	-	1,120,448	0.48%

Notes to Required Supplementary Information
 Group Life Insurance Plan
 For the Year Ended June 30, 2024

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

- Other Supplementary Information -
Supporting Schedules

Schedule of Revenues and Expenses
For the Year Ended June 30, 2024

	<u>Total</u>	<u>Central/ Rustburg</u>	<u>Naruna</u>
Operating revenues:			
Water fees	\$ 5,477,120	\$ 5,366,947	\$ 110,173
Sewer fees	1,816,276	1,816,276	-
Account establishment fees	29,700	29,700	-
Reconnection fees	43,330	43,330	-
Meter tamper fee	700	700	-
Miscellaneous	348,095	348,095	-
Total operating revenues	<u>\$ 7,715,221</u>	<u>\$ 7,605,048</u>	<u>\$ 110,173</u>
Operating expenses:			
Source of supply:			
Purchase of water	\$ 26,412	\$ 26,412	\$ -
Water charges (460 East)	584,131	584,131	-
Chemicals	231,000	231,000	-
Electrical services	217,691	209,741	7,950
Electrical repairs	3,888	3,888	-
Maintenance	67,575	64,975	2,600
Equipment and supplies	52,403	50,371	2,032
Safety	6,067	6,067	-
Uniforms	3,309	3,309	-
Fuel	1,187	1,187	-
Landfill fees	1,228	1,228	-
Vehicle expense	5,387	5,045	342
Telephone	4,769	4,769	-
Fees and charges	12,201	12,201	-
Office supplies	2,597	2,597	-
Total source of supply	<u>\$ 1,219,845</u>	<u>\$ 1,206,921</u>	<u>\$ 12,924</u>
Wastewater treatment:			
Purchase of services - Lynchburg	\$ 564,631	\$ 564,631	\$ -
Chemicals	3,666	3,666	-
Electrical services	30,318	30,318	-
Maintenance	26,624	26,624	-
Equipment and supplies	47,729	47,729	-
Safety	707	707	-
Uniforms	1,393	1,393	-
Fuel	1,040	1,040	-
Vehicle expense	1,438	1,438	-
Landfill disposal	5,207	5,207	-
Fees and charges	9,135	9,135	-
Office supplies	234	234	-
Telephone	3,177	3,177	-
Total wastewater treatment	<u>\$ 695,299</u>	<u>\$ 695,299</u>	<u>\$ -</u>

Schedule of Revenues and Expenses

For the Year Ended June 30, 2024 (Continued)

	<u>Total</u>	<u>Central/ Rustburg</u>	<u>Naruna</u>
Operating expenses: (Continued)			
Maintenance and inspection:			
Electrical services	\$ 248,941	\$ 248,941	\$ -
Maintenance	484,663	484,663	-
Miss Utility fees	9,193	9,193	-
Equipment and supplies	95,745	95,745	-
Safety	2,246	2,246	-
Uniforms	5,951	5,951	-
Fuel	2,743	2,743	-
Vehicle expense	33,108	33,108	-
Fees and charges	5,477	5,477	-
Total maintenance and inspection	<u>\$ 888,067</u>	<u>\$ 888,067</u>	<u>\$ -</u>
Personnel:			
Salaries	\$ 1,966,548	\$ 1,966,548	\$ -
Unemployment insurance	233	233	-
Health insurance	302,345	302,345	-
Disability insurance	7,406	7,406	-
Retirement benefits	405,796	405,796	-
FICA	167,253	167,253	-
Workmen's compensation	24,707	24,707	-
Total personnel	<u>\$ 2,874,288</u>	<u>\$ 2,874,288</u>	<u>\$ -</u>
Administrative and general:			
Legal fees	\$ 1,279	\$ 1,279	\$ -
Engineering fees	1,213	1,213	-
Auditing fees	27,410	27,410	-
Recording fees	26	26	-
Insurance general	56,558	52,975	3,583
Postage	40,595	40,595	-
Office and billing supplies	39,472	39,472	-
Service charge (over and short)	183	183	-
Bank fees	7,216	7,216	-
Office equipment contracts	221,234	221,234	-
Telephone	36,586	36,586	-
Electrical services	12,361	12,361	-

Schedule of Revenues and Expenses

For the Year Ended June 30, 2024 (Continued)

