



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2019**

Prepared by the Accounting Department

**BVU AUTHORITY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2019**

**BVU AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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October 31, 2019

Board of Directors  
BVU Authority  
And Interested Parties

The Comprehensive Annual Financial Report (CAFR) of the BVU Authority (BVU) is submitted herewith for the fiscal year ending June 30, 2019.

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

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

#### **Organization and Function**

BVU was created on July 1, 2010 under the BVU Authority Act, Codified as Chapter 15.2 Section 7200 of the *Code of Virginia* 1950 (as amended). The Act was amended in 2016 by the General Assembly. The amendments focused on changes to board appointments and authority governance. This Act grants BVU the powers that are reasonably necessary and appropriate to provide electric, water, and sewer services. The revenues of BVU are based on consumption charges from the system users. BVU does not have taxing authority.

BVU is governed by a five-member Board of Directors. One director is a citizen of the City of Bristol, Virginia, and is not a member of the Bristol City Council, appointed by the Speaker of the House of Delegates. One director is a member of the Bristol City Council, appointed by the Bristol City Council. One director who is a citizen of Washington County and is not a member of the Washington County Board of Supervisors, appointed by the Senate Committee on Rules. One director who is a member of the Washington County Board of Supervisors, appointed by the Washington County Board of Supervisors. One director who is a citizen of the City of Bristol, Virginia, who is engaged in business, and is not a member of the Bristol City Council. This director is appointed by the Authority Board. All Board members serve four-year terms. The Board hires a President/CEO, who manages BVU's operations. The Board also annually appoints an outside general counsel and selects an audit firm.

BVU operates the electric distribution system inside the City of Bristol, Virginia, portions of Washington and Scott Counties, Virginia, and Sullivan County, Tennessee. BVU purchases power from the Tennessee Valley Authority (TVA). Power is received from TVA through two delivery points. This power is distributed to approximately 16,329 customers through a combination of ten substations, 27.46 miles of 69 KV transmission lines, 512 miles of 13.2 KV distribution lines, 13,577 poles, and 6,060 transformers.

BVU operates the water distribution system inside the City of Bristol, Virginia and a portion of Washington County, Virginia. Water is produced by BVU's Water Treatment Plant located outside of Abingdon, Virginia. The water is drawn from South Holston Lake under permission from TVA. After treatment, the water is distributed to approximately 7,890 customers through a distribution system that consists of six water tanks and 150 miles of distribution lines.

BVU also provides wastewater service inside the City of Bristol, Virginia and a portion of Washington County, Virginia. Wastewater is collected from approximately 7,673 customers through 110 miles of collection lines. This wastewater is then transported for treatment to the Joint Sewerage System (JSS) in Bluff City, Tennessee. The JSS is a jointly owned system between BVU and the City of Bristol, Tennessee.

### **Local Economy**

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

City of Bristol, VA	16,877
Washington County, VA	53,992
Scott County, VA	22,121

Community profile reports prepared by the Virginia Economic Development Partnership reports unemployment rates for each of the localities served by BVU as follows:

Bristol/Washington	3.3%
Scott County, VA	3.2%
Kingsport-Bristol-Bristol, MSA	3.3%
Statewide	2.9%

### **Long-Term Financial Planning**

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



## **Relevant Financial Policies**

A proposed budget for each fiscal year is prepared by the President and Finance Director and submitted to the Board for their approval. Budgetary compliance is monitored and reported to the Board by the President and Finance Director. Projections of both revenues and expenses are understood to reflect anticipated service levels and to incorporate a variety of economic, climatic, and demographic forecasts.

BVU's accounting records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when incurred, without regard to receipt or payment of cash.

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

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of BVU by independent certified public accountants selected by the Board. The independent auditor's report is presented in the Financial Section of this report.

## **Major Initiatives and Accomplishments**

On August 2, 2018, BVU completed the sale of its telecommunication division, BVU OptiNet, to Sunset Digital, LLC. The proceeds from the sale were used to defease the 2010 revenue bond related to the OptiNet division. In addition, the electric and water division used their existing cash to defease their respective portions of the 2010 revenue bond. Under the terms of the 2010 revenue bond, full repayment was not due until 2034.

BVU awarded a \$1.3 million-dollar contract for upgrades to the electric system and pumps at the water treatment plant. This contract replaced pumps originally installed in the 1970's and electrical equipment dating to the 1950's. A substantial portion of the work was completed in FY2019.

BVU substantially completed a major design and sewer shed engineering study for Little Creek and Beaver Creek sewer segments. The total cost was in excess of \$0.5 million. With the study complete, BVU will now proceed with developing projects to replace inadequate infrastructure and address inflow and infiltration issues.

In addition, several capital improvement projects were completed at the JSS. They were funded out of existing reserves. Because the JSS is reported as a separate entity they are excluded from the scope of this audit.



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

On December 11, 2018, BVU entered into a consent decree with the Virginia Department of Environmental Quality (DEQ) regarding upgrades to its wastewater collection system. Under this decree BVU agreed to address inflow and infiltration issues regarding the wastewater system by either repairing or replacing wastewater lines. These projects are to be completed by August 2026. The estimated cost of the improvement is over \$32 million.

## **Acknowledgments**

The preparation of this report could not have been accomplished without the dedicated services of the entire Accounting Department. We would like to express our appreciation to all the departments who contributed information used to prepare this report. We would also like to thank the Board for their continued interest and support in planning and conducting the financial operation of BVU in a responsible and professional manner.

Respectfully submitted,



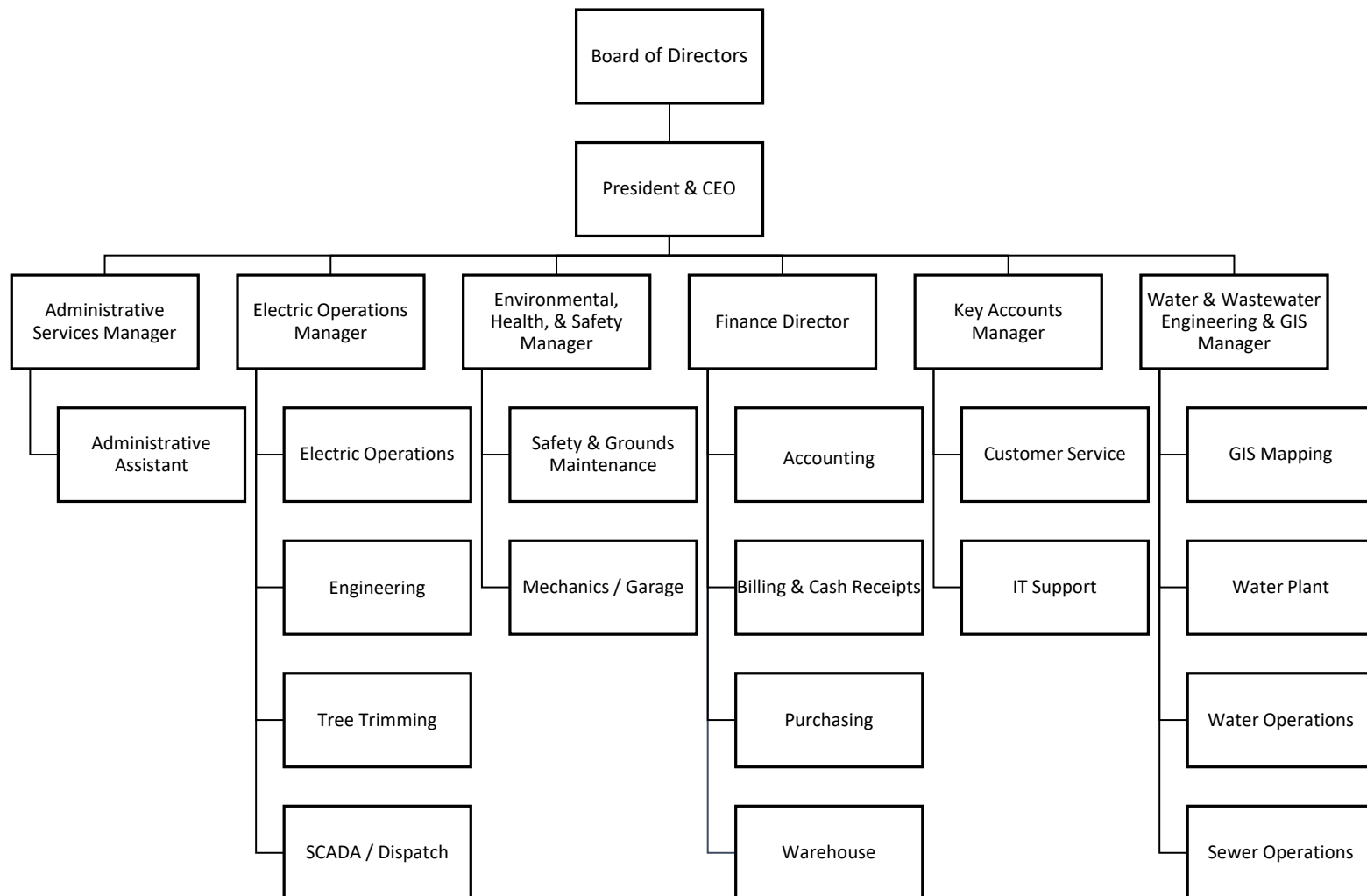
Donald L. Bowman, P.E.  
President and CEO



Matthew T. Boothe, CPA  
Finance Director

**BVU AUTHORITY**  
**ORGANIZATIONAL CHART**  
**June 30, 2019**

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**BVU AUTHORITY  
LIST OF BOARD MEMBERS AND MANAGERS  
June 30, 2019**

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**DIRECTORS**

Richard H. Kiser, Chairman

Scott D. Griffin, Vice Chairman

Gary A. Bagnall

Saul A. Hernandez

Kevin N. Mumpower

**PRESIDENT/CEO**

Donald L. Bowman, P.E.

**DEPARTMENT DIRECTORS AND MANAGERS**

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

## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
BVU Authority  
Bristol, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of BVU Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Joint Sewerage System, which represents 5.8% of the assets of the Authority. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Joint Sewerage System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material aspects, the financial position of the business-type activities of the Authority, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the net pension asset and net OPEB liabilities, as listed in the table of contents, on pages 4-16 and 64-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

October 31, 2019



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

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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1. Purpose

The Management's Discussion and Analysis report focuses on activities in BVU Authority's (BVU) fiscal year ending June 30, 2019, resulting changes, and current, known facts. This discussion and analysis section is designed to assist the reader in focusing on BVU's (a) significant financial issues, (b) provide an overview of financial activity, (c) identify major changes in financial position, and (d) identify any financial concerns. It should be read in conjunction with the basic audited financial statements.

2. Background

In 2010, BVU was created by the Virginia General Assembly as a political subdivision. It is governed by a five-member Board of Directors. BVU is currently comprised of the following three operating divisions: Electric, Water, and Wastewater. Through its three operating divisions, BVU provides services to nearly 31,900 accounts throughout the City of Bristol, Virginia, portions of Washington and Scott Counties, Virginia, and a portion of Sullivan County, Tennessee. BVU also has a discontinued segment, "OptiNet", that was a fiber-optic broadband system. OptiNet was comprised of data (internet), phone (telecommunications), and cable television services. This division's assets were sold on August 2, 2018 to Sunset Digital Holding, LLC. A brief summary of BVU's current utility services are listed below:

2.1. Electric

BVU provides electric services inside the City of Bristol, Virginia, portions of Washington and Scott Counties, Virginia, and a portion of Sullivan County, Tennessee. BVU purchases its electricity from the Tennessee Valley Authority (TVA) under the terms of a twenty-year power contract. The power contract requires a twenty-year termination notice. TVA provides competitive wholesale power rates in the southeast region of the United States.

2.2. Water

BVU provides water services inside the City of Bristol, Virginia and a portion of Washington County, Virginia. The water is drawn from South Holston Lake, a TVA reservoir, and treated at BVU's water treatment plant located in Washington County, Virginia. The water treatment plant, constructed in 1952, has a rated capacity of ten million gallons per day (MGD). Once the water is treated, it is then transported to customers.

2.3. Wastewater

BVU provides wastewater services inside the City of Bristol, Virginia and a portion of Washington County, Virginia. The wastewater is transported to Bluff City, Tennessee, where it is treated in a wastewater treatment plant jointly owned with the City of Bristol, Tennessee (Joint Sewer System). The plant, constructed in 1973, has a rated capacity of fifteen MGD. The plant is licensed and permitted by the Tennessee Department of Environment and Conservation (TDEC).

**BVU AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

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3. System Highlights

3.1. Total Accounts

At June 30, 2019, BVU served 31,892 accounts across all three operating divisions. Compared to June 30, 2018, this is a loss of 57 accounts. This represented a decline of 0.18% in total accounts.

3.2. Electric

The Electric system serviced 16,329 accounts as of June 30, 2019. This is a decrease of 44 accounts or 0.27% from June 30, 2018. The Electric system sold 473,750,857 kilowatt hours (kWh) of electricity. This represents a reduction of 22,238,001 kWh or 4.48% from fiscal year 2018. Large industrial volumes decreased by 20,654,830 kWh or 8.13%. Residential consumption decreased by 1,840,544 kWh or 0.92%. Commercial and small industrial consumption increased by 175,058 kWh or 0.49%. Street and outdoor lighting increased by 82,315 kWh or 1.45%.

3.3. Water

The Water system serviced 7,890 accounts as of June 30, 2019. This is a decrease of 11 accounts or 0.14% from June 30, 2018. The Water system sold 570,635,300 gallons of water. This represents a decrease of 11,690,200 gallons or 2.01% from the previous year. The commercial and industrial rate class experienced the largest decline with a decrease of 10,892,200 gallons or 3.55%. Residential consumption also decreased by 798,000 gallons or 0.29% from the prior year.

3.4. Wastewater

The Wastewater system serviced 7,673 accounts as of June 30, 2019. This is a decrease of 2 or 0.03% from June 30, 2018. Wastewater volumes billed were 716,384,500 gallons. This represents an increase of 6,574,300 gallons or 0.93% from the previous year. Residential volumes decreased by 8,780,200 gallons or 2.94%. Volumes at the Industrial Park increased 31,632,100 gallons or 8.82%. Commercial and industrial volumes decreased by 16,277,600 gallons or 30.81% from the prior year.

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

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

4.1. Introductory Section

The introductory section includes a letter of transmittal submitted by BVU's President and CEO and Finance Director, a listing of Board Members and management, and an organizational chart as of June 30, 2019.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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**4.2. Financial Section**

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

**4.2.1. Statement of Net Position**

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

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

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

**4.2.3. Statement of Cash Flows**

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

**4.2.4 Notes to the Financial Statements and the Required Supplementary Information**

The Notes to the Financial Statements and the Required Supplementary Information provide necessary disclosures that are essential to a full understanding of the data provided in the basic financial statements.

**4.3. Statistical Section**

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

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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4.4. Internal Control and Compliance Section

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

5. Condensed Financial Statements

The following financial statements are presented in a condensed form. Full statements are provided in the audit report. They combine the financial data from the Electric, Water, Wastewater, and OptiNet divisions.

5.1. Statement of Net Position

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

**Statements of Net Position**  
**June 30, 2019 and 2018**  
**(In thousands of dollars)**

	2019	2018 (as restated)
Assets		
Current Assets	\$ 42,164	\$ 36,649
Non-Current Assets	26,585	33,086
Capital Assets, Net	56,518	134,139
Total Assets	<u>125,267</u>	<u>203,874</u>
Deferred Outflows of Resources	<u>504</u>	<u>5,069</u>
Liabilities		
Current Liabilities	7,653	12,104
Non-Current Liabilities	5,450	43,781
Total Liabilities	<u>13,103</u>	<u>55,885</u>
Deferred Inflows of Resources	<u>2,207</u>	<u>597</u>
Net Position		
Net Investment in Capital Assets	55,064	99,828
Restricted - Net Pension Asset	2,237	2,167
Unrestricted	53,160	50,466
Total Net Position	<u><u>\$ 110,461</u></u>	<u><u>\$ 152,461</u></u>

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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5.1.1 Assets

Total assets decreased by \$78.61 million or 38.56%. This is due to the sale of the OptiNet division assets and the defeasance of the Series 2010 Revenue and Refunding Bonds.

5.1.2. Current Assets

Current and other assets increased \$5.52 million or 15.05%. Cash and cash equivalents decreased \$7.27 million or 28.45%. This decrease is due to the defeasance of the Series 2010 Revenue and Refunding Bonds. Investments is a new line item for FY2019. It has a balance of \$16.32 million. This amount is the undispersed funds remaining from the sale of the OptiNet division assets. Accounts receivable, net of allowance decreased \$1.73 million or 23.14%. This decrease is due to the sale of the OptiNet division assets. Prepaids decreased by \$0.34 million or 63.24%. This decrease is due to the sale of the OptiNet division assets. Inventories decreased by \$1.53 million or 62.37%. This decrease is due to the sale of the OptiNet division assets.

5.1.3. Non-Current Assets

Non-current assets decreased by \$6.50 million or 19.65%. Restricted cash – reserves decreased by \$12.92 million or 58.94%. This decrease is due to the defeasance of the Series 2010 Revenue and Refunding Bonds.

Restricted investments is a new line item for FY2019. It has a balance of \$6.50 million. A portion of the cash reserves was placed in the Virginia Investment Pool during FY2019.

The net pension asset increased by \$0.07 million or 3.25%. This is due to a better than expected return on the assets in the plan.

5.1.4. Capital Assets, Net

Net capital assets decreased \$77.62 million or 57.87% during the 2019 fiscal year. This decrease is due to the sale of the OptiNet division assets. Additional information related to capital assets can be found in Note 5.

