

Bedford Regional Water Authority

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

BEDFORD REGIONAL WATER AUTHORITY

BEDFORD, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2025*

PREPARED BY THE FINANCE DEPARTMENT

Bedford Regional Water Authority

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Introductory Section




December 5, 2025

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

The Annual Comprehensive Financial Report for the Bedford Regional Water Authority (the “Authority”) is hereby submitted for the fiscal year ended June 30, 2025. The report was prepared by the Authority in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and with emphasis on disclosure of the financial activities of the Authority. Responsibility for both the completeness and reliability of the information, including all disclosures, rests with the Authority, and is based upon a framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations and cash flows of the Authority.

The basic financial statements have been audited by our independent auditors, Brown, Edwards & Company, L.L.P., who have issued an unmodified (“clean”) opinion of the financial statements of the Authority as of and for the year ended June 30, 2025. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The independent auditor’s report is located at the front of the financial section of this report.

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

		
VISION	MISSION	VALUES
<p>Clean Water. Healthy Environment. Thriving Community.</p>	<p>To provide high quality water and wastewater services to the community.</p>	<p>Collaboration Adaptability Results Enthusiasm Safety</p>

Organization and Function

The Authority was chartered December 18, 2012, under the Virginia Water and Waste Authorities Act and Sewer Authorities Act, Chapter 51 Title 15.2 of the Code of Virginia 1950 as amended, by concurrent resolutions adopted by the Bedford County Board of Supervisors and the City Council of the City of Bedford, Virginia (now the Town of Bedford). The Authority is authorized to acquire, finance,



contract, operate, and maintain water systems, sewer systems, sewerage disposal and treatment systems, and other facilities or combinations thereof; furthermore, it is able to borrow money and to issue its revenue bonds to pay all or any part of the cost of such systems and facilities and related financing costs.

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

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

Water Distribution Service Areas

Having successful partnerships with both Lynchburg Water Resources and the Western Virginia Water Authority (WVWA), the Bedford Regional Water Authority is capable of providing water to residents over a vast area. These relationships provide access to millions of gallons of treated drinking water to be distributed to customers over a large geographical area.

In conjunction with these partners, the Authority utilizes five surface water sources and multiple wells to provide drinking water throughout the region. Having such an abundant supply of water bolsters the community's defense against drought and other emergencies, thus protecting both public health and the environment.



Bedford Central: The Town of Bedford's primary source of drinking water is the Stoney Creek Reservoir accompanied by Smith Mountain Lake. Water from the Stoney Creek Reservoir is fed through a series of waterlines to the Central Water Treatment Plant on Turkey Mountain where it is treated using a conventional sand filtration system.

Forest Central: Customers within the New London and Forest areas may be supplied with water from Smith Mountain Lake or the Pedlar Reservoir, with additional supplies coming from

the James River during periods of greater demand. Having a partnership with Lynchburg Water Resources, the Authority is capable of providing water from Lynchburg to a vast area consisting of the Town of Bedford, Forest, New London, Smith Mountain Lake, and Boonsboro areas. While there is a minimum purchase requirement of one million gallons a day (MGD), there is not currently a contract limit to the capacity of water purchased.

Smith Mountain Lake: The Authority has a successful working relationship with the Western Virginia Water Authority (WVWA) to provide treated drinking water from the Smith Mountain Lake Water Treatment Plant to customers in the Westlake Area Water System and to Bedford County customers from Moneta to Forest. This facility, which opened in May 2017, was designed to meet both utilities' joint water needs through the year 2060, as recommended by the Regional Long Range Water Supply Plan. Water from Smith Mountain Lake is screened through 500 micron woven stainless steel strainers to remove fine silt and then pumped to the treatment facility. The membrane plant has 216 modules that each have 10,000 membrane filter strands to provide the unique water treatment capability. The membranes can filter out particles larger than 0.02 microns. After filtration, the water is treated with sodium hypochlorite, a required disinfectant, to eliminate bacteria, and then fluoride is added for dental health.

Being a regional facility, the Smith Mountain Lake water treatment plant serves customers within Moneta and Franklin County, following north up the 122 corridor to the Town of Bedford and east to New London extending into the Forest area.

Lakes: The Authority also owns three (3) independent water systems that use wells as the source and are located in the Mountain View Shores, Valley Mills Crossing, and Paradise Point subdivisions.

Stewartsville: The Authority purchases the water for Stewartsville from the Western Virginia Water Authority (WVWA). The primary source of drinking water in this area is the Carvins Cove Reservoir. There is no contract limit to the capacity of water purchased from the WVWA.