	<u>Total</u>	<u>Central/ Rustburg</u>	<u>Naruna</u>
Operating expenses: (Continued)			
Administrative and general: (Continued)			
Advertising	\$ 2,447	\$ 2,447	\$ -
Travel, mileage, and education	18,580	18,580	-
Dues, subscriptions, and donations	9,650	9,650	-
Janitorial supplies	996	996	-
Landfill fees	1,523	1,523	-
Maintenance office	13,192	13,192	-
Trustee fees	6,500	6,500	-
Miscellaneous	26,091	26,091	-
Fees and charges	<u>27,712</u>	<u>26,895</u>	<u>817</u>
 Total administrative and general	 \$ <u>551,221</u>	 \$ <u>546,821</u>	 \$ <u>4,400</u>
 Operating expenses before depreciation	 \$ <u>6,228,720</u>	 \$ <u>6,211,396</u>	 \$ <u>17,324</u>
 Depreciation	 \$ <u>1,824,334</u>	 \$ <u>1,798,745</u>	 \$ <u>25,589</u>
 Total operating expenses	 \$ <u>8,053,054</u>	 \$ <u>8,010,141</u>	 \$ <u>42,913</u>
 Operating income (loss)	 \$ <u>(337,833)</u>	 \$ <u>(405,093)</u>	 \$ <u>67,260</u>
 Nonoperating revenues (expenses):			
Capital recovery fees water	\$ 809,756	\$ 809,756	\$ -
Capital recover fees wastewater	796,675	796,675	-
Connection fees water	158,204	158,204	-
Connection fees wastewater	12,565	12,565	-
Sewer capacity fee	633,719	633,719	-
Interest income	358,876	358,876	-
Grant from Campbell County	92,415	92,415	-
Capital contributions	1,834,787	1,834,787	-
Interest expense	(57,304)	(57,304)	-
Other nonoperating expenses	<u>(130,315)</u>	<u>(130,315)</u>	<u>-</u>
 Total nonoperating revenues (expenses)	 \$ <u>4,509,378</u>	 \$ <u>4,509,378</u>	 \$ <u>-</u>
 Change in Net Position	 \$ <u><u>4,171,545</u></u>	 \$ <u><u>4,104,285</u></u>	 \$ <u><u>67,260</u></u>

Central/Rustburg Division

Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Water fees	\$ 5,402,000	\$ 5,366,947	\$ (35,053)
Sewer fees	1,580,000	1,816,276	236,276
Account establishment fees	35,000	29,700	(5,300)
Reconnection fees	35,350	43,330	7,980
Meter tamper fee	-	700	700
Miscellaneous	310,000	348,095	38,095
Total operating revenues	\$ 7,362,350	\$ 7,605,048	\$ 242,698
Nonoperating revenues:			
Capital recovery fees water	\$ 644,000	\$ 809,756	\$ 165,756
Capital recovery fees wastewater	678,000	796,675	118,675
Connection fees water	-	158,204	158,204
Connection fees wastewater	-	12,565	12,565
Sewer capacity fee	-	633,719	633,719
Interest income	20,000	358,876	338,876
Grant from Campbell County	92,415	92,415	-
Capital contributions	-	1,834,787	1,834,787
Total nonoperating revenues	\$ 1,434,415	\$ 4,696,997	\$ 3,262,582
Total revenues	\$ 8,796,765	\$ 12,302,045	\$ 3,505,280

Naruna Division

Schedule of Revenues - Budget and Actual
 For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Water fees	\$ 94,000	\$ 110,173	\$ 16,173
Total operating revenues	<u>\$ 94,000</u>	<u>\$ 110,173</u>	<u>\$ 16,173</u>

Central/Rustburg Division

Schedule of Operating Expenses - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating expenses:			
Source of supply:			
Purchase of water	\$ 51,100	\$ 26,412	\$ 24,688
Water charges (460 East)	600,500	584,131	16,369
Chemicals	345,000	231,000	114,000
Electrical services	227,000	209,741	17,259
Electrical repairs	-	3,888	(3,888)
Maintenance	50,400	64,975	(14,575)
Equipment and supplies	34,000	50,371	(16,371)
Safety	7,400	6,067	1,333
Uniforms	3,700	3,309	391
Fuel	2,500	1,187	1,313
Landfill fees	1,400	1,228	172
Vehicle expense	8,450	5,045	3,405
Telephone	6,800	4,769	2,031
Fees and charges	20,000	12,201	7,799
Office supplies	2,500	2,597	(97)
Total source of supply	\$ 1,360,750	\$ 1,206,921	\$ 153,829
Wastewater treatment:			
Purchase of services - Lynchburg	\$ 525,000	\$ 564,631	\$ (39,631)
Chemicals	7,100	3,666	3,434
Electrical services	27,200	30,318	(3,118)
Maintenance	20,000	26,624	(6,624)
Equipment and supplies	19,000	47,729	(28,729)
Safety	1,400	707	693
Uniforms	1,350	1,393	(43)
Fuel	1,200	1,040	160
Vehicle expense	3,500	1,438	2,062
Landfill disposal	8,100	5,207	2,893
Fees and charges	12,000	9,135	2,865
Telephone	6,000	3,177	2,823
Office Supplies	1,200	234	966
Concord WWTP	6,550	-	6,550
Total wastewater treatment	\$ 639,600	\$ 695,299	\$ (55,699)
Maintenance and inspection:			
Electrical services	\$ 222,000	\$ 248,941	\$ (26,941)
Maintenance	508,000	484,663	23,337
Miss Utility fees	7,700	9,193	(1,493)
Equipment and supplies	82,600	95,745	(13,145)
Fire hydrants	3,500	-	3,500
Safety	3,600	2,246	1,354
Uniforms	5,250	5,951	(701)
Fuel	7,200	2,743	4,457
Vehicle Expense	29,900	33,108	(3,208)
Fees and charges	7,100	5,477	1,623
Total maintenance and inspection	\$ 876,850	\$ 888,067	\$ (11,217)