5.1.5 Liabilities

Total liabilities decreased by \$42.78 million or 76.55%. This is due to the sale of the OptiNet division assets and the defeasance of the Series 2010 Revenue and Refunding Bonds.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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**5.1.6. Current Liabilities**

Current and other liabilities decreased by \$4.45 million or 36.77% in the current fiscal year. This reduction is due to two factors. The defeasance of the Series 2010 Revenue and Refunding Bonds resulted in a decrease in both current portion of \$1.60 million and interest payable of \$0.36 million. The remainder is due to the sale of the OptiNet division assets.

**5.1.7. Non-current Liabilities**

Non-current liabilities decreased by \$38.33 million or 87.55%. During the fiscal year, the Series 2010 Revenue and Refunding Bonds were defeased resulting in a decrease of non-current bonds payable of \$35.50 million. The Water system also paid \$0.13 million of debt as well. The remaining decrease is due to the sale of the OptiNet division assets.

During the fiscal year, there was no new long-term debt added. Additional details related to long-term debt can be found in Note 6.

**5.1.8. Change in Net Position**

Net position decreased by \$42.00 million in the fiscal year with an ending net position of \$110.46 million compared to the fiscal year 2018 net position of \$152.46 million. The largest part of this decrease is the \$39.99 million loss incurred on the sale of the OptiNet division assets. BVU also incurred a net \$2.52 million in expenses due to the recognition in the current period of all bond premiums and deferred losses related to the Series 2010 Revenue and Refunding Bonds. These costs were recognized in the current period due to the defeasance of the bonds.

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

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



**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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

**Statements of Revenues, Expenses and Changes in Net Position**  
**June 30, 2019 and 2018**  
**(in thousands)**

	2019	2018 (as restated)
Operating Revenues		
Charges for Services	\$ 57,239	\$ 82,580
OptiNet Backhaul Fees	15	174
Rent from Property	879	366
Forfeited Discounts and Penalties	440	558
Connections and Transfers	284	242
Other	(77)	358
Total Operating Revenues	<u>58,780</u>	<u>84,278</u>
Operating Expenses		
Wholesale Purchased Power	36,927	37,849
Power and Pumping at Water Plant	1,790	1,739
Purification and Collection System	702	706
Telecommunications COGS	1,106	11,479
Transmission and Distribution	3,412	2,185
Billing and Collection	2,443	4,758
Administrative and General	5,230	7,678
Depreciation	4,523	12,508
Distribution of CPC Operations	43	483
Total Operating Expenses	<u>56,176</u>	<u>79,385</u>
Operating Income	2,604	4,893
Non-operating Expenses		
Loss on Disposition of OptiNet	(39,989)	-
Amortization	(2,789)	(245)
Interest Expense	(2,095)	(1,431)
Other Income (Deductions)	269	(345)
Total Non-operating Expenses	<u>(44,604)</u>	<u>(2,021)</u>
Change in Net Position	(42,000)	2,872
Net Position at July 1	152,461	149,589
Net Position at June 30	<u><u>\$ 110,461</u></u>	<u><u>\$ 152,461</u></u>

**BVU AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

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**5.2.1. Operating Revenues**

BVU's operating revenue decreased \$25.34 million or 30.69%. This is mainly due to the sale of the OptiNet division assets. One month of sales revenue was recorded in FY2019 compared to twelve months in FY2018. Rent for property increased \$0.57 million or 140.16%. This is due to pole attachment revenues. Pole attachment fees related to the OptiNet division are no longer eliminated in consolidation since the sale of the OptiNet division assets.

**5.2.2. Operating Expenses**

BVU's total operating expenses decreased \$23.21 million or 29.24%. This is mainly due to the sale of the OptiNet division assets. OptiNet's telecommunications and COGS decreased by \$10.37 million or 90.37%. One month of expenses were recorded for FY2019 compared to twelve months in FY2018. Depreciation decreased by \$7.99 million or 63.84%. This is due to the sale of the OptiNet division assets. Wholesale purchased power decreased by \$0.92 million or 2.44%. This is due to decreased electric consumption.

**5.2.3. Operating Income**

BVU's operating income decreased by \$2.29 million or 46.78%. This was driven by both the sale of the OptiNet division assets and rate cuts in the Electric division.

**5.2.4. Non-Operating Expenses**

Total non-operating expenses increased by \$42.58 million or 2,107.03%. A loss on the sale of the OptiNet division was recognized in the amount of \$39.99 million in FY19. Due to the defeasance of the Series 2010 Revenue and Refunding Bonds, \$2.52 million in amortization expenses were recognized in the current period for premiums and deferred losses related to these bonds. Interest expense increased by \$0.66 million or 46.40%. This is due to the defeasance of the Series 2010 Revenue and Refunding Bonds.

**5.2.5. Change in Net Position**

BVU's net position decreased by \$42.00 million for the year ended June 30, 2019. This decrease is due to the sale of the OptiNet division assets and the defeasance of the Series 2010 Revenue and Refunding Bonds.

**5.2.6. Prior Period Adjustment**

A prior period adjustment was recorded for unbilled taxes and fees related to June 2018 usage that was not billed until July 2018. The change to net position was \$0.01 million.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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5.3. Statement of Cash Flows

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

**Statement of Cash Flows**  
**June 30 2019 and 2018**  
**(thousands of dollars)**

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 59,849	\$ 84,034
Receipt (Payment) of Customer Deposits	92	(12)
Payments to Suppliers	(45,585)	(61,124)
Payments to Employees	(6,900)	(8,795)
Net Cash Provided by Operating Activities	7,456	14,103
Cash Flows From Capital & Related Financing Activities		
Proceeds from Sale of Equipment	591	37
Proceeds from Sale of OptiNet	37,923	-
Acquisition and Construction of Capital Assets	(5,107)	(2,540)
Bond Defense Costs	(250)	-
Principal Paid on Capital Debt	(35,397)	(1,633)
Interest Paid on Capital Debt	(2,460)	(1,452)
Net Cash Used for Capital & Related Financing Activities	(4,700)	(5,588)
Cash Flows from Investing Activities		
Capital Contribution to Joint Sewer System	(358)	(249)
Purchase of Investments	(22,817)	-
Interest Received	277	34
Net Cash Provided by (Used for) Investing Activities	(22,898)	(215)
Net Increase in Cash and Cash Equivalents	(20,142)	8,300
Cash and Cash Equivalents, Beginning of the Year	48,992	40,692
Cash and Cash Equivalents, End of the Year	\$ 28,850	\$ 48,992

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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5.3.1. Cash Flows from Operating Activities

BVU's annual cash flow from operating activities increased by \$7.46 million in fiscal year 2019 compared to an increase of \$14.10 million in fiscal year 2018. This was due to the sale of the OptiNet division assets and rate cuts in the Electric division. Cash receipts from customers dropped by \$24.19 million or 28.78%. This is due to a combination of the sale of the OptiNet division assets in August and rate decreases in the Electric division. There was also a decrease in cash payments to suppliers of \$15.54 million or 25.42%. This is due to the sale of the OptiNet division assets. There was a decrease in payments to employees of \$1.90 million or 21.55%. This is due to the sale of the OptiNet division assets.

5.3.2. Cash Flows from Capital and Related Financing Activities

There was a decrease in cash flows from capital and financing activities of \$4.70 million in fiscal year 2019 compared to a decrease of \$5.59 million in fiscal year 2018. The cash receipts from the sale of the OptiNet division assets were offset by the principal and interest payments associated with the defeasance of the Series 2010 Revenue and Refunding Bonds.

5.3.3. Cash Flows from Investing Activities

There was a decrease in cash flows from capital and financing activities of \$22.90 million in fiscal year 2019 compared to a decrease of \$0.22 million in fiscal year 2018. The BVU Board passed an Investment Policy in FY2019. As a result of this, cash was transferred to the Virginia Investment Pool. The amount transferred was \$22.82 million. This investment also resulted in an increase in interest income of \$0.24 million or 714.71%.

5.3.4. Net Cash and Cash Equivalents

Net cash and cash equivalents decreased by \$20.14 million. This is due to the defeasance of the Series 2010 Revenue and Refunding Bonds and the purchase of investments.

6. Other Matters of Significance

6.1. Auditor of Public Accounts Report

In October 2016, the APA issued an audit report on BVU. This audit was performed as a result of the "BVU Reform Act". This audit examined all areas of BVU and contained 56 recommendations. Both BVU management and the Board take these recommendations seriously and are working to implement these recommendations. A copy of this report can be found at <http://www.apa.virginia.gov/reports/BVUA2016-web.pdf>. BVU has implemented 40 of these recommendations. Management anticipates that all the findings will be fully addressed by June 30, 2020.

**BVU AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

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**6.2. Inter-department debt**

There are three different inter-department notes between BVU divisions. Each of these notes is consolidated on the basic financial statements.

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

One of the findings from the Virginia APA audit was an inter-department loan from the Electric system to the OptiNet system was improperly written off in 2007. This was written off by prior management. The audit by the APA determined that this legislation permitted cross-subsidization for internet services, but not for cable and telephone. As a result, the portion of the debt related to cable and telephone services was reinstated by the BVU Board on June 23, 2017. The loan has a principal balance of \$13.74 million and outstanding interest of \$1.16 million for a combined total of \$14.90 million. To date, neither the loan nor the interest has been repaid to the Electric division. The debt continues to accrue interest until repaid.

**6.2.2. Inter-department debt between the Electric and OptiNet systems – Pole Attachments**

One of the findings from the APA was the Electric department had not properly charged the OptiNet department for pole attachments fees. The BVU Board approved an inter-department note for these fees on June 23, 2017. The note has a principal balance of \$1.35 million and outstanding interest of \$0.11 million for a combined total of \$1.46 million. To date, neither the loan nor the interest has been repaid to the Electric division. The debt continues to accrue interest until repaid.

**6.2.3. Inter-department debt between the Sewer and Water systems**

In FY 2019, BVU defeased its 2010 VRA Refunding Bond Debt. In order to accomplish this, the Board approved a loan between the Wastewater and the Water divisions in the amount of \$1.70 million. The note has a principal balance of \$1.65 million as of June 30, 2019. The Water department is repaying the loan based on the terms of the note, which includes interest.

**6.3. Sales Transaction with Sunset Digital**

In February 2016, BVU entered into an Asset Purchase Agreement with Sunset Digital to sell the OptiNet division assets. This included both the BVU OptiNet assets and BVU's interest in CPC OptiNet. The transaction closed in August 2018. The sale resulted in a loss of \$39.98 million.

**BVU AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

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**6.4. Bond Defeasance**

Upon the completion of the sale of the OptiNet assets, BVU fully defeased its 2010 Revenue and Refunding Bonds. BVU paid \$39.87 million to fully defease the bonds. In addition to this, BVU incurred \$2.77 million in related costs to defease the bonds. The Electric division portion of the debt was paid off with Electric division funds. The Water division portion of the debt was paid off with borrowed Sewer division funds. The Sewer division will be repaid under the terms of an intercompany loan. The OptiNet portion of the debt was paid off with the proceeds from the sale to Sunset Digital. The bonds had a maturity date of October 1, 2033. By paying off the bonds fifteen years early, BVU was able to save \$12.70 million in interest costs over this time period.

**6.5. Bond Rating Upgrade**

In April 2019, Fitch Ratings issued a bond rating upgrade for BVU. This upgrade raised BVU's bond rating from "A-" to "A". The rating was also reclassified from Rating Watch Negative to Stable Outlook.

**6.6. Electric Division Rate Cuts**

Effective October 1, 2018, TVA approved a local rate adjustment for all standard service electric rate classes of approximately \$0.55 million per year, depending on weather and customer usage. BVU chose not to pass through a TVA wholesale power increase to our customers. This increased BVU's operating expenses and reduced operating income.

Effective December 1, 2018, TVA approved BVU's request for an electric rate cut for all standard service electric rate classes of approximately \$0.70 million per year, depending on weather and customer usage. This reduced BVU's electric operating revenue and thus reduced operating income.

As part of the TVA Electric Power Contract, BVU must evaluate rates to determine if there are sufficient funds to maintain system reliability and cover anticipated operating expenses and adequate reserves. TVA's review validates that BVU has sufficient financial strength to adjust rates lower. BVU anticipates further rate reduction reviews in FY2020.

**6.7. Consent Order on the Wastewater Division**

In December 2018, BVU entered into a corrective action plan, also known as a Consent Order, with the Virginia Department of Environmental Quality (DEQ) to correct overflow events along a portion of two sewer zones. Preliminary estimates are that the actions will take approximately eight years to complete at an estimated cost of \$32.00 million to \$40.00 million dollars. BVU intends to use its existing cash reserves, annual free cash flow, and loans to complete the projects within time frames established by DEQ. At this time, BVU has not taken on any new debt. The first debt will likely be issued in FY2020.

**BVU AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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**6.8. OptiNet Sales Funds**

BVU sold its OptiNet division assets to Sunset Digital for \$50.00 million. From this amount, various claw backs, transaction related hold backs, bond defeasance, and a portion of the costs related to the transaction were paid. As of June 30, the OptiNet internal loan from the Electric department has not been repaid. There also remains several transaction related costs that were paid by the retained cash that needs to be reimbursed. Both these items are approximately \$19.72 million.

As a result of these items having not been paid, OptiNet has \$17.34 million of funds remaining from the transaction. It is anticipated that the electric division loans will be paid from these funds.

**6.9. OptiNet Retained Cash**

After legal review, it was determined that OptiNet's cash on hand was excluded from the asset sale to Sunset Digital. As of June 30, 2019, BVU had \$13.70 million of cash retained from the OptiNet asset sale. The BVU board will determine a future use of the funds.

**7. Subsequent Events**

**7.1. Long Term Power Contract**

BVU entered into a twenty-year contract to purchase power from TVA. This contract will allow BVU to save approximately 3.1% on its purchased power over the life of the contract. The new contract has a twenty-year termination notice.

**7.2. Long Term Debt**

BVU has received a commitment letter from the Virginia Resources Authority for \$5.98 million. These funds will be used for the first phase of wastewater projects related to the DEQ Consent Order.



## **BASIC FINANCIAL STATEMENTS**

**BVU AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

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**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 18,284,493
Investments	16,324,921
Accounts Receivable, Net of Allowance	5,738,225
Notes Receivable	105,546
Other Receivables	247,967
Due from Other Governmental Entities	332,575
Prepays	199,262
Inventories	924,566
Other Current Assets	6,397

Total Current Assets	<u>42,163,952</u>
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Noncurrent Assets

Restricted Cash - Customer Deposits	1,565,894
Restricted Cash - Reserves	8,998,859
Restricted Investments	6,492,031
Notes Receivable	76,398
Investment in Joint Sewerage System	7,214,751
Net Pension Asset	2,237,452
Capital Assets, Net	56,517,830

Total Noncurrent Assets	<u>83,103,215</u>
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TOTAL ASSETS	<u>125,267,167</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to OPEB	161,003
Deferred Outflows Related to Pension	342,852

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>503,855</u>
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(Continued)

**BVU AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

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**LIABILITIES**

Current Liabilities

Accounts Payable and Accrued Liabilities	4,559,352
Accrued Interest Payable	11,627
Accrued Payroll and Related Liabilities	16,625
Customer Security Deposits	1,615,894
Due to Other Governmental Entities	798,489
Unearned Revenue	25,784
Notes Payable	125,465
Compensated Absences	499,347
Total Current Liabilities	<u>7,652,583</u>

Noncurrent Liabilities

Notes Payable	1,327,884
Compensated Absences	463,640
Net OPEB Liabilities	3,658,569
Total Noncurrent Liabilities	<u>5,450,093</u>

TOTAL LIABILITIES	<u>13,102,676</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to OPEB	1,814,761
Deferred Inflows Related to Pension	392,116

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,206,877</u>
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NET POSITION

Net Investment in Capital Assets	55,064,481
Restricted - Net Pension Asset	2,237,452
Unrestricted	<u>53,159,536</u>

TOTAL NET POSITION	<u><u>\$ 110,461,469</u></u>
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See accompanying notes to the financial statements.

**BVU AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2019**

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OPERATING REVENUES	
Charges for Services	\$ 57,238,913
OptiNet Backhaul Fees	15,462
Rent from Property	879,364
Forfeited Discounts and Penalties	440,329
Connections and Transfers	284,344
Other	<u>(77,306)</u>
TOTAL OPERATING REVENUES	<u>58,781,106</u>
OPERATING EXPENSES	
Power and Pumping	1,790,223
Purification and Collection System	701,762
Transmission and Distribution	3,411,866
Telephone, Broadband and CATV	1,106,421
Billing and Collection	2,443,130
Purchase of Electricity	36,927,142
Administrative and General	5,230,293
Depreciation	4,523,409
Distribution of CPC Operations	<u>42,581</u>
TOTAL OPERATING EXPENSES	<u>56,176,827</u>
OPERATING INCOME	<u>2,604,279</u>

(Continued)

**BVU AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2019**

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NONOPERATING REVENUES (EXPENSES)	
Amortization	(2,788,816)
Interest Income	277,147
Interest Expense	(2,095,445)
Loss on Investment in Joint Sewerage System	(394,178)
Loss on Sale of OptiNet	(39,988,630)
Gain on Disposal of Assets	<u>386,104</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(44,603,818)</u>
Change in Net Position	(41,999,539)
NET POSITION, JULY 1, 2018	152,450,739
Prior Period Adjustments	<u>10,269</u>
NET POSITION, JULY 1, 2018, RESTATED	<u>152,461,008</u>
NET POSITION, JUNE 30, 2019	<u><u>\$ 110,461,469</u></u>

See accompanying notes to the financial statements.