Wastewater Collection Service Areas

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



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

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

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

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

Local Economic Condition and Outlook



Bedford County is currently the fifth largest county by land area in the Commonwealth of Virginia. Bedford has a population of more than 80,000 and is still growing.

The County's economy is diverse, supported by agriculture, tourism, and a growing population. Bedford is anchored in residential growth and scenic destinations, such as the Peaks of Otter and Smith Mountain Lake. Thomas Jefferson's Poplar Forest and the National D-Day Memorial are located in Bedford. The Town of Bedford experienced one of the highest per capita losses during the D-Day invasion.

The Authority is the 32nd largest employer in the County, as reported by Virginia Works, Quarterly Census of Employment and Wages for the first quarter of 2025.

As of June 2024, the 2025 Bedford Community Profile reports an unemployment rate of 3.0% for the County; compared to the same time period where Virginia was at 2.9% and the Country was at 4.0%.

Relevant Financial Policies

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

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

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

Major Initiatives and Accomplishments

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

During FY 2025 Developer Dedications included 6,161 linear feet of waterline totaling \$751,908 and 1,860 linear feet of sewer line totaling \$1,017,649.

Purchases funded through the Capital Improvement Program (CIP) include a booster station at the Central Water Plant, filter replacements at the Mountain View Shores well, upgrades to pump stations in the Town of Bedford (along with a capital contribution from the Town of Bedford and Bedford County), as well as other water and sewer equipment and safety needs and SCADA additions within the service area.

The Authority Capital Improvement Program Maintenance Crew completed a waterline replacement project on Peakview Street in the Town of Bedford. They also worked on a waterline replacement for the Turkey Mountain Booster Station and sewer replacements for Shady Knoll and Galax Street in the Town of Bedford.

Internal capital replacement funds enabled the routine replacement of vehicles, equipment, trailers and information technology equipment. Equipment to view inside sewerlines was replaced, this enables staff to examine the inside of sewerlines for potential blockages and root growth from nearby trees. Equipment was also replaced to assist in the maintenance of easements for water and sewer lines that are not located along roadways, instead they are located through wooded areas.



Construction continues on the Helm Street Tank in the Town of Bedford, funded through ARPA provided by the Town of Bedford, as well as internal cash reserves. Also, construction continues on the Ivy Creek Sewer project in Forest. This project is funded through a loan through the Virginia Clean Water Revolving Loan Fund, as well as a \$1.5M contribution from Bedford County.



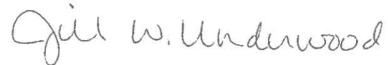
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bedford Regional Water Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the eleventh consecutive year that the Authority has received this prestigious award; its predecessor, the Bedford County Public Service Authority, received this award for eighteen consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

Jill W. Underwood
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bedford Regional Water Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Bedford Regional Water Authority