Central/Rustburg Division

Schedule of Operating Expenses - Budget and Actual
For the Year Ended June 30, 2024 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Operating expenses: (Continued)			
Personnel:			
Salaries	\$ 2,022,934	\$ 1,966,548	\$ 56,386
Unemployment insurance	900	233	667
Health insurance	335,100	302,345	32,755
Disability insurance	9,700	7,406	2,294
Retirement benefits	244,800	405,796	(160,996)
FICA	154,754	167,253	(12,499)
Workmen's compensation	28,650	24,707	3,943
Total personnel	\$ 2,796,838	\$ 2,874,288	\$ (77,450)
Administrative and general:			
Legal fees	\$ 16,000	\$ 1,279	\$ 14,721
Engineering fees	45,500	1,213	44,287
Auditing fees	29,100	27,410	1,690
Recording fees	200	26	174
Insurance general	57,500	52,975	4,525
Postage	61,500	40,595	20,905
Office and billing supplies	31,500	39,472	(7,972)
Service charge (over and short)	-	183	(183)
Bank fees	4,200	7,216	(3,016)
Office equipment contracts	309,500	221,234	88,266
Safety	-	397	(397)
Telephone	41,000	36,586	4,414
Electrical services	10,500	12,361	(1,861)
Advertising	2,300	2,447	(147)
Travel, mileage, and education	41,000	18,580	22,420
Dues, subscriptions, and donations	16,000	9,650	6,350
Janitorial supplies	1,400	996	404
Landfill fees	2,400	1,523	877
Maintenance office	20,200	13,194	7,006
Trustee fees	4,200	6,500	(2,300)
Fees and charges	29,000	26,895	2,105
Miscellaneous	-	26,093	(26,093)
Total administrative and general	\$ 723,000	\$ 546,825	\$ 176,175
Total operating expenses before depreciation	\$ 6,397,038	\$ 6,211,400	\$ 185,638
Depreciation	\$ -	\$ 1,798,745	\$ (1,798,745)
Total operating expenses	\$ 6,397,038	\$ 8,010,145	\$ (1,613,107)

Naruna Division

Schedule of Operating Expenses - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating expenses:			
Source of supply:			
Chemicals	\$ 2,500	\$ -	\$ 2,500
Electrical services	7,000	7,950	(950)
Maintenance	15,000	2,600	12,400
Equipment and supplies	4,100	2,032	2,068
Vehicle expense	650	342	308
Total source of supply	<u>\$ 29,250</u>	<u>\$ 12,924</u>	<u>\$ 16,326</u>
Administrative and general:			
Insurance general	\$ 4,150	\$ 3,583	\$ 567
Fees and charges	680	817	(137)
Total administrative and general	<u>\$ 4,830</u>	<u>\$ 4,400</u>	<u>\$ 430</u>
Total operating expenses before depreciation	<u>\$ 34,080</u>	<u>\$ 17,324</u>	<u>\$ 16,756</u>
Depreciation	<u>\$ -</u>	<u>\$ 25,589</u>	<u>\$ (25,589)</u>
Total operating expenses	<u><u>\$ 34,080</u></u>	<u><u>\$ 42,913</u></u>	<u><u>\$ (8,833)</u></u>

Capital Improvement Division

Central/Rustburg Division

Schedule of Other Nonoperating Expenses

For the Year Ended June 30, 2024

Other nonoperating expenses:	
New water services	\$ 123,349
New service laterals - Central/Rustburg Wastewater	<u>6,966</u>
Total other nonoperating expenses	<u>\$ 130,315</u>

Revenue Bond Compliance
 Section 602 of Agreement of Trust
 At June 30, 2024

Computations supporting compliance with this section of the agreement are as follows:

REVENUES BY "REVENUES" DEFINITION (SECTION 101 OF TRUST AGREEMENT)

Central and Rustburg Operating Income (Schedule 2)	\$ 7,605,048
Capital Recovery Fees - Water	809,756
Capital Recovery Fees - Sewage	796,675
Interest ¹	
Revenue Fund	324,194
Principal Account (Bonds)	14,928
Interest Account (Bonds)	13,186
	<u>\$ 9,563,787</u>
LESS Revenues (Net) transferred to Improvement Fund	(2,466,785)
SUB-TOTAL	<u>\$ 7,097,002</u>

ADD FOR COVENANT CALCULATION PER SECTION 602

Operating Account Interest ¹	\$ 6,568
Improvement Fund @ June 30 in excess of \$500,000	5,596,054
SUB-TOTAL	<u>\$ 5,602,622</u>