**BVU AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 59,848,742
Payment of Customer Deposits	92,357
Payments to Suppliers	(45,585,175)
Payments to Employees	(6,900,405)
	<u>7,455,519</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>7,455,519</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Sale of Equipment	590,989
Proceeds from Sale of OptiNet	37,923,333
Acquisition and Construction of Capital Assets	(5,107,371)
Bond Defeasance Costs	(250,480)
Principal Paid on Capital Debt	(35,396,544)
Interest Paid on Capital Debt	(2,460,330)
	<u>(4,700,403)</u>
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(4,700,403)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Capital Contribution to Joint Sewerage System	(358,000)
Purchase of Investments	(22,816,952)
Interest Received	277,147
	<u>(22,897,805)</u>
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(22,897,805)</u>
Net Decrease in Cash and Cash Equivalents	(20,142,689)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>48,991,935</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 28,849,246</u></u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Cash and Cash Equivalents	\$ 18,284,493
Restricted Cash - Customer Deposits	1,565,894
Restricted Cash - Reserves	8,998,859
	<u><u>\$ 28,849,246</u></u>

(Continued)

**BVU AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**

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RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 2,604,279
Adjustments to Reconcile Operating Income	
to Net Cash Provided by Operating Activities:	
Depreciation Expense	4,523,409
(Increase) Decrease in Assets	
Net Accounts Receivable	1,623,402
Notes Receivable	101,810
Other Receivables	(437,454)
Due from Other Governmental Units	296,490
Prepays	387,261
Net Inventories	1,505,140
Other Current Assets	229,254
Net Pension Asset	(70,452)
(Increase) Decrease in Deferred Outflows of Resources	207,752
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	(1,809,024)
Accrued Payroll and Related Liabilities	(267,649)
Customer Security Deposits	92,357
Due to Other Governmental Units	377,445
Unearned Revenue	(1,123,314)
Net OPEB Liabilities	(1,793,432)
Compensated Absences	(601,632)
Increase (Decrease) in Deferred Inflows of Resources	<u>1,609,877</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 7,455,519</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Amortization of Bond Premium and Deferred Refunding	<u><u>\$ 2,538,336</u></u>

The sale of OptiNet was for \$50,000,000; however, \$12,076,667 was paid to other entities as part of the sale agreement.

See accompanying notes to the financial statements.

## **NOTES TO FINANCIAL STATEMENTS**



**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**A. Reporting Entity**

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

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

On August 2, 2018, the OptiNet assets were sold for \$50,000,000. The capital assets, other assets, and liabilities of the OptiNet and CPC OptiNet divisions were transferred to the purchaser. The sale resulted in a net loss of \$39,988,630.

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

***Joint Venture***

The Authority, along with the City of Bristol, Tennessee, established a jointly-owned wastewater facility located in Bristol, Tennessee. The two are joint equitable owners of the facility. A six-member Sewer Oversight Committee has advisory authority with respect to the facility. Each equitable owner appoints three members to the Oversight Committee. The Authority has an ongoing financial interest in this joint venture and has recorded this as an investment. Separate financial statements of the Joint Sewerage System are available and may be obtained by writing to BVU Authority at 15022 Lee Highway, Bristol, Virginia 24202.

The Authority has a receivable of \$332,575 from the Joint Sewerage System as of June 30, 2019.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**A. Reporting Entity (Continued)**

***Joint Venture (Continued)***

Revenues	\$ 4,529,596
Expenses	<u>(4,417,952)</u>
Net Income	111,644
Net Position - Beginning	<u>15,189,858</u>
Net Position - Ending	<u><u>\$ 15,301,502</u></u>
Assets	\$ 16,068,613
Liabilities	<u>(767,111)</u>
Net Position	<u><u>\$ 15,301,502</u></u>

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

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

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

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

**C. Joint Administration**

The Authority utilizes a joint administrative department for the Electric, Water, and Wastewater operations, which includes accounting, administration, billings, and collections. The shared administration, customer service, and other general expenses are allocated monthly based on the number of customers serviced by each division, operating revenues of each division, and plant in service of each division. For the year ended June 30, 2019, the expenses of this department were allocated 64.33% to the electric system, 17.80% to the water system, and 17.87% to the wastewater system.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**D. Cash and Cash Equivalents**

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

**E. Investments**

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

**F. Accounts Receivable**

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

**G. Allowance for Uncollectible Accounts**

The Authority provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection data and specific account analysis. It is reasonably possible that the estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$270,305 at June 30, 2019.

**H. Inventories**

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

**I. Capital Assets**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**I. Capital Assets (Continued)**

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

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

**J. Compensated Absences**

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority has items which are required to be reported as deferred inflows for the year ended June 30, 2019 which include the pension and OPEB changes in experience, assumptions, proportion, and investment earnings.

**L. Pension**

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

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

**L. Pension (Continued)**

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

**M. OPEB - Group Life Insurance**

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

In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. Estimates**

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

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

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

*Custodial Credit Risk*

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

At year-end, the Authority had \$3,000 of cash on hand, which has been included in cash and cash equivalents. The Authority's carrying amount of deposits, including restricted cash, was \$28,846,246. The entire bank balance was collateralized in accordance with the Virginia Security for Public Deposits Act or covered by the Federal Deposit Insurance Corporation (FDIC).

**Investments**

In December 2018, the Board adopted an investment policy. This policy sets forth the guidelines for the Authority's investment of funds. These guidelines are in accordance in Virginia statutes governing public funds. The statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia Investment Pool (VIP).

The Authority invested funds in the VIP Stable NAV Liquidity Pool which is rated AAAM Standard's & Poor (S&P) during the year ended June 30, 2019. VML/VACo Finance is the administrator of VIP and Public Trust Advisors, LLC (PTA) serves as the Investment Manager. The investments are measured at the net asset value (NAV). The investments are reported on the statement of net position as follows:

Investments	\$ 16,324,921
Restricted Investments	<u>6,492,031</u>
Total Investments	<u><u>\$ 22,816,952</u></u>

**Restricted Assets**

Restricted assets consist primarily of customer deposits and reserve accounts related to the master trust indenture.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - NOTES RECEIVABLE**

The Authority had a program whereby qualifying homeowners could obtain interest-bearing loans to pay for energy conservation measures in their homes. The customer repays the loan over a period of up to ten years at a stated interest rate of 9.25%. Payments are made with the customers' regular monthly bills. Loans are secured by the related real property. The balance of the energy conservation loans as of June 30, 2019 was \$181,944. Beginning in September 2015, TVA began administering all new loans. The Authority continues to administer the loans that were in place as of this date.

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

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

Electric Utility Taxes

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

Water Utility Taxes

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

In Lieu of Tax Payments (Electric Division)

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

Third Party Trash Collection Billing Agent

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

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

The following are the total taxes and fees payable to each entity at June 30, 2019:

City of Bristol, Virginia	\$ 683,654
State Corporation Commission	58,872
Washington County, Virginia	52,108
Scott County, Virginia	3,114
City of Bristol, Tennessee	624
Sullivan County, Tennessee	117
	<u>          </u>
Total Due to Other Governmental Entities	<u><u>\$ 798,489</u></u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, Not Depreciated					
Land	\$ 1,497,004	238,456	(242,447)	-	1,493,013
Construction in Progress	1,853,441	3,588,787	(2,537,496)	-	2,904,732
Total Capital Assets, Not Depreciated	<u>3,350,445</u>	<u>3,827,243</u>	<u>(2,779,943)</u>	<u>0</u>	<u>4,397,745</u>
Capital Assets, Being Depreciated					
Distribution System	53,739,574	1,881,743	(246,426)	30,631	55,405,522
General Plant	44,252,144	511,128	(134,064)	4,645	44,633,853
Fiber	134,239,234	-	(134,239,234)	-	-
Buildings	15,719,328	357,281	(5,377,770)	-	10,698,839
Equipment, Furniture and Fixtures	8,658,166	356,532	(2,891,891)	938	6,123,745
Transportation Equipment	5,428,245	418,619	(1,140,490)	-	4,706,374
CPC Buildings, Equipment, and Fiber	10,432,535	-	(10,432,535)	-	-
Total Capital Assets, Being Depreciated	<u>272,469,226</u>	<u>3,525,303</u>	<u>(154,462,410)</u>	<u>36,214</u>	<u>121,568,333</u>
Less Accumulated Depreciation For					
Distribution System	(28,424,584)	(1,738,352)	215,709	-	(29,947,227)
General Plant	(26,192,760)	(1,134,348)	134,064	-	(27,193,044)
Fiber	(67,116,564)	(587,094)	67,703,658	-	-
Buildings	(5,089,454)	(316,531)	1,418,812	-	(3,987,173)
Equipment, Furniture and Fixtures	(7,146,852)	(259,573)	2,108,914	-	(5,297,511)
Transportation Equipment	(3,601,095)	(446,268)	1,024,070	-	(3,023,293)
CPC Buildings, Equipment, and Fiber	(4,109,067)	(41,243)	4,150,310	-	-
Total Accumulated Depreciation	<u>(141,680,376)</u>	<u>(4,523,409)</u>	<u>76,755,537</u>	<u>0</u>	<u>(69,448,248)</u>
Total Capital Assets Being Depreciated, Net	<u>130,788,850</u>	<u>(998,106)</u>	<u>(77,706,873)</u>	<u>36,214</u>	<u>52,120,085</u>
Capital Assets, Net	<u><u>\$ 134,139,295</u></u>	<u><u>2,829,137</u></u>	<u><u>(80,486,816)</u></u>	<u><u>36,214</u></u>	<u><u>56,517,830</u></u>



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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

The Authority received contributions in aid of construction of \$310,625 for fiscal year 2019. This amount is reported as a reduction in costs of the related assets. Idle property in the amount of \$24,175 was held at June 30, 2019.

Depreciation expense for the year ended June 30, 2019 was \$4,523,409.

**NOTE 6 - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2010 Revenue and Refunding Bonds	\$ 35,275,000	-	(35,275,000)	-	-
Bond Premiums	1,819,257	-	(1,819,257)	-	-
VRA Loans:					
Bristol View Connector	823,514	-	(63,556)	759,958	65,606
Hassan Heights Water Tank	751,379	-	(57,988)	693,391	59,859
Compensated Absences	1,564,620	543,979	(1,145,612)	962,987	499,347
Totals	<u>\$ 40,233,770</u>	<u>543,979</u>	<u>(38,361,413)</u>	<u>2,416,336</u>	<u>624,812</u>

**Series 2010 Revenue and Refunding Bonds**

Revenue and refunding bonds of \$44,545,000 were issued by the Authority in 2010. Proceeds from the Series 2010 bonds issued were used to refund prior utility system bonds issued in the name of the City of Bristol. The bonds were issued in the form of fixed-rate revenue bonds to mature on October 1, 2033. The fixed interest rate on the bonds ranges between 2.35% and 6.14% depending on the bond maturity date. The revenue of the Authority is pledged as security for the bonds. The outstanding balance of \$35,275,000 was fully defeased with the proceeds from the sale of the OptiNet division in August 2018. The Electric division used Electric cash to pay its portion. The Water division used loan proceeds from the Wastewater division to pay its portion.

The related unamortized deferred loss on refunding of \$4,341,908 and bond premiums of \$1,809,424 were fully amortized with the defeasance of the bonds.

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**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**Virginia Resources Authority Loans Payable**

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

The Bristol View Connector Revolving Loan Fund (RLF) loan was issued in the amount of \$1,289,511, of which \$759,958 was outstanding as of June 30, 2019. The Hassan Heights Water Tank RLF loan was issued in the amount of \$1,176,557, of which \$693,391 was outstanding as of June 30, 2019. Each note has a 20-year term and a 3.20% interest rate with principal and interest payments through April 2029.

The debt service requirements for the Authority's bonds and notes are as follows:

Year Ended June 30	VRA - Bristol View		VRA - Hassan Heights	
	Principal	Interest	Principal	Interest
2020	\$ 65,606	23,798	59,859	21,713
2021	67,722	21,682	61,790	19,783
2022	69,906	19,497	63,783	17,789
2023	72,161	17,242	65,840	15,732
2024	74,489	14,915	67,964	13,608
2025-2029	410,074	36,946	374,155	33,710
	<u>\$ 759,958</u>	<u>134,080</u>	<u>693,391</u>	<u>122,335</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Amount Outstanding
VRA RLF Loan - Bristol View Connector	3.20%	09-08	04-29	\$ 1,289,511	\$ 759,958
VRA RLF Loan - Hassan Heights Water Tank	3.20	09-08	04-29	1,176,557	693,391
					<u>\$ 1,453,349</u>

**BVU AUTHORITY**  
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**NOTE 7 - PENSION PLAN**

**Plan Description**

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

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

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members</b></p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b></p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer.</p>

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component:</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component:</u></b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

		<p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>  The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <b><u>Defined Benefit Component:</u></b>  See definition under Plan 1.</p> <p><b><u>Defined Contribution Component:</u></b>  The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>



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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b>Eligibility:</b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b>Exceptions to COLA Effective Dates:</b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b>Eligibility:</b> Same as Plan 1.</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b>Eligibility:</b> Same as Plan 1 and Plan 2.</p> <p><b>Exceptions to COLA Effective Dates:</b> Same as Plan 1 and Plan 2.</p>
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

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

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Employees Covered by Benefit Terms**

As of the June 30, 2017 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	26
Inactive members:	
Vested inactive members	10
Non-vested inactive members	27
Inactive members active elsewhere in VRS	<u>6</u>
Total inactive members	43
Active members	<u>144</u>
Total Covered Employees	<u><u>213</u></u>

**Contributions**

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2019 was 3.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$144,138 and \$333,762 for the years ended June 30, 2019 and June 30, 2018, respectively.

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Net Pension Asset**

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with the GASB Statement No. 68, less that employer's fiduciary net position. The Authority's net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

**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, 2017, 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, 2018.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	7.00%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

*Mortality rates:*

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.00% increase compounded from ages 70 to 90.

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**NOTE 7 - PENSION PLAN (CONTINUED)**

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

**Long-Term Expected Rate of Return**

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



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**NOTE 7 - PENSION PLAN (CONTINUED)**

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for the state and teacher employer contributions; political subdivisions were also provided with an opportunity to use and alternate contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Changes in Net Pension Asset**

	Increase (Decrease)		
	Plan Fiduciary Net		
Total Pension Liability	Position	Net Pension Asset	
(a)	(b)	(a) - (b)	
<b>Balance at June 30, 2017</b>	<b>\$ 6,760,637</b>	<b>8,927,637</b>	<b>(2,167,000)</b>
<b>Changes for the Year:</b>			
Service Cost	753,335	-	753,335
Interest	465,275	-	465,275
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	75,776	-	75,776
Contributions - Employer	-	333,762	(333,762)
Contributions - Employees	-	361,712	(361,712)
Net Investment Income	-	675,540	(675,540)
Benefit Payments, Including Refunds of Employee Contributions	(227,704)	(227,704)	-
Administrative Expense	-	(5,334)	5,334
Other Changes	-	(842)	842
<b>Net Changes</b>	<b>1,066,682</b>	<b>1,137,134</b>	<b>(70,452)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 7,827,319</b>	<b>10,064,771</b>	<b>(2,237,452)</b>

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**NOTE 7 - PENSION PLAN (CONTINUED)**

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

The following presents the net pension asset of the Authority using the discount rate of 7.00%, as well as what the Authority's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
Authority's Net Pension Asset	\$ (908,087)	(2,237,452)	(3,312,226)

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

For the year ended June 30, 2019, the Authority recognized pension expense of \$131,276. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 198,714	86,766
Changes of assumptions	-	201,301
Net difference between projected and actual earnings on pension plan investments	-	104,049
Employer contributions subsequent to the measurement date	144,138	-
Total	<u>\$ 342,852</u>	<u>392,116</u>

\$144,138 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in future reporting periods as follows:

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**NOTE 7 - PENSION PLAN (CONTINUED)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

<u>Year ended June 30</u>	
2020	\$ (9,385)
2021	(37,928)
2022	(109,724)
2023	(26,853)
2024	(14,906)
Thereafter	5,394

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS**

**Single-Employer Plan**

***Plan Description***

The Authority has adopted a plan that provides post-employment medical for retirees and their spouses. Upon retirement, eligible individuals continue to receive coverage under the employer's group medical plan. The plan is closed to employees hired on or after July 1, 2018. The OPEB plan is a single-employer defined benefit OPEB plan administered by the Authority who has the authority to amend the plan. The plan is funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

If the retiree has completed 30 years of service, the Authority pays the entire health insurance premium. If years of service are between 20 and 30 years, the Authority pays a portion of insurance based on years of service. The amount paid by the Authority is 3.00% per year of service. The plan provides healthcare insurance for eligible retirees and their spouses through the Authority's group health insurance plan, which covers both active and retired members. The Authority allows retirees to continue on health insurance until they reach the age of 65. If the retiree has their spouse covered on the insurance plan, the insurance continues until the spouse reaches the age of 65. The policy rates go from employee/spouse rates to a single member rate once one of the individuals reaches the age of 65.