Directory of Principal Officials

June 30, 2025



Robert Flynn,
Chair
Term: 2024-2027



Jay Gray,
Vice-Chair & Finance Committee
Term: 2025-2028



Michael Moldenhauer,
Personnel Committee
Term: 2024-2027



Donald Barger,
Policies and Projects Committee
Term: 2023-2026



Kevin Mele,
Finance Committee
Term: 2021-2024



John Sharp,
Personnel Committee
Term: 2023-2026



Steve Rush,
Policies and Projects Committee
Term: 2025-2028

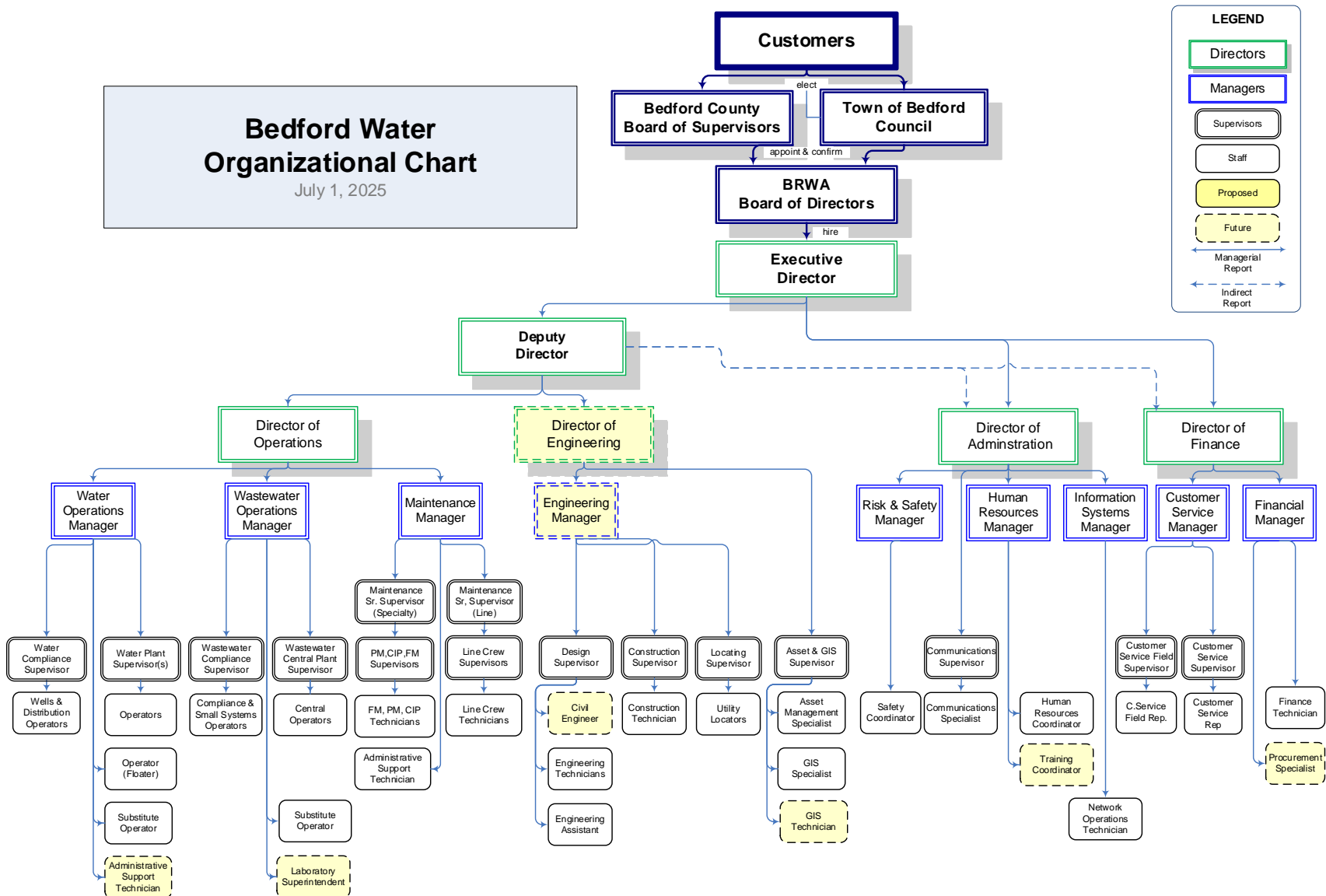
Executive Director

Brian M. Key, PE, Secretary/Treasurer

Independent Auditors

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

ORGANIZATION CHART





Financial Section

The Financial Section contains the
Basic Financial Statements.

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bedford Regional Water Authority (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bedford Regional Water Authority, as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2024 financial statements, and in our report dated November 22, 2024, expressed an unmodified opinion on those financial statements. The 2024 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Departmental Operating Income is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operating Income is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 5, 2025

Bedford Regional Water Authority

Management's Discussion and Analysis

June 30, 2025

Management's Discussion and Analysis

The Bedford Regional Water Authority (the "Authority") has prepared this Management's Discussion and Analysis (MD&A) as a supplement to the financial statements, to provide a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025. It is encouraged that the information presented herein to be considered in conjunction with additional details that have been furnished in the letter of transmittal, which can be found on pages i-vi of this financial report.

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

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$103,365,744 (*net position*). Of this amount \$17,184,649 (*unrestricted net position*) may be used to meet the BRWA's ongoing obligations to customers and creditors.

The Authority's total net position increased during the fiscal year by \$6,892,616. The primary cause for this increase is due to an increase in capital assets.

Overview of the Financial Statements

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

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

The ***statement of net position*** presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2025 and June 30, 2024, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority had improved or deteriorated.

The ***statement of revenues, expenses, and changes in net position*** presents information showing how the Authority's net position changed between fiscal years 2025 and 2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, some of the revenues and expenses that are reported in this statement will only affect cash flows in future fiscal periods (e.g. earned but unused vacation leave).