TOTAL SOURCES AVAILABLE \$ 12,699,624

REVENUE COVENANT REQUIREMENT:

Operating expenses (Schedule 4)	\$ 8,010,145
115% of amount required to be paid into Bond Fund ²	<u>645,224</u>

TOTAL REVENUE COVENANT REQUIREMENTS \$ 8,655,369

EXCESS OF SOURCES AVAILABLE OVER REVENUE COVENANT REQUIREMENT \$ 4,044,255

Revenue Bond Compliance
 Section 602 of Agreement of Trust
 At June 30, 2024 (Continued)

1 - Reconcile Interest to Audit		
Interest shown on worksheet	\$	358,876
Improvement Fund Interest (In Fund Balance)		-
General Construction Fund Interest		-
Restricted Interest (5400-70)		-
Unrealized gain/(loss) on investments reported as interest		-
	\$	<u>358,876</u>
2 - July through September, 2023	\$	143,034
October, 2023		74,669
November, 2023 through March, 2024		200,201
April through June, 2024		143,161
	\$	<u>561,065</u>
15% Coverage Factor		1.15
	\$	<u>645,225</u>
 <u>Percent Debt Coverage Achieved</u>		
Revenue by Covenant	\$	12,699,624
Expenses		(8,010,145)
Payment to Debt Service Reserve		-
Actual Debt Payments Made		(561,065)
	\$	<u>4,128,414</u>
		EXCESS
15% Required Debt Coverage (Excess)	\$	561,065
		15%
	\$	84,160
Actual Debt Coverage Achieved - Excess/Actual Debt Payment		
EXCESS	\$	4,128,414
ACTUAL DEBT PAYMENT	\$	561,065
COVERAGE		736%

- Statistical Section -

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the Authority's financial performance has changed over time.

1-2

Revenue, Rates and Usage Information

These tables contain information to help the reader assess the factors affecting the Authority's change in revenues and its ability to generate revenues.

3-6

Expenses

This table contains comparative information about the Authority's expenses.

7

Debt Capacity

These tables present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue debt in the future.

8-9

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time.

10-11

Operating Information

These tables contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the activities it performs.

12-14

Sources

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

Net Position by Component
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 67,148,628	\$ 65,187,662	\$ 63,488,042	\$ 62,191,914	\$ 60,517,820	\$ 57,881,291	\$ 56,520,688	\$ 53,966,111	\$ 51,032,599	\$ 49,559,813
Restricted	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Unrestricted	13,104,324	10,893,745	10,174,954	7,592,867	6,153,280	6,721,833	7,289,466	7,535,542	8,378,671	7,900,282
Total net position	<u>\$ 80,752,952</u>	<u>\$ 76,581,407</u>	<u>\$ 74,162,996</u>	<u>\$ 70,284,781</u>	<u>\$ 67,171,100</u>	<u>\$ 65,103,124</u>	<u>\$ 64,310,154</u>	<u>\$ 62,001,653</u>	<u>\$ 59,911,270</u>	<u>\$ 57,960,095</u>