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Single-Employer Plan (Continued)**

***Employees Covered by Benefit Terms***

As of the May 1, 2019 actuarial valuation, the following employees were covered by benefit terms:

Active employees	67
Inactive employees or beneficiaries currently receiving benefits	17
	<u>84</u>

***Net OPEB Liability***

The Authority's net OPEB liability of \$3,078,569 was measured based on an actuarial valuation performed as of May 1, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the May 1, 2019 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	3.50% (represents the Municipal GO Aa 20-year rates)
Salary Scale	3.00%
Healthcare Cost Trend Rates	7.00% for fiscal year 2019, decreasing 0.50% per year to an ultimate rate of 4.50%
Mortality	RP-2014 Total Dataset Headcount-weighted Table with scale MP-2018
Actuarial Cost Method	Entry Age Normal Method

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Single-Employer Plan (Continued)**

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

Changes in the net OPEB Liability were as follows:

		Increase (Decrease)	
	Total OPEB Liability	Plan Fiduciary Net	Net OPEB Liability
	(a)	Position (b)	(a-b)
Balance at 6/30/2018	\$ 4,837,000	-	4,837,000
Changes for the year:			
Service Cost	172,515	-	172,515
Interest	170,220	-	170,220
Differences Between Expected and			
Actual Experience	(2,085,489)	-	(2,085,489)
Assumption Changes	96,400	-	96,400
Contributions - Employer	-	112,077	(112,077)
Benefit Payments	(112,077)	(112,077)	-
Net Changes	(1,758,431)	0	(1,758,431)
Balance at 6/30/2019	\$ 3,078,569	0	3,078,569

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

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

	1.00% Decrease (2.50%)	Current Discount Rate (3.50%)	1.00% Increase (4.50%)
Net OPEB Liability	\$ 3,347,774	3,078,569	2,831,959

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

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

	1.00% Decrease (6.0% to 3.5%)	Current Trend Rate (7.0% to 4.50%)	1.00% Increase (8.0% to 5.50%)
Net OPEB Liability	\$ 2,768,711	3,078,569	3,443,407

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Single-Employer Plan (Continued)**

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

For the year ended June 30, 2019, the Authority recognized OPEB negative expense of \$(34,701). At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	1,689,761
Changes of Assumptions	78,108	-
Total	<u>\$ 78,108</u>	<u>1,689,761</u>

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

<u>Year ended June 30</u>	
2020	\$ (377,436)
2021	(377,436)
2022	(377,436)
2023	(377,436)
2024	(101,909)
Thereafter	-

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

***Plan Description***

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

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

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Plan Description (Continued)***

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"><li>• City of Richmond</li><li>• City of Portsmouth</li><li>• City of Roanoke</li><li>• City of Norfolk</li><li>• Roanoke City Schools Board</li></ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"><li>• <b><u>Natural Death Benefit</u></b> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li><li>• <b><u>Accidental Death Benefit</u></b> – The accidental death benefit is double the natural death benefit.</li><li>• <b><u>Other Benefit Provisions</u></b> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>



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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Plan Description (Continued)***

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,279 effective July 1, 2018.

***Contributions***

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$54,895 and \$95,116 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$580,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.03819% as compared to 0.04089% at June 30, 2017.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB negative expense of \$(10,000). 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.

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences Between Expected and Actual Experience	\$ 28,000	10,000
Net Difference Between Projected and Actual Earnings on GLI OPEB		
Program Investments	-	19,000
Change in Assumptions	-	24,000
Change in Proportion	-	72,000
Employer Contributions Subsequent to the Measurement Date	<u>54,895</u>	<u>-</u>
Total	<u><u>\$ 82,895</u></u>	<u><u>125,000</u></u>

\$54,895 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, 2020. 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>	
2020	\$ (23,000)
2021	(23,000)
2022	(23,000)
2023	(17,000)
2024	(10,000)
Thereafter	(1,000)

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation - Locality - General employees	3.5 percent - 5.35 percent
Investment rate of return	7.0 Percent, net of investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

***Net GLI OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	(1,594,773)
Employers' Net GLI OPEB Liability	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.30%</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

***Discount Rate (Continued)***

Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Employer's Proportionate Share of the GLI Program Net OPEB Liability	\$ 758,000	580,000	436,000

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

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 9 - SERVICE CONTRACTS**

In September 2006, the Authority entered into an agreement with the Tennessee Valley Authority (TVA) for the purchase of wholesale power for distribution. The contract period is January 1, 2008 through December 31, 2027. For the year ended June 30, 2019, \$36,944,442 was expensed under this contract. Of this total, \$17,300 is included in billing and collections.

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 10 - RISK MANAGEMENT**

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

Workmens' Compensation Insurance

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

General Liability and Other

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

Healthcare

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

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

**NOTE 11 - INTERDIVISION TRANSACTIONS**

***Interdivision Receivables and Payables***

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

The amounts due between the individual divisions as of June 30, 2019 are as follows:

<u>Receivable Division</u>	<u>Payable Division</u>	<u>Amount</u>
Electric	OptiNet	\$ 555,788
Electric	Sewer	54,686
Electric	Water	57,233
OptiNet	CPC OptiNet	73,321
CPC OptiNet	OptiNet	6,477
Water	OptiNet	7,295
Sewer	OptiNet	5,651

**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 11 - INTERDIVISION TRANSACTIONS (CONTINUED)**

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

During the year ended June 30, 2019, charges for services revenue of \$196,694, \$322, \$6,737, and \$71,971 were received by the Electric, Water, OptiNet and CPC OptiNet divisions, respectively. These revenues were paid by the following divisions: Electric - \$166,190, Water - \$16,758, Wastewater - \$806, and OptiNet - \$91,970.

The Electric division received rent from property of \$148,473 from: Water - \$66,999, Wastewater - \$60,592, and OptiNet - \$20,882 for the year ended June 30, 2019. The Electric division also received \$20,698 for the year ended June 30, 2019 from OptiNet for pole rental for a total rent received of \$169,172.

***Interdivision Notes Payable***

During the year ended June 30, 2016, a note payable from OptiNet to Electric was re-established in the amount of \$13,741,288, which included \$4,643,549 of accrued interest, through a prior period adjustment. This note was written off in fiscal year 2007 by former management based on their understanding at the time of Virginia's law related to the allowance of cross-subsidization of the internet division. However, based on the audit by the Virginia Auditor of Public Accounts (see note 1), cross-subsidization was allowed only for internet services but not telephone and cable television. As a result the Electric - OptiNet interdivision borrowing related to telephone and cable television was not allowed to be written off and therefore was re-established between the Electric division and OptiNet. Accrued interest of \$396,459 was added to the note receivable in the current fiscal year, resulting in a balance as of June 30, 2019 of \$14,899,297.

Also, another note was established during the year ended June 30, 2017, through a prior period adjustment, in the amount of \$1,346,153 for the cumulative difference in the actual number of pole attachments and rates paid for those attachments by OptiNet to Electric. Accrued interest of \$38,838 was added to this note during the fiscal year and the balance at June 30, 2019 is \$1,459,596. These amounts are eliminated in the basic financial statements.

An intercompany loan agreement was entered into in August 2018 between the Water Division and Wastewater Division for an amount up to \$2,500,000 with an interest rate of 2.30% and maturity date of 20 years from the effective date. In November 2018, \$1,700,000 was borrowed and the balance is \$1,649,345 as of June 30, 2019. This amount is eliminated in the basic financial statements.



**BVU AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**NOTE 12 - LEASES**

OptiNet leases network fiber optic cable to others. The leases are non-cancelable operating leases with terms of ten to thirty years. The lease terms required the entire lease amount to be paid on acceptance of the fiber. The total lease amount received was approximately \$1,639,530 as of August 2, 2018. Due to the sale of the OptiNet, all fiber leases were transferred to Sunset Digital as part of the sale agreement on August 2, 2018. The Authority recorded one month of deferred lease income for the year.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE 14 - PRIOR PERIOD ADJUSTMENT**

The Authority recorded the unbilled taxes and fees related to consumption tax and trash fees for June usage that is billed in July. A prior period adjustment was recorded for the amount that should have been recorded in the prior year. This increased beginning net position by \$10,269.

**NOTE 15 - SUBSEQUENT EVENTS**

In July 2019, funding was authorized from the Virginia Water Facilities Revolving Fund for an interest-free loan in an amount not to exceed \$5,976,277 to replace the Little Creek Interceptor and initial Sewer Basin work.

In September 2019, the Authority signed a twenty year contract extension with TVA. The contract automatically renews and requires a twenty year notice period to terminate. This extension will reduce the Authority's wholesale purchase power rates by 3.10%.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>					
Service Cost	\$ 753,335	822,504	871,916	934,815	944,947
Interest	465,275	403,565	349,213	280,294	206,470
Differences between Expected and Actual Experience	75,776	191,654	(138,688)	(873)	-
Changes in Assumptions	-	(286,779)	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(227,704)	(271,049)	(340,915)	(118,449)	(75,133)
<b>Net Change in Total Pension Liability</b>	<b>1,066,682</b>	<b>859,895</b>	<b>741,526</b>	<b>1,095,787</b>	<b>1,076,284</b>
<b>Total Pension Liability - Beginning</b>	<b>6,760,637</b>	<b>5,900,742</b>	<b>5,159,216</b>	<b>4,063,429</b>	<b>2,987,145</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 7,827,319</b>	<b>6,760,637</b>	<b>5,900,742</b>	<b>5,159,216</b>	<b>4,063,429</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 333,762	353,523	439,461	443,009	762,024
Contributions - Employees	361,712	378,856	391,387	387,783	399,374
Net Investment Income	675,540	956,184	140,294	294,159	728,746
Benefit Payments, including Refunds of Employee Contributions	(227,704)	(271,049)	(340,915)	(118,449)	(75,133)
Administrative Expense	(5,334)	(4,985)	(4,070)	(3,651)	(2,960)
Other Changes	(842)	(634)	369	(64)	(32)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,137,134</b>	<b>1,411,895</b>	<b>626,526</b>	<b>1,002,787</b>	<b>1,812,019</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>8,927,637</b>	<b>7,515,742</b>	<b>6,889,216</b>	<b>5,886,429</b>	<b>4,074,410</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 10,064,771</b>	<b>8,927,637</b>	<b>7,515,742</b>	<b>6,889,216</b>	<b>5,886,429</b>
<b>Authority's Net Pension Asset - Ending (a) - (b)</b>	<b>\$ (2,237,452)</b>	<b>(2,167,000)</b>	<b>(1,615,000)</b>	<b>(1,730,000)</b>	<b>(1,823,000)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>128.59%</b>	<b>132.05%</b>	<b>127.37%</b>	<b>133.53%</b>	<b>144.86%</b>
<b>Covered Payroll</b>	<b>\$ 7,260,790</b>	<b>7,542,969</b>	<b>7,814,346</b>	<b>7,740,429</b>	<b>7,873,956</b>
<b>Authority's Net Pension Asset as a Percentage of Covered Payroll</b>	<b>-30.82%</b>	<b>-28.73%</b>	<b>-20.67%</b>	<b>-22.35%</b>	<b>-23.15%</b>

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

See Independent Auditors' Report.

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

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

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

See Independent Auditors' Report.

**BVU AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2019**

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**Changes of Benefit Terms**

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

**Changes of Assumptions**

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

All Others – Non-Hazardous Duty:

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

See Independent Auditors' Report.

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

	<b>2019</b>	<b>2018*</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 172,515	164,300
Interest	170,220	168,700
Differences Between Expected and Actual Experience	(2,085,489)	-
Changes in Assumptions	96,400	-
Benefit Payments, Including Refunds of Employee Contributions	(112,077)	(141,700)
<b>Net Change in Total OPEB Liability</b>	(1,758,431)	191,300
<b>Total OPEB Liability - Beginning</b>	4,837,000	4,645,700
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 3,078,569</u></u>	<u><u>4,837,000</u></u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 112,077	141,700
Benefit Payments, Including Refunds of Employee Contributions	(112,077)	(141,700)
<b>Net Change in Plan Fiduciary Net Position</b>	0	0
<b>Plan Fiduciary Net Position - Beginning</b>	-	-
<b>Plan Fiduciary Net Position - Ending</b>	<u><u>0</u></u>	<u><u>0</u></u>
 <b>Employer's Net OPEB Liability</b>	<u><u>\$ 3,078,569</u></u>	<u><u>4,837,000</u></u>
 <b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	0.00%	0.00%
 <b>Covered Payroll</b>	\$ 3,856,344	7,548,200
 <b>Authority's Net OPEB Liability as a Percentage of Covered Payroll</b>	79.83%	64.08%

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

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

See Independent Auditors' Report.

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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 112,077	\$ 112,077	\$ -	\$ 3,856,344	2.91%
2018*	141,700	141,700	-	7,548,200	1.88%

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

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

**Notes to Schedule**

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

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

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

The following changes in actuarial assumptions were made for the valuation dated May 1, 2019:

- The discount rate was decreased from 3.56% to 3.50%
- The mortality rates were based on the RP 2014 Total Dataset headcount-weighted Table with scale MP-2018. The prior valuation used the improvement scale MP-2017.

See Independent Auditors' Report.

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

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	2018	2017
Authority's Proportion of the Net GLI OPEB Liability	0.03819%	0.04089%
Authority's Proportionate Share of the Net GLI OPEB Liability	\$ 580,000	\$ 615,000
Authority's Covered Payroll	\$ 7,260,790	\$ 7,542,969
Authority's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.99%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only two years of data is available. However, additional years will be included as they become available.

See Independent Auditors' Report.



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

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2019	\$ 54,896	\$ 54,896	\$ -	\$ 4,444,208	1.24%
2018	95,116	95,116	-	7,260,790	1.31%
2017	39,223	39,223	-	7,542,969	0.52%

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

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

**Notes to Schedule**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Non-Largest Ten Locality Employers – General Employees

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

See Independent Auditors' Report.

## **COMBINING FINANCIAL STATEMENTS**

**BVU AUTHORITY**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 932,975	157,777	2,375,157	14,715,424	103,160	18,284,493	-	18,284,493
Investments	-	-	-	16,324,921	-	16,324,921	-	16,324,921
Accounts Receivable, Net of Allowance	5,207,619	239,324	291,282	-	-	5,738,225	-	5,738,225
Notes Receivable	105,546	-	-	-	-	105,546	-	105,546
Other Receivables	265,034	(13,835)	(3,232)	-	-	247,967	-	247,967
Due from Other Governmental Entities	-	-	332,575	-	-	332,575	-	332,575
Internal Balances	667,707	7,295	5,651	73,321	6,477	760,451	(760,451)	-
Prepays	83,514	15,748	100,000	-	-	199,262	-	199,262
Inventories	625,056	266,921	32,589	-	-	924,566	-	924,566
Other Current Assets	-	2,614	3,783	-	-	6,397	-	6,397
<b>Total Current Assets</b>	<b>7,887,451</b>	<b>675,844</b>	<b>3,137,805</b>	<b>31,113,666</b>	<b>109,637</b>	<b>42,924,403</b>	<b>(760,451)</b>	<b>42,163,952</b>
<b>Noncurrent Assets</b>								
Restricted Cash - Customer Deposits	1,565,894	-	-	-	-	1,565,894	-	1,565,894
Restricted Cash - Reserves	6,255,557	1,678,905	1,064,397	-	-	8,998,859	-	8,998,859
Restricted Investments	4,030,400	419,492	2,042,139	-	-	6,492,031	-	6,492,031
Notes Receivable	16,435,291	-	1,649,345	-	-	18,084,636	(18,008,238)	76,398
Investment in Joint Sewerage System	-	-	7,214,751	-	-	7,214,751	-	7,214,751
Net Pension Asset	925,189	243,351	248,695	820,217	-	2,237,452	-	2,237,452
Capital Assets, Net	35,933,872	14,408,294	6,175,664	-	-	56,517,830	-	56,517,830
<b>Total Noncurrent Assets</b>	<b>65,146,203</b>	<b>16,750,042</b>	<b>18,394,991</b>	<b>820,217</b>	<b>0</b>	<b>101,111,453</b>	<b>(18,008,238)</b>	<b>83,103,215</b>
<b>TOTAL ASSETS</b>	<b>73,033,654</b>	<b>17,425,886</b>	<b>21,532,796</b>	<b>31,933,883</b>	<b>109,637</b>	<b>144,035,856</b>	<b>(18,768,689)</b>	<b>125,267,167</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflows Related to OPEB	103,582	29,168	25,356	2,897	-	161,003	-	161,003
Deferred Outflows Related to Pension	140,021	37,405	37,954	127,472	-	342,852	-	342,852
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>243,603</b>	<b>66,573</b>	<b>63,310</b>	<b>130,369</b>	<b>0</b>	<b>503,855</b>	<b>0</b>	<b>503,855</b>

(Continued)

**BVU AUTHORITY**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
<b>LIABILITIES</b>								
Current Liabilities								
Accounts Payable and Accrued Liabilities	4,222,779	257,332	19,603	54,942	4,696	4,559,352	-	4,559,352
Accrued Interest Payable	-	11,627	-	-	-	11,627	-	11,627
Accrued Payroll and Related Liabilities	10,934	3,071	2,620	-	-	16,625	-	16,625
Customer Security Deposits	1,615,894	-	-	-	-	1,615,894	-	1,615,894
Due to Other Governmental Entities	784,535	13,954	-	-	-	798,489	-	798,489
Internal Balances	-	57,233	54,686	575,211	73,321	760,451	(760,451)	-
Unearned Revenue	25,784	-	-	-	-	25,784	-	25,784
Notes Payable	-	125,465	-	-	-	125,465	-	125,465
Compensated Absences	322,230	88,559	88,558	-	-	499,347	-	499,347
Total Current Liabilities	6,982,156	557,241	165,467	630,153	78,017	8,413,034	(760,451)	7,652,583
Noncurrent Liabilities								
Notes Payable	-	2,977,229	-	16,358,893	-	19,336,122	(18,008,238)	1,327,884
Compensated Absences	306,578	107,453	49,609	-	-	463,640	-	463,640
Net OPEB Liabilities	2,203,112	587,462	599,183	268,812	-	3,658,569	-	3,658,569
Total Noncurrent Liabilities	2,509,690	3,672,144	648,792	16,627,705	0	23,458,331	(18,008,238)	5,450,093
<b>TOTAL LIABILITIES</b>	<b>9,491,846</b>	<b>4,229,385</b>	<b>814,259</b>	<b>17,257,858</b>	<b>78,017</b>	<b>31,871,365</b>	<b>(18,768,689)</b>	<b>13,102,676</b>

(Continued)

**BVU AUTHORITY**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows Related to OPEB	234,596	66,410	56,610	1,457,145	-	1,814,761	-	1,814,761
Deferred Inflows Related to Pension	160,140	42,780	43,408	145,788	-	392,116	-	392,116
TOTAL DEFERRED INFLOWS OF RESOURCES	394,736	109,190	100,018	1,602,933	0	2,206,877	0	2,206,877
NET POSITION								
Net Investment in Capital Assets	35,933,872	12,954,945	6,175,664	-	-	55,064,481	-	55,064,481
Restricted - Net Pension Asset	925,189	243,351	248,695	820,217	-	2,237,452	-	2,237,452
Unrestricted	26,531,614	(44,412)	14,257,470	12,383,244	31,620	53,159,536	-	53,159,536
TOTAL NET POSITION	\$ 63,390,675	13,153,884	20,681,829	13,203,461	31,620	110,461,469	0	110,461,469

See Independent Auditors' Report.

**BVU AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
OPERATING REVENUES								
Charges for Services	\$ 47,154,587	3,462,461	4,609,702	1,817,156	470,731	57,514,637	(275,724)	57,238,913
OptiNet Backhaul Fees	-	-	-	15,462	-	15,462	-	15,462
Rent from Property	950,537	97,999	-	-	-	1,048,536	(169,172)	879,364
Forfeited Discounts and Penalties	365,425	28,185	34,358	11,145	1,216	440,329	-	440,329
Connections and Transfers	244,255	38,194	1,895	-	-	284,344	-	284,344
Income from CPC Operations	-	-	-	(120,425)	-	(120,425)	120,425	-
Other	190,699	-	40,071	(69,412)	(238,664)	(77,306)	-	(77,306)
<b>TOTAL OPERATING REVENUES</b>	<b>48,905,503</b>	<b>3,626,839</b>	<b>4,686,026</b>	<b>1,653,926</b>	<b>233,283</b>	<b>59,105,577</b>	<b>(324,471)</b>	<b>58,781,106</b>
OPERATING EXPENSES								
Power and Pumping	-	228,433	1,560,951	1,645	-	1,791,029	(806)	1,790,223
Purification and Collection System	-	529,610	174,878	-	-	704,488	(2,726)	701,762
Transmission and Distribution	3,145,751	309,497	-	-	-	3,455,248	(43,382)	3,411,866
Telephone, Broadband and CATV	-	-	-	959,711	239,379	1,199,090	(92,669)	1,106,421
Billing and Collection	1,628,924	239,930	252,963	278,292	45,219	2,445,328	(2,198)	2,443,130
Purchase of Electricity	36,927,142	-	-	-	-	36,927,142	-	36,927,142
Administrative and General	3,494,355	942,862	957,402	101,408	37,381	5,533,408	(303,115)	5,230,293
Depreciation	2,554,419	803,223	497,367	627,157	41,243	4,523,409	-	4,523,409
Distribution of CPC Operations	-	-	-	-	(77,844)	(77,844)	120,425	42,581
<b>TOTAL OPERATING EXPENSES</b>	<b>47,750,591</b>	<b>3,053,555</b>	<b>3,443,561</b>	<b>1,968,213</b>	<b>285,378</b>	<b>56,501,298</b>	<b>(324,471)</b>	<b>56,176,827</b>
Operating Income (Loss)	1,154,912	573,284	1,242,465	(314,287)	(52,095)	2,604,279	0	2,604,279

(Continued)

**BVU AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
NONOPERATING REVENUES (EXPENSES)								
Amortization	(1,295,598)	(275,931)	-	(1,217,287)	-	(2,788,816)	-	(2,788,816)
Interest Income	481,733	3,891	47,224	208,535	-	741,383	(464,236)	277,147
Interest Expense	(750,592)	(212,034)	-	(1,597,055)	-	(2,559,681)	464,236	(2,095,445)
Loss on Investment in JSS	-	-	(394,178)	-	-	(394,178)	-	(394,178)
Loss on Sale of OptiNet	-	-	-	(33,897,984)	(6,090,646)	(39,988,630)	-	(39,988,630)
Gain (Loss) on Disposal of Assets	394,020	(13,716)	-	5,800	-	386,104	-	386,104
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,170,437)	(497,790)	(346,954)	(36,497,991)	(6,090,646)	(44,603,818)	0	(44,603,818)
Change in Net Position	(15,525)	75,494	895,511	(36,812,278)	(6,142,741)	(41,999,539)	0	(41,999,539)
NET POSITION, JULY 1, 2018	63,396,636	13,077,685	19,786,318	50,015,739	6,174,361	152,450,739	-	152,450,739
Prior Period Adjustments	9,564	705	-	-	-	10,269	-	10,269
NET POSITION, JULY 1, 2018, RESTATED	63,406,200	13,078,390	19,786,318	50,015,739	6,174,361	152,461,008	0	152,461,008
NET POSITION, JUNE 30, 2019	\$ 63,390,675	13,153,884	20,681,829	13,203,461	31,620	110,461,469	0	110,461,469

See Independent Auditors' Report.

**BVU AUTHORITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Customers and Users	\$ 50,009,290	3,648,468	4,539,866	1,708,530	267,056	60,173,210	(324,468)	59,848,742
Receipt (Payment) of Customer Deposits	162,757	-	-	(68,400)	(2,000)	92,357	-	92,357
Payments to Suppliers	(41,733,331)	(1,060,969)	(2,243,344)	(468,073)	(403,926)	(45,909,643)	324,468	(45,585,175)
Payments to Employees	(3,144,395)	(954,835)	(575,460)	(2,225,715)	-	(6,900,405)	-	(6,900,405)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>5,294,321</b>	<b>1,632,664</b>	<b>1,721,062</b>	<b>(1,053,658)</b>	<b>(138,870)</b>	<b>7,455,519</b>	<b>0</b>	<b>7,455,519</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from Sale of Equipment	590,989	-	-	-	-	590,989	-	590,989
Proceeds from Sale of OptiNet	-	-	-	37,923,333	-	37,923,333	-	37,923,333
Acquisition and Construction of Capital Assets	(2,852,538)	(1,731,450)	(523,383)	-	-	(5,107,371)	-	(5,107,371)
Notes Receivable Issued	(435,297)	-	(1,649,345)	-	-	(2,084,642)	2,084,642	-
Proceeds from Debt	-	1,649,345	-	435,297	-	2,084,642	(2,084,642)	-
Bond Defeasance Costs	(91,999)	(16,459)	-	(142,022)	-	(250,480)	-	(250,480)
Principal Paid on Capital Debt	(12,970,000)	(2,441,544)	-	(19,985,000)	-	(35,396,544)	-	(35,396,544)
Interest Paid on Capital Debt	(884,361)	(236,963)	-	(1,803,242)	-	(2,924,566)	464,236	(2,460,330)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(16,643,206)</b>	<b>(2,777,071)</b>	<b>(2,172,728)</b>	<b>16,428,366</b>	<b>0</b>	<b>(5,164,639)</b>	<b>464,236</b>	<b>(4,700,403)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Capital Contribution to Joint Sewerage System	-	-	(358,000)	-	-	(358,000)	-	(358,000)
Purchase of Investments	(4,030,400)	(419,492)	(2,042,139)	(16,324,921)	-	(22,816,952)	-	(22,816,952)
Interest Received	481,733	3,891	47,224	208,535	-	741,383	(464,236)	277,147
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>(3,548,667)</b>	<b>(415,601)</b>	<b>(2,352,915)</b>	<b>(16,116,386)</b>	<b>0</b>	<b>(22,433,569)</b>	<b>(464,236)</b>	<b>(22,897,805)</b>

(Continued)



**BVU AUTHORITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
Net Increase (Decrease) in Cash and Cash Equivalents	(14,897,552)	(1,560,008)	(2,804,581)	(741,678)	(138,870)	(20,142,689)	0	(20,142,689)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,651,978	3,396,690	6,244,135	15,457,102	242,030	48,991,935	-	48,991,935
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,754,426</u>	<u>1,836,682</u>	<u>3,439,554</u>	<u>14,715,424</u>	<u>103,160</u>	<u>28,849,246</u>	<u>0</u>	<u>28,849,246</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION								
Cash and Cash Equivalents	\$ 932,975	157,777	2,375,157	14,715,424	103,160	18,284,493	-	18,284,493
Restricted Cash - Customer Deposits	1,565,894	-	-	-	-	1,565,894	-	1,565,894
Restricted Cash - Reserves	6,255,557	1,678,905	1,064,397	-	-	8,998,859	-	8,998,859
	<u>\$ 8,754,426</u>	<u>1,836,682</u>	<u>3,439,554</u>	<u>14,715,424</u>	<u>103,160</u>	<u>28,849,246</u>	<u>0</u>	<u>28,849,246</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES								
Operating Income (Loss)	\$ 1,154,912	573,284	1,242,465	(314,287)	(52,095)	2,604,279	-	2,604,279
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation Expense	2,554,419	803,223	497,367	627,157	41,243	4,523,409	-	4,523,409
(Increase) Decrease in Assets								
Net Accounts Receivable	151,293	(30,951)	8,873	1,106,360	387,827	1,623,402	-	1,623,402
Notes Receivable	101,810	-	-	-	-	101,810	-	101,810
Other Receivables	(113,282)	(13,039)	(334,191)	23,058	-	(437,454)	-	(437,454)
Due from Other Governmental Units	-	-	296,490	-	-	296,490	-	296,490
Internal Balances	218,557	(7,295)	(5,651)	189,035	2,691	397,337	(397,337)	-
Prepays	(7,400)	-	100,000	294,024	637	387,261	-	387,261
Net Inventories	559,746	(18,740)	10,961	953,356	(183)	1,505,140	-	1,505,140
Other Current Assets	189,201	1,468	(81)	38,666	-	229,254	-	229,254
Net Pension Asset	(28,517)	(7,733)	(7,847)	(26,355)	-	(70,452)	-	(70,452)
(Increase) Decrease in Deferred Outflows of Resources	118,460	(1,881)	2,226	88,947	-	207,752	-	207,752

(Continued)

**BVU AUTHORITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**

	Electric	Water	Wastewater	BVU OptiNet	CPC OptiNet	Totals	Eliminating Entries	Combined Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH								
PROVIDED BY (USED FOR) OPERATING ACTIVITIES (CONTINUED)								
Increase (Decrease) in Liabilities								
Accounts Payable and Accrued Liabilities	(402,248)	241,279	3,381	(1,491,191)	(160,245)	(1,809,024)	-	(1,809,024)
Accrued Payroll and Related Liabilities	(95,351)	(26,791)	(17,787)	(127,720)	-	(267,649)	-	(267,649)
Customer Security Deposits	162,757	-	-	(68,400)	(2,000)	92,357	-	92,357
Due to Other Governmental Units	363,491	13,954	-	-	-	377,445	-	377,445
Internal Balances	166,933	57,492	(111,600)	(153,417)	(356,745)	(397,337)	397,337	-
Unearned Revenue	25,784	-	-	(1,149,098)	-	(1,123,314)	-	(1,123,314)
Net OPEB Liabilities	(23,485)	(7,351)	(4,353)	(1,758,243)	-	(1,793,432)	-	(1,793,432)
Compensated Absences	46,319	11,688	6,880	(666,519)	-	(601,632)	-	(601,632)
Increase (Decrease) in Deferred Inflows of Resources	150,922	44,057	33,929	1,380,969	-	1,609,877	-	1,609,877
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 5,294,321</u>	<u>1,632,664</u>	<u>1,721,062</u>	<u>(1,053,658)</u>	<u>(138,870)</u>	<u>7,455,519</u>	<u>0</u>	<u>7,455,519</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES								
Amortization of Bond Premium and Deferred Refunding	<u>\$ 1,203,599</u>	<u>259,472</u>	<u>-</u>	<u>1,075,265</u>	<u>-</u>	<u>2,538,336</u>	<u>-</u>	<u>2,538,336</u>

The sale of OptiNet was for \$50,000,000; however, \$12,076,667 was paid to other entities as part of the sale agreement.

See Independent Auditors' Report.

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

## STATISTICAL SECTION

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

<b>Contents:</b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
<i>Financial trend information is intended to assist users in understanding how the Authority's financial position has changed over time. The tables which follow disclose ten years of financial data.</i>	79
<b>Revenue Capacity</b>	
<i>Revenue capacity information is provided to assist users in understanding the factors affecting the Authority's ability to generate sources of revenue. In setting rates, the Authority's general practice has been to cover projected operating costs and current capital projects and to cover a portion of future major capital projects. This practice generally allows the Authority to maintain and modernize its systems. The tables below set forth fees for over the last ten years. A summary of current rates and fees can be found at <a href="http://www.bvua.com">www.bvua.com</a>.</i>	81
<b>Debt Capacity</b>	
<i>Debt capacity information is intended to assist users in understanding the Authority's debt burden and ability to issue additional debt. Rates are designed to recover the cost of debt associated with capital projects.</i>	103
<b>Demographic and Economic Information</b>	
<i>Demographic and economic information is intended to assist users in understanding the socio-economic environment within which the Authority operates and to provide information that facilitates comparisons of financial statement information over time.</i>	105

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

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

										<b>Table 1</b>
Fiscal Year										
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net Investment in Capital Assets	\$66,506,186	78,006,074	99,697,091	111,466,768	112,939,156	113,129,629	118,453,883	110,940,595	99,827,738	55,064,481
Restricted	-	-	-	-	-	-	1,730,000	1,615,000	2,167,000	2,237,452
Unrestricted	24,974,807	24,152,140	21,990,983	21,491,920	24,859,969	28,443,885	29,837,005	38,257,839	50,456,001	53,159,536
Total Net Position	<u>\$91,480,993</u>	<u>102,158,214</u>	<u>121,688,074</u>	<u>132,958,688</u>	<u>137,799,125</u>	<u>141,573,514</u>	<u>150,020,888</u>	<u>150,813,434</u>	<u>152,450,739</u>	<u>110,461,469</u>

Source: Internal Records

See Independent Auditors' Report.

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

**Table 2**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING REVENUES										
Charges for services	\$73,293,204	77,221,487	76,626,529	78,906,953	79,998,232	79,548,565	84,275,758	84,021,323	82,580,342	57,238,913
Management and consulting fees	1,373,795	1,328,137	1,451,827	875,555	902,050	142,219	153,441	167,873	-	-
OptiNet backhaul fees	-	-	-	-	-	-	-	-	173,502	15,462
Rent from property	774,281	641,969	664,497	374,824	372,342	359,748	363,302	365,037	366,219	879,364
Forfeited discounts and penalties	452,486	476,625	521,288	640,933	569,876	521,319	528,163	556,020	557,976	440,329
Connections and transfers	240,755	236,194	299,845	260,738	264,568	238,495	244,972	268,764	241,541	284,344
Income from CPC Operations	-	-	-	-	1,754,793	2,019,780	-	-	-	-
Other	141,556	1,485,522	1,524,911	1,499,930	208,849	422,767	273,926	344,704	347,972	(77,306)
TOTAL OPERATING REVENUES	76,276,077	81,389,934	81,088,897	82,558,933	84,070,710	83,252,893	85,839,562	85,723,721	84,267,552	58,781,106
OPERATING EXPENSES										
Power and pumping	1,502,985	1,391,217	1,438,774	1,482,728	1,520,399	1,505,748	1,706,911	1,624,118	1,738,854	1,790,223
Purification and collection system	858,474	844,046	824,591	791,314	709,984	690,180	676,057	702,955	706,056	701,762
Transmission and distribution	2,356,388	2,397,351	2,486,645	2,235,785	2,348,990	2,229,767	2,139,208	2,061,893	2,185,113	3,411,866
Telephone, broadband, and CATV	8,923,426	7,369,055	7,748,832	7,891,406	8,398,670	9,070,919	11,639,364	10,185,055	11,479,223	1,106,421
Billing and collection	2,857,195	3,383,302	3,982,791	4,465,970	5,219,137	5,132,043	5,985,459	5,180,156	4,758,234	2,443,130
Sales promotion	297,423	395,805	396,901	488,356	499,935	389,409	145,453	-	-	-
Purchase of electricity	37,360,202	42,501,261	40,341,634	40,637,375	40,717,621	40,695,776	38,583,259	41,410,889	37,848,680	36,927,142
Administrative and general	8,519,155	9,376,336	10,585,758	9,645,178	9,907,878	9,095,690	9,126,869	8,364,721	7,678,109	5,230,293
Depreciation	7,279,210	7,534,453	7,968,198	8,501,561	9,527,739	11,176,532	13,096,513	13,150,430	12,507,809	4,523,409
Distribution of CPC operations	-	-	-	-	-	-	438,580	445,630	482,470	42,581
TOTAL OPERATING EXPENSES	69,954,458	75,192,826	75,774,124	76,139,673	78,850,353	79,986,064	83,537,673	83,125,847	79,384,548	56,176,827
OPERATING INCOME	6,321,619	6,197,108	5,314,773	6,419,260	5,220,357	3,266,829	2,301,889	2,597,874	4,883,004	2,604,279
NONOPERATING REVENUES (EXPENSES)										
Amortization	(136,731)	(220,288)	(280,669)	(280,469)	(245,127)	(245,127)	(245,127)	(245,127)	(245,127)	(2,788,816)
Interest income	100,391	97,865	95,879	90,252	86,004	91,563	56,193	46,587	34,062	277,147
Interest expense	(2,033,438)	(1,809,959)	(1,512,040)	(1,407,375)	(1,610,286)	(1,519,855)	(1,412,327)	(1,485,679)	(1,431,411)	(2,095,445)
Loss on investment in Joint Sewer System	-	-	-	-	-	-	-	-	(228,311)	(394,178)
Loss on sale of OptiNet	-	-	-	-	-	-	-	-	-	(39,988,630)
Gain (loss) on disposal of assets	(103,246)	39,644	224,330	(148,301)	34,065	(49,335)	87,639	(121,109)	(150,266)	386,104
Other	-	3,507	-	-	-	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,173,024)	(1,889,231)	(1,472,500)	(1,745,893)	(1,735,344)	(1,722,754)	(1,513,622)	(1,805,328)	(2,021,053)	(44,603,818)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	4,148,595	4,307,877	3,842,273	4,673,367	3,485,013	1,544,075	788,267	792,546	2,861,951	(41,999,539)
Capital contributions	3,826,270	6,369,344	15,687,587	6,450,943	2,076,268	381,314	-	-	-	-
Transfers	(350,000)	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 7,624,865	10,677,221	19,529,860	11,124,310	5,561,281	1,925,389	788,267	792,546	2,861,951	(41,999,539)

Source: Internal Records

See Independent Auditors' Report.