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues:										
Water sales, charges and sewer charges	\$ 7,715,221	\$ 6,947,505	\$ 6,715,232	\$ 6,931,262	\$ 6,602,220	6,412,571	6,444,763	\$ 6,493,231	\$ 6,216,155	\$ 6,106,067
Operating expenses:										
Source of supply	\$ 1,219,845	\$ 1,195,399	\$ 1,008,807	\$ 1,017,080	\$ 1,111,218	1,071,777	1,017,163	\$ 963,997	\$ 971,798	\$ 945,314
Wastewater treatment	695,299	493,297	448,169	422,614	461,679	484,258	410,573	479,189	373,047	297,071
Maintenance and inspection	888,067	1,022,455	645,766	571,073	594,878	676,987	742,976	520,287	689,437	506,247
Personnel	2,874,288	2,531,627	2,255,802	2,157,590	2,002,322	1,844,654	1,823,995	1,772,105	1,604,052	1,541,147
Administrative and general	551,221	527,643	487,275	378,847	365,031	409,377	350,045	330,036	306,142	268,306
Depreciation and amortization	1,824,334	1,821,493	1,739,044	1,721,003	2,254,833	1,696,921	1,633,583	1,639,133	1,568,618	1,908,543
Total operating expenses	\$ 8,053,054	\$ 7,591,914	\$ 6,584,863	\$ 6,268,207	\$ 6,789,961	6,183,974	5,978,335	\$ 5,704,747	\$ 5,513,094	\$ 5,466,628
Operating income	\$ (337,833)	\$ (644,409)	\$ 130,369	\$ 663,055	\$ (187,741)	228,597	466,428	\$ 788,484	\$ 703,061	\$ 639,439
Nonoperating revenues (expenses):										
Interest income	\$ 358,876	\$ 16,106	\$ 35,550	\$ 2,007	\$ 5,528	10,538	7,926	\$ 3,902	\$ 4,289	\$ 5,066
Interest expense	(57,304)	(58,196)	(63,418)	(96,264)	(143,015)	(174,378)	(242,707)	(283,783)	(323,607)	(362,239)
Bond issuance costs	-	-	-	(74,687)	-	-	-	-	-	-
Capital recovery fees	1,606,431	955,481	1,394,436	878,506	649,683	232,700	183,096	289,378	239,100	878,725
Connection fees	170,769	295,254	157,432	93,315	60,806	119,015	65,778	42,834	63,225	60,270
Sewer capacity fee	633,719	372,094	543,681	324,406	241,850	56,000	47,250	99,197	66,500	332,500
System development fee	-	2,100	-	700	-	-	-	700	-	46,900
Grant from Campbell County	92,415	91,838	91,747	94,394	98,819	98,115	98,343	65,144	121,269	98,668
Grant from VRA	-	373,518	8,636	-	-	-	-	-	-	-
Loss on disposal of capital assets	-	-	-	-	-	(138,925)	-	-	-	-
Other nonoperating expenses	(130,315)	(135,826)	(138,299)	(94,983)	(79,086)	(109,889)	(39,028)	(83,415)	(37,682)	(55,626)
Total nonoperating revenues (expenses)	\$ 2,674,591	\$ 1,912,369	\$ 2,029,765	\$ 1,127,394	\$ 834,585	93,176	120,658	\$ 133,957	\$ 133,094	\$ 1,004,264
Income before capital grants and contributions	\$ 2,336,758	\$ 1,267,960	\$ 2,160,134	\$ 1,790,449	\$ 646,844	321,773	587,086	\$ 922,441	\$ 836,155	\$ 1,643,703
Capital contributions	1,834,787	1,150,451	1,718,081	1,323,232	1,421,132	471,197	1,828,415	1,167,942	1,115,020	1,216,360
Change in net position	\$ 4,171,545	\$ 2,418,411	\$ 3,878,215	\$ 3,113,681	\$ 2,067,976	792,970	2,415,501	\$ 2,090,383	\$ 1,951,175	\$ 2,860,063

77

Revenues by Source
Last Ten Fiscal Years

Fiscal Years Ended June 30,	Operating Revenues	Nonoperating Revenues					Other			Total Revenues	
	Water Sales Charges and Sewer Charges	Interest Income	Capital Recovery Fees	Connection Fees	Sewer Capacity Fee	System Development Fee	Grant from Campbell County	Grant from VRA	Total Nonoperating Revenues		Capital Grants and Contributions
2015	6,106,067	5,066	878,725	60,270	332,500	46,900	98,668	-	1,422,129	1,216,360	8,744,556
2016	6,216,155	4,289	239,100	63,225	66,500	-	121,269	-	494,383	1,115,020	7,825,558
2017	6,493,231	3,902	289,378	42,834	99,197	700	65,144	-	501,155	1,167,942	8,162,328
2018	6,444,763	7,926	183,096	65,778	47,250	-	98,343	-	402,393	1,828,415	8,675,571
2019	6,412,571	10,538	232,700	119,015	56,000	-	98,115	-	516,368	471,197	7,400,136
2020	6,602,220	5,528	649,683	60,806	241,850	-	98,819	-	1,056,686	1,421,132	9,080,038
2021	6,931,262	2,007	878,506	93,315	324,406	700	94,394	-	1,393,328	1,323,232	9,647,822
2022	6,715,232	35,550	1,394,436	157,432	543,681	-	91,747	8,636	2,231,482	1,718,081	10,664,795
2023	6,947,505	16,106	955,481	295,254	372,094	2,100	91,838	373,518	2,106,391	1,150,451	10,204,347
2024	7,715,221	358,876	1,606,431	170,769	633,719	-	92,415	-	2,862,210	1,834,787	12,412,218

Schedule of Water and Sewer Rates
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Rates										
Base Fee										
	<u>Meter Size</u>									
3/4 x 5/8"	\$ 17.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00
1"	\$ 23.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00
1 1/2"	\$ 37.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
2"	\$ 56.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00
3"	\$ 111.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00
4"	\$ 164.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00
6"	\$ 270.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00
8"	\$ 403.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00
	<u>Sewer Service</u>									
4"	\$ 14.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
6"	\$ 33.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00
8"	\$ 55.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00
10"	\$ 63.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00
12"	\$ 90.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00
Commodity and Disposal Charges										
Water (per 100 cubic feet)	\$ 4.95	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65
Sewer (per 100 cubic feet)	\$ 5.70	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90
Service Connection Charges										
Water										
	<u>Meter Size</u>									
3/4 x 5/8"	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
1"	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
Over 1"	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100
Sewage										
	<u>Meter Size</u>									
4" service lateral	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900
Others	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900
Sewer Capacity Fee	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
Capital Recovery Fees										
Water										
Single Family Dwelling	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900
Multi-Family, per unit	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425
Motels, per unit	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475
Sewage										
Single Family Dwelling	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200
Multi-Family, per unit	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650
Motels, per unit	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
Construction Fee (per acre) in Spring Hill billing district	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Leesville Road Aid-to-Construction Fee (per application)	\$ 3,425	\$ 3,350	\$ 3,275	\$ 3,200	\$ 3,125	\$ 3,050	\$ 2,975	\$ 2,900	\$ 2,825	\$ 2,750