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

<b>Table 3</b>										
	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Electric Services	\$49,217,850	54,784,861	52,400,666	52,778,132	52,558,707	52,047,845	51,218,637	51,102,456	49,828,892	46,957,893
Water Services	3,076,751	3,153,864	3,498,356	3,684,813	3,587,519	3,254,408	3,417,689	3,432,990	3,466,484	3,462,139
Wastewater Services	3,265,730	3,237,100	3,514,978	4,252,002	4,279,216	4,101,543	4,681,347	4,612,551	4,602,639	4,609,702
OptiNet Services	16,504,546	15,010,554	16,179,533	16,933,367	19,572,790	20,144,769	19,529,752	19,596,857	19,061,228	1,810,419
CPC Services	-	-	-	-	-	-	5,428,333	5,276,469	5,621,099	398,760
Management and consulting fees	1,373,795	1,328,137	1,451,827	800,342	782,109	-	-	-	-	-
OptiNet backhaul fees	-	-	-	75,213	119,941	142,219	153,441	167,873	173,502	15,462
Rent from property	774,281	641,969	664,497	374,824	372,342	359,748	363,302	365,037	366,219	879,364
Forfeited discounts and penalties	452,486	476,625	521,288	640,933	569,876	521,319	528,163	556,020	557,976	440,329
Connections and transfers	240,755	236,194	299,845	260,738	264,568	238,495	244,972	268,764	241,541	284,344
Income from CPC Operations	1,228,327	1,035,108	1,032,996	1,258,639	1,754,793	2,019,780	-	-	-	-
Other	141,556	1,485,522	1,524,911	1,499,930	208,849	422,767	273,926	344,704	347,972	(77,306)
Interest Income	100,391	97,865	95,879	90,252	86,004	91,563	56,193	46,587	34,062	277,147
Capital Grants and Contributions	3,826,270	6,369,344	15,687,587	6,450,943	2,076,268	381,314	-	-	-	-
Total Revenues by Source	<u>\$80,202,738</u>	<u>87,857,143</u>	<u>96,872,363</u>	<u>89,100,128</u>	<u>86,232,982</u>	<u>83,725,770</u>	<u>85,895,755</u>	<u>85,770,308</u>	<u>84,301,614</u>	<u>59,058,253</u>

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

Source: Internal records

See Independent Auditors' Report.

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

**Table 4**

Electric	2019 Rank	2010 Rank
Universal Fibers Systems, LLC (**481)	1	1
Bristol Compressors International (**483)	2	2
Strongwell (**104)	3	4
Wal-Mart Stores East Inc (**503)	4	6
Aerus, LLC (**482)	5	7
Sam's Wholesale (**108)	6	8
Snack Alliance (**403)	7	-
Green Valley Poultry (**553)	8	-
Snack Alliance (**402)	9	10
KVAT Food Stores 821 (**073)	10	-
Ball Metal Beverage (**409)	-	3
Sandvik Management, LLC (**480)	-	5
Hirschfeld Industries Bridge, LLC (**583)	-	9
Water	2019 Rank	2010 Rank
Snack Alliance (**402)	1	2
Cabela's Wholesale, Inc (**981)	2	-
Hulsing Hotels Virginia, Inc (**285)	3	-
Bristol VA School Board (**056)	4	-
Ridgecrest Town Apts, LLC (**730)	5	-
City of Bristol, VA (**001)	6	-
Ingenco Renewable Services (**384)	7	-
United Parcel Service (**303)	8	8
Carriage Hills Condos (**231)	9	-
Associated Asphalt Bristol, LLC (**091)	10	-
Washington County Service Authority (**573)	-	1
Washington County Service Authority (**590)	-	3
Prime Choice Foods, Inc (**153)	-	4
Piccadilly Restaurant, LLC (**177)	-	5
VI College (**073)	-	6
Lee Highway Mobile Home Park (**155)	-	7
Washington County Service Authority (**566)	-	9
Prime Choice Foods, Inc (**154)	-	10

(Continued)



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

**Table 4**

Wastewater	2019 Rank	2010 Rank
City of Bristol, VA (**219)	1	1
Snack Alliance (**402)	2	2
Washington County Service Authority (**520)	3	4
Washington County Service Authority (**580)	4	6
Bristol Compressors International (**483)	5	3
Universal Fibers Systems, LLC (**587)	6	9
Cabela's Wholesale, Inc (**981)	7	-
Hulsing Hotels Virginia, Inc (**285)	8	-
Washington County Service Authority (**530)	9	8
Washington County Service Authority (**581)	10	7
Washington County Service Authority (**551)	-	5
Prime Choice Foods (**153)	-	10

Source: Internal billing records.

See Independent Auditors' Report.

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

Table 5

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential-Schedule RS (Rate Class 22)										
Customer Charge	\$ 8.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.10	\$ 10.60	\$ 12.20	\$ 18.00	\$ 18.00
TVA Hydro-Allocation Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1.60)	\$ (1.60)	\$ (1.60)
Energy Charge:										
Summer (Jun, Jul, Aug, and Sep)	\$ -	\$ 0.07293	\$ 0.07588	\$ 0.07588	\$ 0.07745	\$ 0.07904	\$ 0.08534	\$ 0.08690	\$ 0.07868	\$ 0.07894
Winter (Dec, Jan, Feb, and Mar)	\$ -	\$ 0.07019	\$ 0.07305	\$ 0.07305	\$ 0.07454	\$ 0.07606	\$ 0.08226	\$ 0.08374	\$ 0.07545	\$ 0.07562
Transition (Apr, May, Oct, and Nov)	\$ -	\$ 0.06848	\$ 0.07129	\$ 0.07129	\$ 0.07274	\$ 0.07421	\$ 0.08035	\$ 0.08179	\$ 0.07345	\$ 0.07357
First 1,000 kWh	\$ 0.09091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 1,000 kWh	\$ 0.09597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Power-Schedule GSA1 (Rate Class 40)										
(demand up to 50 kW and usage up to 15,000 kWh)										
Customer Charge	\$ 15.20	\$ 15.20	\$ 15.20	\$ 15.20	\$ 15.20	\$ 15.20	\$ 15.84	\$ 15.84	\$ 18.00	\$ 18.00
Energy Charge:	\$ 0.10111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer (Jun, Jul, Aug, and Sep)	\$ -	\$ 0.08405	\$ 0.08728	\$ 0.08728	\$ 0.08897	\$ 0.09069	\$ 0.09765	\$ 0.09933	\$ 0.09387	\$ 0.09458
Winter (Dec, Jan, Feb, and Mar)	\$ -	\$ 0.08131	\$ 0.08446	\$ 0.08446	\$ 0.08608	\$ 0.08773	\$ 0.09460	\$ 0.09621	\$ 0.09068	\$ 0.09131
Transition (Apr, May, Oct, and Nov)	\$ -	\$ 0.07960	\$ 0.08270	\$ 0.08270	\$ 0.08427	\$ 0.08587	\$ 0.09268	\$ 0.09424	\$ 0.08866	\$ 0.08923
General Power-Schedule GSA2 (Rate Class 50)										
(demand of 50 kW to 1,000 kW or demand of less than 50 kW but usage in excess of 15,000 kWh)										
Customer Charge	\$ 35.50	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 62.54	\$ 62.54	\$ 75.00	\$ 75.00
Demand Charge:										
First 50 kW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of 50 kW	\$ 13.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 13.70	\$ 14.06	\$ 14.06	\$ 14.37	\$ 14.69	\$ 15.70	\$ 16.01	\$ 16.32	\$ 16.37
Winter	\$ -	\$ 12.87	\$ 13.21	\$ 13.21	\$ 13.50	\$ 13.79	\$ 14.77	\$ 15.06	\$ 15.35	\$ 15.38
Transition	\$ -	\$ 12.87	\$ 13.21	\$ 13.21	\$ 13.50	\$ 13.79	\$ 14.77	\$ 15.06	\$ 15.35	\$ 15.38
Energy Charge:										
First 15,000 kWh	\$ 0.09867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 0.07948	\$ 0.08484	\$ 0.08484	\$ 0.08653	\$ 0.08825	\$ 0.09510	\$ 0.09678	\$ 0.09341	\$ 0.09413
Winter	\$ -	\$ 0.07674	\$ 0.08202	\$ 0.08202	\$ 0.08364	\$ 0.08529	\$ 0.09204	\$ 0.09365	\$ 0.09020	\$ 0.09083
Transition	\$ -	\$ 0.07503	\$ 0.08025	\$ 0.08025	\$ 0.08182	\$ 0.08342	\$ 0.09012	\$ 0.09168	\$ 0.08819	\$ 0.08876
Additional kWh	\$ 0.05572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 0.03985	\$ 0.04072	\$ 0.04072	\$ 0.04149	\$ 0.04227	\$ 0.04598	\$ 0.04675	\$ 0.04246	\$ 0.04305
Winter	\$ -	\$ 0.03711	\$ 0.03790	\$ 0.03790	\$ 0.03860	\$ 0.03931	\$ 0.04293	\$ 0.04362	\$ 0.03925	\$ 0.03976
Transition	\$ -	\$ 0.03594	\$ 0.03669	\$ 0.03669	\$ 0.03735	\$ 0.03803	\$ 0.04161	\$ 0.04227	\$ 0.03787	\$ 0.03833

(Continued)

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

**Table 5**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Power-Schedule GSA3 (Rate Class 54)</b>										
(demand of greater than 1,000 kW but less than 2,500 kW)										
Customer Charge	\$ 230.00	\$ 230.00	\$ 230.00	\$ 230.00	\$ 230.00	\$ 230.00	\$ 239.73	\$ 239.73	\$ 239.73	\$ 239.73
Demand Charge:										
First 1,000 kW	\$ 14.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 13.91	\$ 14.72	\$ 14.72	\$ 15.04	\$ 15.37	\$ 16.42	\$ 16.74	\$ 17.06	\$ 17.12
Winter	\$ -	\$ 13.08	\$ 13.86	\$ 13.86	\$ 14.16	\$ 14.47	\$ 15.49	\$ 15.79	\$ 16.09	\$ 16.12
Transition	\$ -	\$ 13.08	\$ 13.86	\$ 13.86	\$ 14.16	\$ 14.47	\$ 15.49	\$ 15.79	\$ 16.09	\$ 16.12
Excess of 1,000 kW	\$ 14.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 14.20	\$ 15.08	\$ 15.08	\$ 15.46	\$ 15.85	\$ 17.01	\$ 17.39	\$ 17.77	\$ 17.83
Winter	\$ -	\$ 13.37	\$ 14.22	\$ 14.22	\$ 14.58	\$ 14.95	\$ 16.07	\$ 16.43	\$ 16.79	\$ 16.82
Transition	\$ -	\$ 13.37	\$ 14.22	\$ 14.22	\$ 14.58	\$ 14.95	\$ 16.07	\$ 16.43	\$ 16.79	\$ 16.82
Energy Charge:	\$ 0.05572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 0.03985	\$ 0.04072	\$ 0.04072	\$ 0.04149	\$ 0.04227	\$ 0.04598	\$ 0.04675	\$ 0.04752	\$ 0.04812
Winter	\$ -	\$ 0.03711	\$ 0.03790	\$ 0.03790	\$ 0.03860	\$ 0.03931	\$ 0.04293	\$ 0.04362	\$ 0.04431	\$ 0.04483
Transition	\$ -	\$ 0.03594	\$ 0.03669	\$ 0.03669	\$ 0.03735	\$ 0.03803	\$ 0.04161	\$ 0.04227	\$ 0.04293	\$ 0.04341
<b>General Power-Schedule GSA3 (Rate Class 55)</b>										
(demand of greater than 2,500 kW but less than 5,000 kW)										
Customer Charge	\$ 230.00	\$ 230.00	\$ 230.00	\$ 230.00	\$ 230.00	\$ 230.00	\$ 239.73	\$ 239.73	\$ -	\$ -
Demand Charge:										
First 1,000 kW	\$ 14.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 13.91	\$ 14.72	\$ 14.72	\$ 15.04	\$ 15.37	\$ 16.42	\$ 16.74	\$ -	\$ -
Winter	\$ -	\$ 13.08	\$ 13.86	\$ 13.86	\$ 14.16	\$ 14.47	\$ 15.49	\$ 15.79	\$ -	\$ -
Transition	\$ -	\$ 13.08	\$ 13.86	\$ 13.86	\$ 14.16	\$ 14.47	\$ 15.49	\$ 15.79	\$ -	\$ -
Excess of 1,000 kW	\$ 14.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 14.20	\$ 15.08	\$ 15.08	\$ 15.46	\$ 15.85	\$ 17.01	\$ 17.39	\$ -	\$ -
Winter	\$ -	\$ 13.37	\$ 14.22	\$ 14.22	\$ 14.58	\$ 14.95	\$ 16.07	\$ 16.43	\$ -	\$ -
Transition	\$ -	\$ 13.37	\$ 14.22	\$ 14.22	\$ 14.58	\$ 14.95	\$ 16.07	\$ 16.43	\$ -	\$ -
Additional kW above contract demand	\$ 14.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 14.20	\$ 15.08	\$ 15.08	\$ 15.46	\$ 15.85	\$ 17.01	\$ 17.39	\$ -	\$ -
Winter	\$ -	\$ 13.37	\$ 14.22	\$ 14.22	\$ 14.58	\$ 14.95	\$ 16.07	\$ 16.43	\$ -	\$ -
Transition	\$ -	\$ 13.37	\$ 14.22	\$ 14.22	\$ 14.58	\$ 14.95	\$ 16.07	\$ 16.43	\$ -	\$ -
Energy Charge:	\$ 0.05572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summer	\$ -	\$ 0.03985	\$ 0.04072	\$ 0.04072	\$ 0.04149	\$ 0.04227	\$ 0.04598	\$ 0.04675	\$ -	\$ -
Winter	\$ -	\$ 0.03711	\$ 0.03790	\$ 0.03790	\$ 0.03860	\$ 0.03931	\$ 0.04293	\$ 0.04362	\$ -	\$ -
Transition	\$ -	\$ 0.03711	\$ 0.03669	\$ 0.03669	\$ 0.03735	\$ 0.03803	\$ 0.04161	\$ 0.04227	\$ -	\$ -

(Continued)

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

												Table 5								
	Fiscal Year																			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019										
General Power-Schedule GSB (Rate Class 36)																				
(demand of greater than 5,000 kW and less than 15,000 kW)																				
Customer Charge	\$	-	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	-	\$	-						
Administrative Charge	\$	-	\$	350.00	\$	350.00	\$	350.00	\$	350.00	\$	-	\$	-						
Demand Charge (per kW):																				
Summer																				
On Peak kW	\$	-	\$	16.60	\$	17.05	\$	17.05	\$	17.44	\$	17.84	\$	10.09	\$	10.33	\$	-	\$	-
Off Peak kW	\$	-	\$	4.56	\$	4.64	\$	4.64	\$	4.71	\$	4.78	\$	5.56	\$	5.64	\$	-	\$	-
Additional kW above contract demand	\$	-	\$	16.01	\$	17.05	\$	17.05	\$	17.44	\$	17.84	\$	10.09	\$	10.33	\$	-	\$	-
Winter																				
On Peak kW	\$	-	\$	9.74	\$	9.97	\$	9.97	\$	10.18	\$	10.39	\$	9.20	\$	9.42	\$	-	\$	-
Off Peak kW	\$	-	\$	4.56	\$	4.64	\$	4.64	\$	4.71	\$	4.78	\$	5.56	\$	5.64	\$	-	\$	-
Additional kW above contract demand	\$	-	\$	9.74	\$	9.97	\$	9.97	\$	10.18	\$	10.39	\$	9.20	\$	9.42	\$	-	\$	-
Transition																				
On Peak Billing kW	\$	-	\$	4.56	\$	4.64	\$	4.64	\$	4.71	\$	4.78	\$	9.20	\$	9.42	\$	-	\$	-
On Peak Transition Max kW	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5.56	\$	5.64	\$	-	\$	-
Additional kW above contract demand	\$	-	\$	4.56	\$	4.64	\$	4.64	\$	4.71	\$	4.78	\$	9.20	\$	9.42	\$	-	\$	-
Energy Charge (per kWh):																				
Summer																				
On Peak kWh	\$	-	\$	0.07627	\$	0.11536	\$	0.11536	\$	0.08039	\$	0.08236	\$	0.07553	\$	0.07722	\$	-	\$	-
Off Peak																				
First 425/200 hours use of demand	\$	-	\$	0.04272	\$	0.08078	\$	0.08078	\$	0.04490	\$	0.04594	\$	0.05236	\$	0.05350	\$	-	\$	-
Next 195/200 hours use of demand	\$	-	\$	0.02466	\$	0.06216	\$	0.06216	\$	0.02579	\$	0.02633	\$	0.00930	\$	0.00941	\$	-	\$	-
Over 620/400 hours use of demand	\$	-	\$	0.00933	\$	0.04636	\$	0.04636	\$	0.00958	\$	0.00970	\$	0.00613	\$	0.00615	\$	-	\$	-
Winter																				
On Peak kWh	\$	-	\$	0.04660	\$	0.04788	\$	0.04788	\$	0.04901	\$	0.05016	\$	0.06495	\$	0.06639	\$	-	\$	-
Off Peak																				
First 425/200 hours use of demand	\$	-	\$	0.04272	\$	0.04388	\$	0.04388	\$	0.04490	\$	0.04594	\$	0.05442	\$	0.05560	\$	-	\$	-
Next 195/200 hours use of demand	\$	-	\$	0.02466	\$	0.02526	\$	0.02526	\$	0.02579	\$	0.02633	\$	0.00930	\$	0.00941	\$	-	\$	-
Over 620/400 hours use of demand	\$	-	\$	0.00933	\$	0.00946	\$	0.00946	\$	0.00958	\$	0.00970	\$	0.00613	\$	0.00615	\$	-	\$	-
Transition																				
On Peak kWh	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.05206	\$	0.05319	\$	-	\$	-
Off Peak																				
First 425 hours use of demand	\$	-	\$	0.04272	\$	0.04388	\$	0.04388	\$	0.04490	\$	0.04594	\$	0.05206	\$	0.05319	\$	-	\$	-
Next 195 hours use of demand	\$	-	\$	0.02466	\$	0.02526	\$	0.02526	\$	0.02579	\$	0.02633	\$	0.00930	\$	0.00941	\$	-	\$	-
Over 620 hours use of demand	\$	-	\$	0.00933	\$	0.00946	\$	0.00946	\$	0.00958	\$	0.00970	\$	0.00613	\$	0.00615	\$	-	\$	-

(Continued)

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

Table 5																				
	Fiscal Year																			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019										
General Power-Schedule GSB (Rate Class 36) (Continued)																				
Facility Charge (per kW): (delivery voltage level)																				
First 10,000 kW																				
<46kV	\$	-	\$	0.93	\$	0.93	\$	0.93	\$	0.93	\$	0.93	\$	-	\$	-				
46kV - 161 kV	\$	-	\$	0.36	\$	0.36	\$	0.36	\$	0.36	\$	0.36	\$	-	\$	-				
> 161 kV	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
Over 10,000 kW																				
<46kV	\$	-	\$	0.73	\$	0.73	\$	0.73	\$	0.73	\$	0.73	\$	-	\$	-				
46kV - 161 kV	\$	-	\$	0.36	\$	0.36	\$	0.36	\$	0.36	\$	0.36	\$	-	\$	-				
> 161 kV	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
Reactive Charge (per kVAR):																				
Leading (per kVAR)	\$	-	\$	1.14	\$	1.14	\$	1.14	\$	1.14	\$	1.14	\$	-	\$	-				
Lagging (per kVAR)	\$	-	\$	1.46	\$	1.46	\$	1.46	\$	1.46	\$	1.46	\$	-	\$	-				
Manufacturing Service Rate-Schedule MSB (Rate Class 26)																				
(demand of greater than 5,000 kW and less than 15,000 kW)																				
Customer Charge	\$	-	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00	\$	1,500.00				
Administrative Charge	\$	-	\$	350.00	\$	350.00	\$	350.00	\$	350.00	\$	350.00	\$	350.00	\$	350.00				
Demand Charge (per kW):																				
Summer																				
On Peak kW	\$	-	\$	15.95	\$	16.40	\$	16.40	\$	16.79	\$	17.19	\$	9.50	\$	9.72	\$	9.95	\$	10.22
Off Peak kW	\$	-	\$	3.91	\$	3.98	\$	3.98	\$	4.05	\$	4.12	\$	2.15	\$	2.17	\$	2.19	\$	2.27
Additional kW above contract demand	\$	-	\$	15.95	\$	16.40	\$	16.40	\$	16.79	\$	17.19	\$	9.50	\$	9.72	\$	9.95	\$	10.22
Winter																				
On Peak kW	\$	-	\$	9.09	\$	9.32	\$	9.32	\$	9.53	\$	9.74	\$	8.60	\$	8.80	\$	9.01	\$	9.25
Off Peak kW	\$	-	\$	3.91	\$	3.98	\$	3.98	\$	4.05	\$	4.12	\$	2.15	\$	2.17	\$	2.19	\$	2.27
Additional kW above contract demand	\$	-	\$	9.09	\$	9.32	\$	9.32	\$	9.53	\$	9.74	\$	8.60	\$	8.80	\$	9.01	\$	9.25
Transition																				
Billing kW	\$	-	\$	3.91	\$	3.98	\$	3.98	\$	4.05	\$	4.12	\$	8.60	\$	8.80	\$	9.01	\$	9.25
Transition Max kW	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2.15	\$	2.17	\$	2.19	\$	2.27
Additional kW above contract demand	\$	-	\$	3.91	\$	3.98	\$	3.98	\$	4.05	\$	4.12	\$	8.60	\$	8.80	\$	9.01	\$	9.25

(Continued)

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

													Table 5
													Fiscal Year

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

												Table 5
												Fiscal Year
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
<b>Seasonal General Service Rate-Schedule SGSB (Rate Class 56)</b>												
(demand of greater than 5,000 kW and less than 15,000 kW)												
Customer Charge	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	
Administrative Charge	\$ -	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	
Demand Charge (per kW):												
Summer												
Billing kW	\$ -	\$ 21.63	\$ 22.23	\$ 22.23	\$ 22.76	\$ 23.30	\$ 20.07	\$ 20.50	\$ -	\$ -		
Additional kW above contract demand	\$ -	\$ 21.63	\$ 22.23	\$ 22.23	\$ 22.76	\$ 23.30	\$ 20.07	\$ 20.50	\$ -	\$ -		
Winter												
Billing kW	\$ -	\$ 15.51	\$ 15.92	\$ 15.92	\$ 16.28	\$ 16.65	\$ 17.01	\$ 17.37	\$ -	\$ -		
Additional kW above contract demand	\$ -	\$ 15.51	\$ 15.92	\$ 15.92	\$ 16.28	\$ 16.65	\$ 17.01	\$ 17.37	\$ -	\$ -		
Transition												
Billing kW	\$ -	\$ 10.91	\$ 11.18	\$ 11.18	\$ 11.42	\$ 11.66	\$ 13.95	\$ 14.24	\$ -	\$ -		
Additional kW above contract demand	\$ -	\$ 10.91	\$ 11.18	\$ 11.18	\$ 11.42	\$ 11.66	\$ 13.95	\$ 14.24	\$ -	\$ -		
Energy Charge (per kWh):												
Summer	\$ -	\$ 0.03069	\$ 0.03148	\$ 0.03148	\$ 0.03217	\$ 0.03288	\$ 0.03351	\$ 0.03420	\$ -	\$ -		
Winter	\$ -	\$ 0.02671	\$ 0.02738	\$ 0.02738	\$ 0.02797	\$ 0.02857	\$ 0.02911	\$ 0.02968	\$ -	\$ -		
Transition	\$ -	\$ 0.02583	\$ 0.02647	\$ 0.02647	\$ 0.02703	\$ 0.02760	\$ 0.02189	\$ 0.02866	\$ -	\$ -		
Facility Charge (per kW):												
(delivery voltage level)												
First 10,000 kW												
<46kV	\$ -	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -		
46kV - 161 kV	\$ -	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -		
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Over 10,000 kW												
<46kV	\$ -	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -		
46kV - 161 kV	\$ -	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -		
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Reactive Charge (per kVAR):												
Leading (per kVAR)	\$ -	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -		
Lagging (per kVAR)	\$ -	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -		

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

Table 5

	Fiscal Year											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Seasonal Manufacturing Service Rate-Schedule SMSB (Rate Class 02)												
(demand of greater than 5,000 kW and less than 15,000 kW)												
Customer Charge	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Charge	\$ -	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):												
Summer												
Billing kW	\$ -	\$ 18.18	\$ 18.69	\$ 18.69	\$ 19.14	\$ 19.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ -	\$ 18.18	\$ 18.69	\$ 18.69	\$ 19.14	\$ 19.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winter												
Billing kW	\$ -	\$ 12.05	\$ 12.38	\$ 12.38	\$ 12.67	\$ 12.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ -	\$ 12.05	\$ 12.38	\$ 12.38	\$ 12.67	\$ 12.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition												
Billing kW	\$ -	\$ 7.45	\$ 7.63	\$ 7.63	\$ 7.79	\$ 7.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ -	\$ 7.45	\$ 7.63	\$ 7.63	\$ 7.79	\$ 7.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):												
Summer												
Winter	\$ -	\$ 0.01679	\$ 0.01715	\$ 0.01715	\$ 0.01747	\$ 0.01779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transition	\$ -	\$ 0.01574	\$ 0.01607	\$ 0.01607	\$ 0.01636	\$ 0.01666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW):												
(delivery voltage level)												
First 10,000 kW												
<46kV	\$ -	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ -	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW												
<46kV	\$ -	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ -	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):												
Leading (per kVAR)	\$ -	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ -	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)



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

Table 5

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

**Table 5**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Power-Schedule GSB (Rate Class 56)</b>										
(demand of greater than 5,000 kW but less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Billing kW	\$ 16.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 16.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
First 620 hours use of demand	\$ 0.04532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620 hours use of demand	\$ 0.04281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>General Power-Schedule GSC (Rate Class 58)</b>										
(demand of greater than 15,000 kW but less than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Billing kW	\$ 15.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 15.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
First 620 hours use of demand	\$ 0.04166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620 hours use of demand	\$ 0.03399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Table 5**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Power-Schedule GSD (Rate Class 60)</b>										
(demand of greater than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Billing kW	\$ 18.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 18.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):	\$ 0.03341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Manufacturing Service Rate-Schedule MSB-1 (Rate Class 02)</b>										
(demand of greater than 5,000 kW but less than 15,000 kW; metered demand less than 5,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
First 5,000 kW	\$ 13.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 13.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
First 620 hours use of demand	\$ 0.03912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620 hours use of demand	\$ 0.03776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

Table 5

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Manufacturing Service Rate-Schedule MSB-2 (Rate Class 03)</b>										
(demand of greater than 5,000 kW but less than 15,000 kW; metered demand greater than 5,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
First 5,000 kW	\$ 13.11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW	\$ 11.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 11.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
First 620 hours use of demand	\$ 0.03741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620 hours use of demand	\$ 0.03645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Manufacturing Service Rate-Schedule MSC (Rate Class 08)</b>										
(demand of greater than 15,000 kW but less than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Billing kW	\$ 12.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 12.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
First 620 hours use of demand	\$ 0.03370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 620 hours use of demand	\$ 0.02750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Table 5

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Manufacturing Service Rate-Schedule MSD (Rate Class 14)</b>										
(demand of greater than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
Billing kW	\$ 14.94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 14.94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):	\$ 0.02702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Time of Day General Power Rate-Schedule TGSB (Rate Class 36)</b>										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 15.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 2.28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 15.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.05984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.03685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Table 5**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Time of Day General Power Rate-Schedule TGSC (Rate Class 38)</b>										
(demand of greater than 15,000 kW and less than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 15.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 1.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 15.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.05611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.03312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Time of Day General Power Rate-Schedule TGSD (Rate Class 90)</b>										
(demand of greater than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 18.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 2.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 18.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.03492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.03258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

Table 5

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Time of Day Manufacturing Service Rate-Schedule TMSB-1 (Rate Class 26)</b>										
(demand of less than 5,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 13.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 2.56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 13.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.05150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.03193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Time of Day Manufacturing Service Rate-Schedule TMSB-2 (Rate Class 27)</b>										
(demand of greater than 5,000 kW and less than 15,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 12.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 1.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 12.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.04910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.03050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

Table 5

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Time of Day Manufacturing Service Rate-Schedule TMSD (Rate Class 28)</b>										
(demand of greater than 15,000 kW and less than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 12.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 1.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 12.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.04537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.02676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Time of Day Manufacturing Service Rate-Schedule TMSD (Rate Class 29)</b>										
(demand of greater than 25,000 kW)										
Customer Charge	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand Charge (per kW):										
On Peak kW	\$ 15.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Off Peak kW	\$ 2.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional kW above contract demand	\$ 15.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Charge (per kWh):										
On Peak kWh	\$ 0.02915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Off Peak kWh	\$ 0.02719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility Charge (per kW): (delivery voltage level)										
First 10,000 kW										
<46kV	\$ 0.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Over 10,000 kW										
<46kV	\$ 0.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46kV - 161 kV	\$ 0.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
> 161 kV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reactive Charge (per kVAR):										
Leading (per kVAR)	\$ 1.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lagging (per kVAR)	\$ 1.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)



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

	<b>Table 5</b>									
	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>TVA Fuel Cost Adjustment</b>										
<b>Residential (Schedule RS)</b>										
Energy Charge										
First 1,000 kWh	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830
Additional kWh	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830
<b>General Power (Schedule GSA1)</b>										
Energy Charge	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830
<b>General Power (Schedule GSA2)</b>										
Demand Charge										
First 50 kW										
Excess over 50 kW										
Energy Charge										
First 15,000 kWh	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830
Additional kWh	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830
<b>General Power (Schedule GSA3)</b>										
Demand Charge										
First 1,000 kW										
Excess over 1,000 kW										
Energy Charge	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830
<b>Manufacturing Service Rate (Schedule MSB)</b>										
Demand Charge										
Energy Charge										
First 620 hours of use demand	\$ 0.00203	\$ 0.02431	\$ 0.02428	\$ 0.02416	\$ 0.02672	\$ 0.02170	\$ 0.01780	\$ 0.01916	\$ 0.01750	\$ 0.01666
Additional kWh	\$ 0.00203	\$ 0.02431	\$ 0.02428	\$ 0.02416	\$ 0.02672	\$ 0.02170	\$ 0.01780	\$ 0.01916	\$ 0.01750	\$ 0.01666
<b>Outdoor Lighting (Schedule LS - Part A and Part B)</b>										
Energy Charge	\$ 0.00207	\$ 0.02478	\$ 0.02475	\$ 0.02463	\$ 0.02724	\$ 0.02212	\$ 0.01924	\$ 0.02118	\$ 0.01970	\$ 0.01830

Source: Internal Records

See Independent Auditors' Report.

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

Table 6										
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Monthly Billing										
Customer Charge										
Residential	\$	8.48	8.48	10.43	11.53	11.53	11.53	12.11	12.11	12.11
Non-Residential		17.16	17.16	21.12	23.34	23.34	23.34	24.51	24.51	24.51
Usage Charge (per 1,000 gallons)										
0 - 100,000 gallons per month	\$	2.57	2.57	3.16	3.49	3.49	3.49	3.66	3.66	3.66
100,001 - 3,250,000 gallons per month		2.12	2.12	2.60	2.87	2.87	2.87	3.01	3.01	3.01
3,250,001 - over		1.16	1.16	1.42	1.57	1.57	1.57	1.65	1.65	1.65
Industry Rate Class (per 1,000 gallons)										
0 - 100,000 gallons per month	\$	-	-	-	3.32	3.32	3.32	3.49	3.49	3.49
100,001 - 3,250,000 gallons per month		-	-	-	2.73	2.73	2.73	2.87	2.87	2.87
3,250,001 - over		-	-	-	1.49	1.49	1.49	1.56	1.56	1.56
Meter Service Charge										
1"	\$	8.25	8.25	10.15	11.20	11.20	11.20	11.76	11.76	11.76
1-1/2 "		19.75	19.75	24.30	26.85	26.85	26.85	28.19	28.19	28.19
2"		32.75	32.75	40.30	44.50	44.50	44.50	46.73	46.73	46.73
3"		78.00	78.00	96.00	106.10	106.10	106.10	111.41	111.41	111.41
4"		123.75	123.75	152.30	168.30	168.30	168.30	176.72	176.72	176.72
6"		182.00	182.00	224.00	247.55	247.55	247.55	259.93	259.93	259.93
Fire Line Charges										
4"	\$	26.00	26.00	32.00	35.00	35.00	35.00	36.75	36.75	36.75
6"		52.00	52.00	64.00	70.00	70.00	70.00	73.50	73.50	73.50
8"		78.00	78.00	96.00	106.00	106.00	106.00	111.30	111.30	111.30
10"		104.00	104.00	128.00	141.00	141.00	141.00	148.05	148.05	148.05
Hydrant Rental		19.75	19.75	24.30	26.85	26.85	26.85	28.19	28.19	28.19

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

										Table 6

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

Table 7										
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Monthly Billing										
Customer Charge										
Residential	\$ 8.16	8.16	9.59	11.43	11.43	11.43	13.14	13.14	13.14	13.14
Non-Residential	19.00	19.00	22.33	26.62	26.62	26.62	30.61	30.61	30.61	30.61
Treatment Charge (per 1,000 gallons)										
All volumes	\$ 2.33	2.33	2.73	3.25	3.25	3.25	3.74	3.74	3.74	3.74
Industry Rate Class (per 1,000 gallons)										
All volumes	N/A	N/A	N/A	2.87	2.87	2.87	3.30	3.30	3.30	3.30
Meter Service Charge										
1"	\$ 9.50	9.50	11.15	13.25	13.25	13.25	15.24	15.24	15.24	15.24
1-1/2 "	23.00	23.00	27.00	32.15	32.15	32.15	36.97	36.97	36.97	36.97
2"	38.50	38.50	45.25	53.90	53.90	53.90	61.99	61.99	61.99	61.99
3"	87.00	87.00	102.25	121.85	121.85	121.85	140.13	140.13	140.13	140.13
4"	138.00	138.00	162.20	193.35	193.35	193.35	222.35	222.35	222.35	222.35
6"	342.00	342.00	402.00	479.20	479.20	479.20	551.08	551.08	551.08	551.08
Strong Waste Surcharge (per pound)										
Biological Oxygen Demand (BOD-5)										
301 - over	\$ 0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07
Total Suspended Solids (TSS)										
301 - over	\$ 0.12	0.12	0.12	0.12	0.12	0.12	0.14	0.14	0.14	0.14
Connection Fees/System Fees										
Line Size										
6"	\$ 1,005.00	1,005.00	1,180.00	1,405.00	1,405.00	1,405.00	1,616.00	1,616.00	1,616.00	1,616.00
All Other	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

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

**Table 8**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
2003 Revenue and Refunding Bonds	\$ 44,700,000	-	-	-	-	-	-	-	-	-
2007 Revenue Bonds	1,860,500	-	-	-	-	-	-	-	-	-
2010 Revenue and Refunding Bonds	-	44,545,000	43,385,000	42,185,000	40,930,000	39,610,000	38,235,000	36,790,000	35,275,000	-
Notes Payable - MI Connection	919,459	885,391	-	-	-	-	-	-	-	-
Southeast Rural Community Assistance Project (SERCAP)	-	-	-	-	222,773	214,826	-	-	-	-
VRA Revolving Loan Funds - Hassen Heights Water Tank	1,154,596	1,109,613	1,063,177	1,015,248	965,771	914,698	861,977	807,556	751,379	693,391
VRA Revolving Loan Funds - Bristol View Connector	1,265,441	1,216,140	1,165,246	1,112,716	1,058,489	1,002,512	944,730	885,084	823,514	759,959
Total Outstanding Debt	<u>\$ 49,899,996</u>	<u>47,756,144</u>	<u>45,613,423</u>	<u>44,312,965</u>	<u>43,177,033</u>	<u>41,742,036</u>	<u>40,041,707</u>	<u>38,482,640</u>	<u>36,849,893</u>	<u>1,453,349</u>

Source: Internal Records

See Independent Auditors' Report.