Water and Wastewater Flows
 Gallons In Thousands
 Last Ten Fiscal Years

Fiscal Year	Water	Wastewater
2015	773,239	179,367
2016	761,614	182,708
2017	772,950	202,446
2018	840,933	194,037
2019	881,908	194,029
2020	980,386	194,256
2021	905,874	198,012
2022	901,991	199,240
2023	941,641	200,158
2024	951,825	211,991

Source: Authority's billing records

Principal Water and Wastewater System Customers
Current Year and Nine Years Ago

Water								
2024				2015				
Customer Name	Units	Amount Billed	Percent Billed	Customer Name	Units	Amount Billed	Percent Billed	
Willow Brook Apartments	20,853	\$ 108,934	2.31%	Clayton Estate MHP	27,201	\$ 128,051	\$ 3.54%	
Clayton Estate MHP	17,576	88,669	1.95%	Willow Brook Apartments	15,910	79,070	2.07%	
The Vue (Apartments)	12,154	61,281	1.35%	Locust Gardens (Mobile Home Park)	7,380	34,635	0.96%	
1 Element (Apartments)	6,488	34,468	0.72%	Whitestone Village	5,958	29,157	0.77%	
37 West (Apartments)	6,731	33,600	0.75%	Blue Ridge Regional Jail	5,947	28,908	0.77%	
Whitestone Village	5,828	30,367	0.65%	Timken	5,223	25,619	0.68%	
Buffalo Creek (Mobile Home Park)	5,424	27,071	0.60%	Deal Properties (formerly Woodside Associates)	4,829	22,755	0.63%	
Runk & Pratt	4,868	25,444	0.54%	Spring Hill Suites	4,574	22,349	0.59%	
Deal Properties (Apartments)	3,886	19,572	0.43%	Briarwood Village MHP	4,370	20,531	0.57%	
Spring Hills Suites	3,692	19,379	0.41%	Buffalo Creek (Mobile Home Park)	4,249	19,968	0.55%	

Volume and billing data are for period from July 1, 2023 through June 30, 2024. The ten largest customers together account for approximately 8.36% of total consumption and billings for retail water service.

Wastewater								
2024				2015				
Customer Name	Units	Amount Billed	Percent Billed	Customer Name	Units	Amount Billed	Percent Billed	
Willow Brook Apartments	20,853	\$ 121,550	10.47%	Willow Brook Apartments	15,910	\$ 7,911	\$ 11.69%	
The Vue (Apartments)	12,154	69,446	6.10%	Whitestone Village	5,958	29,986	4.38%	
37 West (Apartments)	6,731	38,439	3.38%	Spring Hill Suites	4,574	22,485	3.36%	
1 Element (Apartments)	6,488	37,150	3.26%	Wards Crossing West	3,457	17,155	2.54%	
Whitestone Village	5,828	34,012	2.93%	Blue Ridge Regional Jail	5,947	29,212	4.37%	
Runk & Pratt	4,868	28,030	2.44%	Lynchburg Partners (Shopping Center)	2,691	13,330	1.98%	
Spring Hill Suites	3,692	21,212	1.85%	Runk & Pratt	2,689	13,248	1.98%	
Hampton Inn & Suites	3,375	19,436	1.69%	F & C Properties (car wash)	3,124	15,380	2.30%	
Wards Crossing West	3,148	18,538	1.58%	LCS Trust (Apartments)	2,736	13,694	2.01%	
LCS Trust (Apartments)	2,474	14,438	1.24%	Rustburg High School	1,746	8,627	1.28%	

Volume and billing data are for period from July 1, 2023 through June 30, 2024. The ten largest customers together account for approximately 22.15% of total consumption and billings for sewage service.

Expenses by Type
Last Ten Fiscal Years

Fiscal Years Ended June 30,	Source of Supply	Wastewater Treatment	Maintenance and Inspection	Personnel	Administrative and General	Depreciation and Amortization	Interest Expense and Bond Issuance Cost	Other Nonoperating Expenses	Total
2015	\$ 945,314	\$ 297,071	\$ 506,247	\$ 1,541,147	\$ 268,306	\$ 1,908,543	\$ 362,239	\$ 55,626	\$ 5,884,493
2016	971,798	373,047	689,437	1,604,052	306,142	1,568,618	323,607	37,682	5,874,383
2017	963,997	479,189	520,287	1,772,105	330,036	1,639,133	283,783	83,415	6,071,945
2018	1,017,163	410,573	742,976	1,823,995	350,045	1,633,583	242,707	39,028	6,260,070
2019	1,071,777	484,258	676,987	1,844,654	409,377	1,696,921	174,378	109,889	6,468,241
2020	1,111,218	461,679	594,878	2,002,322	365,031	2,254,833	143,015	79,086	7,012,062
2021	1,017,080	422,614	571,073	2,157,590	378,847	1,721,003	170,951	94,983	6,534,141
2022	1,008,807	448,169	645,766	2,255,802	487,275	1,739,044	63,418	138,299	6,786,580
2023	1,195,399	493,297	1,022,455	2,531,627	527,643	1,821,493	58,196	135,826	7,785,936
2024	1,219,845	695,299	888,067	2,874,288	551,221	1,824,334	57,304	130,315	8,240,673

Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue bonds payable	\$ 2,564,229	\$ 3,013,066	\$ 3,173,989	\$ 3,551,000	\$ 4,016,000	\$ 4,479,000	\$ 5,786,400	\$ 7,171,600	\$ 8,513,300	\$ 9,814,200
Notes payable	649,027	707,921	778,517	547,560	603,070	658,588	714,106	769,624	825,142	880,661
Total outstanding debt	\$ 3,213,256	\$ 3,720,987	\$ 3,952,506	\$ 4,098,560	\$ 4,619,070	\$ 5,137,588	\$ 6,500,506	\$ 7,941,224	\$ 9,338,442	\$ 10,694,861
Debt per capita	\$ 57.35	\$ 67.48	\$ 71.38	\$ 73.61	\$ 82.93	\$ 93.61	\$ 117.28	\$ 143.08	\$ 168.07	\$ 190.41
Debt as a percentage of personal income	N/A	0.14%	0.15%	0.16%	0.20%	0.24%	0.31%	0.39%	0.47%	0.54%

Notes:

Debt per capita was calculated based on population figures for the calendar year (CY) ending within the fiscal year (FY) obtained from U.S. Department of Commerce - Bureau of Economic Analysis for the County of Campbell. See Table 10.

Debt as a percentage of personal income was calculated based on personal income for the CY ending within the FY obtained from U.S. Department of Commerce - Bureau of Economic Analysis for the County of Campbell.

Data for Campbell County is combined with Lynchburg City.
See Table 10.

Revenue Bond Debt Service Coverage
Last Ten Fiscal Years

<u>Fiscal Years Ended June 30,</u>	<u>Gross Revenue (1)</u>	<u>Direct Operating Expense (1)</u>	<u>Net Available</u>	<u>Required Debt Service Payments (2)</u>	<u>Coverage</u>
2015	\$ 10,622,437	\$ 7,039,327	\$ 3,583,110	\$ 1,591,616	2.25
2016	11,859,549	7,065,088	4,794,461	1,588,732	3.02
2017	10,468,015	7,258,930	3,209,085	1,590,444	2.02
2018	10,157,613	7,466,035	2,691,578	1,518,283	1.77
2019	9,503,152	6,998,269	2,504,883	735,074	3.41
2020	8,352,183	7,424,822	927,361	587,481	1.58
2021	10,616,239	6,231,182	4,385,057	582,339	7.53
2022	13,468,052	6,550,530	6,917,522	509,302	13.58
2023	14,778,238	7,549,578	7,228,660	517,133	13.98
2024	12,699,624	8,010,145	4,689,479	561,065	8.36

(1) Amounts per Schedule 7 - Revenue Bond Compliance

(2) Including payments on revenue bonds and contracts payable

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 10

Demographic Data for the Service Area
 Campbell County, Virginia
 Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of \$) (3)</u>	<u>Per Capita Personal Income (\$) (3)</u>	<u>Unemployment Rate (2)</u>
2024	56,028	N/A	N/A	N/A
2023	55,141	2,677,096	48,550	3.30%
2022	55,375	2,556,941	46,175	3.20%
2021	55,682	2,502,906	44,950	3.80%
2020	55,696	2,285,207	41,030	5.90%
2019	54,885	2,116,640	38,565	2.70%
2018	55,425	2,090,576	37,719	3.30%
2017	55,503	2,017,867	36,356	4.20%
2016	55,562	1,990,120	35,818	4.40%
2015	56,167	1,997,242	35,559	4.80%

N/A - Updated information not available

- (1) Weldon Cooper Center, University of Virginia
- (2) U.S. Department of Commerce - Bureau of Economic Analysis, for Campbell + Lynchburg
- (3) U.S. Department of Commerce - Bureau of Economic Analysis, Data for Campbell County is combined with Lynchburg City.