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

**Table 9**

Fiscal	Gross	Operating	Net	Debt Service Requirements (3)			
Year	Revenues (1)	Expenses (2)	Available	Principal	Interest	Total	Coverage
Electric							
2010	\$ 50,633,633	45,294,700	5,338,933	570,000	817,516	1,387,516	3.85
2011	56,352,274	51,247,509	5,104,765	595,000	697,648	1,292,648	3.95
2012	54,106,556	49,335,039	4,771,517	425,000	681,811	1,106,811	4.31
2013	54,547,328	49,590,926	4,956,402	440,000	666,734	1,106,734	4.48
2014	54,163,773	49,944,002	4,219,771	460,000	645,409	1,105,409	3.82
2015	53,690,719	49,122,216	4,568,503	480,000	624,310	1,104,310	4.14
2016	53,152,408	46,782,178	6,370,230	505,000	600,793	1,105,793	5.76
2017	53,552,196	49,384,256	4,167,940	530,000	576,533	1,106,533	3.77
2018	52,259,747	45,607,913	6,651,834	560,000	549,635	1,109,635	5.99
2019	49,387,236	46,491,770	2,895,466	-	-	-	-
Water							
2010	3,181,251	2,540,536	640,715	151,031	231,133	382,164	1.68
2011	3,325,730	2,484,905	840,825	199,284	201,873	401,157	2.10
2012	3,710,383	2,576,558	1,133,825	172,325	196,280	368,605	3.08
2013	3,865,417	2,620,737	1,244,680	180,464	190,373	370,837	3.36
2014	3,768,161	2,846,974	921,187	188,705	183,143	371,848	2.48
2015	3,506,449	2,590,455	915,994	197,050	175,837	372,887	2.46
2016	3,606,976	2,561,690	1,045,286	200,503	168,085	368,588	2.84
2017	3,638,490	2,458,512	1,179,978	209,067	160,160	369,227	3.20
2018	3,647,363	2,345,605	1,301,758	217,747	151,658	369,405	3.52
2019	3,630,730	2,526,263	1,104,467	125,465	45,511	170,976	6.46
Sewer							
2010	3,321,694	2,568,047	753,647	-	-	-	-
2011	3,277,749	2,720,803	556,946	-	-	-	-
2012	3,553,648	2,936,327	617,321	-	-	-	-
2013	4,304,153	3,005,439	1,298,714	-	-	-	-
2014	4,324,296	3,038,855	1,285,441	3,227	3,408	6,635	193.74
2015	4,142,224	2,803,659	1,338,565	7,947	7,977	15,924	84.06
2016	4,728,757	3,001,951	1,726,806	-	-	-	-
2017	4,667,993	2,797,133	1,870,860	-	-	-	-
2018	4,640,570	3,084,857	1,555,713	-	-	-	-
2019	4,733,250	2,946,194	1,787,056	-	-	-	-
OptiNet							
2010	19,239,890	12,408,696	6,831,194	775,000	1,164,528	1,939,528	3.52
2011	18,532,046	11,425,444	7,106,602	805,000	1,029,023	1,834,023	3.87
2012	19,814,189	13,238,671	6,575,518	660,000	1,051,848	1,711,848	3.84
2013	20,840,114	13,609,306	7,230,808	680,000	1,028,408	1,708,408	4.23
2014	22,936,382	14,773,808	8,162,574	710,000	995,318	1,705,318	4.79
2015	23,069,018	15,602,283	7,466,735	750,000	962,492	1,712,492	4.36
2016	24,530,309	18,463,163	6,067,146	780,000	925,944	1,705,944	3.56
2017	24,768,880	16,022,255	8,746,625	820,000	888,344	1,708,344	5.12
2018	24,486,249	16,391,298	8,094,951	855,000	846,977	1,701,977	4.76
2019	1,862,461	2,558,343	(695,882)	-	-	-	-

(1) Total operating revenues plus interest income.

(2) Total operating expenses plus amortization less depreciation.

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

Source: Internal Records

See Independent Auditors' Report.

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

**Table 10**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Unemployment Rate</b>										
City of Bristol	8.80%	8.30%	7.30%	7.00%	6.40%	5.40%	5.10%	4.50%	3.70%	3.90%
Scott County	8.50%	7.30%	7.50%	7.00%	5.90%	5.20%	4.90%	4.00%	3.20%	3.20%
Washington County	7.90%	7.10%	6.70%	6.40%	5.80%	4.80%	4.60%	4.10%	3.40%	3.40%
Virginia										
<b>Population</b>										
City of Bristol	17,835	17,780	17,702	17,728	17,690	17,625	17,669	17,160	16,877	N/A
Scott County	23,177	23,274	23,445	23,223	23,181	22,759	22,733	22,377	22,121	N/A
Washington County	54,876	55,179	55,479	55,207	54,943	54,130	53,410	53,789	53,992	N/A
Virginia	8,001,024	8,096,604	8,185,867	8,260,405	8,326,289	8,382,993	8,411,808	8,470,020	8,517,685	N/A
<b>Personal Income (Thousands of Dollars)</b>										
Washington County + City of Bristol	2,516,648	2,715,354	2,922,509	2,779,901	2,693,897	2,686,904	2,591,795	2,791,654	N/A	N/A
Scott County	626,018	664,992	665,666	654,470	667,370	690,471	695,417	714,652	N/A	N/A
Virginia	364,382,497	386,298,008	404,772,481	402,064,568	420,235,927	440,823,733	448,683,501	466,743,276	N/A	N/A
<b>Per Capita Personal Income (Dollars)</b>										
Washington County + City of Bristol	34,601	37,441	40,145	38,518	37,523	37,650	36,420	39,221	N/A	N/A
Scott County	27,061	28,836	28,994	28,738	29,623	31,024	31,570	32,685	N/A	N/A
Virginia	45,405	47,647	49,431	48,666	50,528	52,687	53,323	55,105	N/A	N/A

Source:  
United States Department of Labor, Bureau of Labor Statistics  
Weldon Cooper Center for Public Service  
Bureau of Economic Analysis

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

See Independent Auditors' Report.

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

**Table 11**

	2019		2010	
	Employees	Rank	Employees	Rank
<b>City of Bristol</b>				
Electro Mechanical Corporation	250 to 499 employees	1	500 to 999 employees	3
Bristol City Public Schools	250 to 499 employees	2	250 to 499 employees	4
Highlands Community Services Board	250 to 499 employees	3	250 to 499 employees	9
City of Bristol	250 to 499 employees	4	250 to 499 employees	5
Snack Alliance Inc	250 to 499 employees	5	-	-
U.P.S.	250 to 499 employees	6	250 to 499 employees	8
Food City	250 to 499 employees	7	250 to 499 employees	10
Strongwell	100 to 249 employees	8	250 to 499 employees	7
VDOT	100 to 249 employees	9	-	-
Red Lobster & The Olive Garden	100 to 249 employees	10	-	-
U S Solutions Group	-	-	500 to 999 employees	1
Sprint United Management	-	-	500 to 999 employees	2
Officemax Inc	-	-	250 to 499 employees	6
	2019		2010	
	Employees	Rank	Employees	Rank
<b>Washington County</b>				
Washington County Schools	1000 and over employees	1	1000 and over employees	1
Food City	1000 and over employees	2	1000 and over employees	2
Mountain States Health AI	500 to 999 employees	3	500 to 999 employees	4
Utility Trailer Manufacturing	500 to 999 employees	4	-	-
Wal Mart	500 to 999 employees	5	250 to 499 employees	6
Paramont Manufacturing	250 to 499 employees	6	-	-
Camac Corporation	250 to 499 employees	7	250 to 499 employees	5
Cabela's	250 to 499 employees	8	-	-
Washington County	250 to 499 employees	9	250 to 499 employees	9
Emory and Henry College	250 to 499 employees	10	250 to 499 employees	7
Bristol Compressors International	-	-	500 to 999 employees	3
Lowes' Home Centers, Inc.	-	-	250 to 499 employees	8
Virginia Highlands Community College	-	-	250 to 499 employees	10
	2019		2010	
	Employees	Rank	Employees	Rank
<b>Scott County</b>				
Scott County School Board	500 to 999 employees	1	500 to 999 employees	1
Joy Technologies	250 to 499 employees	2	250 to 499 employees	2
Tempur Production	250 to 499 employees	3	100 to 249 employees	3
Itec Healthcare Solutions Inc	100 to 249 employees	4	-	-
Marty, Inc.	100 to 249 employees	5	-	-
Food City	100 to 249 employees	6	100 to 249 employees	4
VFP Inc.	100 to 249 employees	7	100 to 249 employees	7
County of Scott	100 to 249 employees	8	100 to 249 employees	5
Sw Virginia Regional Jail Auth	100 to 249 employees	9	-	-
Ridgecrest Manor Nursing & Rehabilitation	100 to 249 employees	10	100 to 249 employees	6
Mountain Region Personal Care	-	-	100 to 249 employees	8
Family Preservation Services	-	-	100 to 249 employees	9
Holston Medical Group	-	-	50 to 99 employees	10

Source: Virginia Employment Commission Quarterly Census of Employment and Wages for 1st Qtr 2019 and 2nd Qtr 2010.  
Data for 2nd Qtr 2019 was not available at the time this report was prepared.

See Independent Auditors' Report.



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

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**Table 12**

<b><u>Fiscal Year</u></b>	<b><u>Heating Degree Days *</u></b>	<b><u>Cooling Degree Days *</u></b>
2019	4269	1133
2018	4623	902
2017	3921	969
2016	4224	740
2015	5007	715
2014	4833	744
2013	4359	769
2012	3706	913
2011	4469	1003
2010	4622	747

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

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

See Independent Auditors' Report.

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

**Table 13**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Purchased Power (kWh)</b>	587,764,963	596,678,554	558,693,201	558,952,771	560,711,607	559,840,691	539,503,555	514,938,200	519,494,701	492,770,724
<b>Consumption (kWh)</b>										
Residential	213,303,624	220,332,023	194,484,388	203,635,243	210,410,023	207,969,958	191,675,969	188,244,626	200,775,221	198,934,677
Commercial	39,507,926	40,613,221	38,863,172	38,554,142	37,996,296	37,231,807	34,537,543	34,061,091	35,451,776	35,626,834
Large Commercial and Industrial	296,710,223	317,298,242	297,527,293	286,503,291	284,900,300	286,970,054	289,730,297	269,085,894	254,088,620	233,433,790
Street and Outdoor Lighting	6,091,169	6,164,797	6,051,715	5,920,591	5,828,021	5,717,871	5,762,394	5,738,744	5,673,241	5,755,556
<b>Total Consumption</b>	<u>555,612,942</u>	<u>584,408,283</u>	<u>536,926,568</u>	<u>534,613,267</u>	<u>539,134,640</u>	<u>537,889,690</u>	<u>521,706,203</u>	<u>497,130,355</u>	<u>495,988,858</u>	<u>473,750,857</u>
<b>Line Losses (kWh)</b>	32,152,021	12,270,271	21,766,633	24,339,504	21,576,967	21,951,001	17,797,352	17,807,845	23,505,843	19,019,867
<b>Line Losses as a percentage of purchased power</b>	5.47%	2.06%	3.90%	4.35%	3.85%	3.92%	3.30%	3.46%	4.52%	3.86%
<b>Customer Count</b>										
Residential	13,860	13,722	13,728	13,679	13,542	13,632	13,605	13,574	13,665	13,597
Commercial	2,201	2,191	2,237	2,229	2,214	2,220	2,230	2,237	2,262	2,274
Large Commercial and Industrial	325	327	317	313	323	326	322	308	304	314
Street and Outdoor Lighting	138	135	135	133	136	137	138	142	142	144
<b>Total Customer Count</b>	<u>16,524</u>	<u>16,375</u>	<u>16,417</u>	<u>16,354</u>	<u>16,215</u>	<u>16,315</u>	<u>16,295</u>	<u>16,261</u>	<u>16,373</u>	<u>16,329</u>

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

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

										Table 14
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Production (000's)</b>										
Total gallons pumped	1,290,817	1,353,193	1,142,712	919,409	962,961	813,624	805,108	850,545	876,953	885,047
Gallons used in operations	15,946	16,635	14,007	10,883	13,482	9,514	8,161	8,248	9,133	9,707
<b>Gallons Available For Sale</b>	1,274,871	1,336,558	1,128,705	908,526	949,479	804,110	796,947	842,297	867,820	875,340
<b>Consumption (000's)</b>										
Residential	302,614	307,165	302,728	292,560	297,231	290,302	283,256	276,619	275,081	274,283
Commercial and Industrial	350,039	346,286	298,020	267,258	283,626	270,345	277,781	301,811	307,244	296,352
Other Water Authorities	278,131	304,869	212,727	137,868	92,400	-	-	-	-	-
<b>Total Consumption</b>	930,784	958,320	813,475	697,686	673,257	560,647	561,037	578,430	582,325	570,635
<b>Gallons Losses (000's)</b>	344,087	378,238	315,230	210,840	276,222	243,463	235,910	263,867	285,495	304,705
<b>Losses as a percentage of gallons pumped</b>	26.66%	27.95%	27.59%	22.93%	28.68%	29.92%	29.30%	31.02%	32.56%	34.43%
<b>Customer Count</b>										
Residential	6,932	6,832	6,868	6,847	6,788	6,845	6,832	6,827	6,862	6,830
Commercial and Industrial	1,116	1,100	1,098	1,080	1,055	1,059	1,056	1,049	1,039	1,060
Other Water Authorities	11	11	11	2	-	-	-	-	-	-
<b>Total Customer Count</b>	8,059	7,943	7,977	7,929	7,843	7,904	7,888	7,876	7,901	7,890

Note: Customer count is as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

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

										Table 15
										Fiscal Year
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gallons Transported (000's)</b>										
Residential	310,629	314,837	311,991	305,306	309,184	297,356	289,329	291,908	298,172	289,392
Commercial and Industrial	510,381	499,305	451,715	453,209	456,611	423,265	430,416	403,663	411,638	426,992
<b>Total Gallons Transported (000's)</b>	<b>821,010</b>	<b>814,142</b>	<b>763,706</b>	<b>758,515</b>	<b>765,795</b>	<b>720,621</b>	<b>719,745</b>	<b>695,571</b>	<b>709,810</b>	<b>716,384</b>
<b>Customer Count</b>										
Residential	6,776	6,677	6,713	6,697	6,633	6,702	6,691	6,688	6,730	6,701
Commercial and Industrial	1,047	1,028	1,028	1,007	983	985	977	967	945	972
<b>Total Customer Count</b>	<b>7,823</b>	<b>7,705</b>	<b>7,741</b>	<b>7,704</b>	<b>7,616</b>	<b>7,687</b>	<b>7,668</b>	<b>7,655</b>	<b>7,675</b>	<b>7,673</b>

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

**BVU AUTHORITY**  
**DEMAND FOR SERVICES AND CAPITAL INDICATORS**  
**June 30, 2019**

**Table 16**

<b>Electric System</b>		
Delivery Points From TVA	2	
Number of Substations	10	
Miles of Transmission Lines	27	
Miles of Distribution Lines	512	
<b>Water System</b>		
Daily Capacity of Water Plant	10,000,000	Gallons per Day
Average Daily Consumption	1,563,000	Gallons per Day
Number of Water Tanks	6	
Storage Capacity	6,800,000	Gallons
Miles of Water Lines	150	
<b>Wastewater System</b>		
BVU's Contractual Daily Capacity of Treatment Plant	6,750,000	Gallons per Day
Average Daily Usage	1,962,000	Gallons per Day
Miles of Sewer Lines	110	
<b>Number of Employees</b>		
Full Time	69	
Part Time	2	
Total	71	

Source: Internal Records

See Independent Auditors' Report.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

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

To the Board of Directors  
BVU Authority  
Bristol, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of BVU Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the Joint Sewerage System, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

October 31, 2019



**BVU AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2019**

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**SECTION I - FINANCIAL STATEMENT AUDIT FINDINGS**

None Noted

**SECTION II - PRIOR YEAR FINDINGS IMPLEMENTED**

Material Weakness – 2018-001 CPC OptiNet Capital Assets

Significant Deficiency – 2018-002 Auditor of Public Accounts Audit Findings