Principal Employers in the Campbell Area
Current Year and Nine Years Ago

Employer	Industry	2024		
		Employees	Rank	% of Total Employment
BWX	Nuclear	1,000 +	1	4% +
Campbell County Schools	Public Education	1,000 +	2	4% +
Abbott Industries	Pharmaceuticals	500-999	3	2%-4%
Campbell County	Government	250-499	4	2%-4%
BGF Industries	Fiberglass fabric	250-499	5	1%-2%
Moore's Electrical and Mech.	Electric/Mechanical Services	250-499	6	1%-2%
Wal Mart	General Merchandise Stores	250-499	7	1%-2%
Food Lion	Grocery	250-499	8	1%-2%
Foster Fuels	Fuel Distribution	100-249	9	0.3%-1%
YMCA Inc Altavista Area	Fitness/Health/Education	100-249	10	0.3%-1%
Totals		<u>4,250 +</u>		<u>17% +</u>

Total employed 25,507

Employer	Industry	2015		
		Employees	Rank	% of Total Employment
BWX	Nuclear	1000 +	1	4% +
Campbell County Schools	Public Education	1000 +	2	4% +
Areva NP	Nuclear	500-999	3	2%-4%
Abbott Industries	Pharmaceuticals	500-999	4	2%-4%
BGF Industries	Fiberglass fabric	500-999	5	2%-4%
Campbell County Govt	Local Government	250-499	6	1%-2%
Moore's Electric & Mech.	Contractor/Electrical	250-499	7	1%-2%
Wal Mart	General Merchandise Stores	250-499	8	1%-2%
Timken Company	Automotive Parts	250-499	9	1%-2%
Schrader International	Transportation Equipment Manufacturing	250-499	10	1%-2%
Totals		<u>4750 +</u>		<u>19% +</u>

Total employed 15,900

Source: Employer data; Virginia Employment Commission

Number of Employees by Identifiable Activity
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of budgeted full-time equivalent positions:										
Administration (1)	6.0	6.0	6.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Water Treatment FT(2)	6.0	6.0	6.0	6.0	5.0	6.0	5.0	5.0	5.0	5.0
Water Treatment PT(2)	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Wastewater Treatment	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0
Maintenance/Inspection FT (4)	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Inventory PT (4)	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer Service FT	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service PT (5)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Part Time or Temp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	25.0	25.0	24.0	23.0	22.0	22.0	22.0	21.0	21.0	21.0

(1) Administration staff includes the Administrator and Operations Superintendent (these positions are no longer combined as of FY22), Utilities Engineer, Office Manager, Accounting Manager and Technology Coordinator. These positions have water and wastewater functions that vary per year and per position.

(2) Water Treatment employees work approximately 93% for the Central System and 7% for Naruna.

(4) Maintenance/Inspection/Inventory employees have water and wastewater functions.

(5) One of the Authority’s Board members serves as security staff for cut-off days.

Operating and Capital Indicators
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water										
Size of watershed (square miles)	315	315	315	315	315	315	315	315	315	315
Raw water safe yield (mgd)										
Urban system	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82
Miles of pipelines	197.90	197.10	195.40	193.59	190.00	185.00	184.00	184.00	184.00	184.00
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping stations	3	3	3	3	3	3	3	3	3	3
Number of reservoirs	1	1	1	1	1	1	1	1	1	1
Number of finished water storage tanks	10	10	10	10	10	10	10	10	10	10
Maximum treatment capacity (mgd)	4.100	4.100	4.100	4.100	4.100	4.100	4.100	4.100	4.100	4.100
Water treated (mgd)	2.640	2.620	2.510	2.512	2.679	2.400	2.200	2.200	2.200	2.200
Unused capacity (mgd)	1.460	1.980	1.560	1.588	1.421	1.900	1.900	1.900	1.900	1.900
Percentage of capacity utilized	64.39%	63.82%	61.22%	61.26%	65.34%	53.00%	53.00%	53.00%	53.00%	53.00%
Wastewater										
Miles of pipelines	57.79	56.99	55.57	53.77	50.70	49.10	48.20	48.20	48.20	48.20
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping stations	17	17	17	17	17	17	15	15	15	15
Maximum treatment capacity (mgd)	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Wastewater treated (mgd)	0.032	0.033	0.038	0.056	0.078	0.073	0.073	0.073	0.073	0.073
Unused capacity (mgd)	0.168	0.167	0.162	0.144	0.122	0.127	0.127	0.127	0.127	0.127
Percentage of capacity utilized	16.24%	16.30%	18.80%	28.20%	39.00%	36.50%	36.50%	36.50%	36.50%	36.50%

Notes: mgd = millions of gallons per day
Safe yield is a measure of raw water resources during a drought of record.

Water and Wastewater System Connections
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>
2015	7,866	2,327
2016	7,958	2,379
2017	8,036	2,421
2018	8,111	2,464
2019	8,197	2,500
2020	8,343	2,604
2021	8,570	2,778
2022	8,791	2,949
2023	8,966	3,078
2024	9,167	3,216



**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 Honorable Board Members
Campbell County Utilities and Service Authority
Lynchburg, 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 the *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 Campbell County Utilities and Service Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Campbell County Utilities and Service Authority's basic financial statements and have issued our report thereon dated January 31, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell County Utilities and Service Authority'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.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
January 31, 2025