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

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

Bedford Regional Water Authority
Management's Discussion and Analysis
June 30, 2025

Overview of the Financial Statements (Continued)

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

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$103,365,774 at the close of the most recent fiscal year. At the close of the previous fiscal year, liabilities and deferred inflows exceeded assets and deferred outflows by \$96,473,158.

By far the largest portion of the Authority's net position (80%) reflects its investment in capital assets. The Authority uses these capital assets to provide services to customers; consequently, these assets were *not* available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Bedford Regional Water Authority

Management's Discussion and Analysis

June 30, 2025

Financial Analysis (Continued)

Condensed Statement of Net Position

	2025	2024
Current assets	\$ 20,169,810	\$ 17,679,329
Cash and cash equivalent, restricted	1,534,271	1,147,274
Investments, restricted	1,805,183	1,747,697
Due from other governments, restricted	4,680,079	8,320,508
Capital assets, net	125,442,526	119,621,963
Lease Receivable, non current portion	1,747,323	1,799,766
Total Assets	155,379,192	150,316,537
Deferred loss on refunding	-	10,136
Deferred outflows related to pensions	355,859	544,941
Deferred outflows related to other postemployment benefits	76,716	82,788
Total Deferred Outflows of Resources	432,575	637,865
Current Liabilities	6,025,688	4,187,197
Long-Term liabilities	44,202,449	48,241,153
Total Liabilities	50,228,137	52,428,350
Deferred inflows related to pensions	259,976	96,926
Deferred Inflows related to leases	1,824,542	1,854,136
Deferred inflows related to other postemployment benefits	133,338	101,832
Total Deferred Inflows of Resources	2,217,856	2,052,894
Net investment in capital assets	82,841,851	81,126,433
Restricted for:		
Pensions		
Capital improvements	1,534,271	1,247,282
Debt collateral	1,805,183	1,747,697
Unrestricted	17,184,469	12,351,746
Total Net Position	103,365,774	96,473,158

Bedford Regional Water Authority
Management's Discussion and Analysis
June 30, 2025

Financial Analysis (Continued)

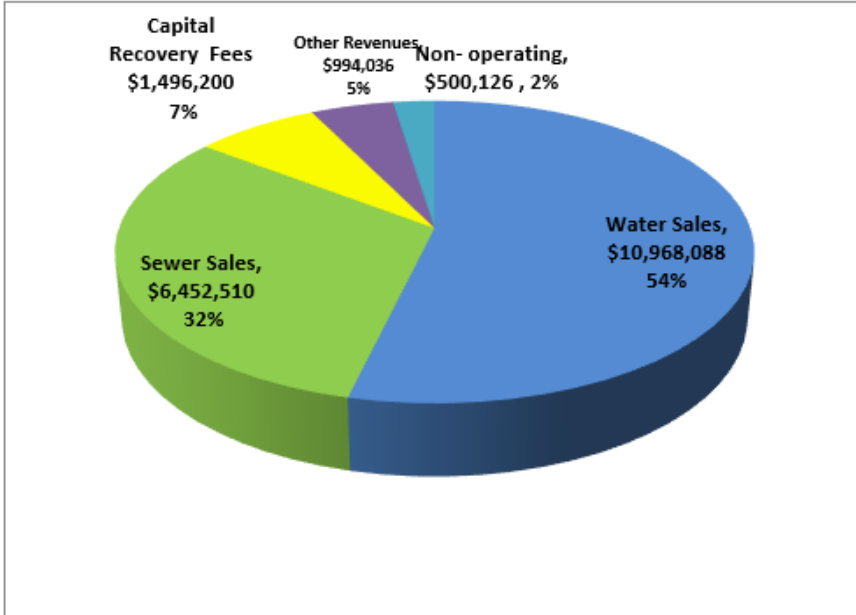
Condensed Statement of Revenues, Expenses and Changes in Fund Net Position

	2025	2024
Revenues:		
Operating revenues		
Water sales	\$10,968,088	\$ 10,857,288
Capital recovery ees	1,496,200	1,755,250
Sewer service	6,452,510	5,888,861
Contract operations	89,994	311,131
Other revenues from customers	904,042	861,270
Total Revenues	19,910,834	19,673,800
Expenses:		
Operating Expenses:		
Water systems	2,768,236	2,556,963
Sewer systems	1,985,197	1,824,347
Salaries and employee benefits	7,530,255	7,075,760
Management and general	418,424	447,038
Customer service and information systems	475,726	504,722
Vehicles	409,925	388,762
Engineering, operations and operations	206,234	208,785
Depreciation and amortization	5,689,522	5,422,659
Total Expenses	19,483,519	18,429,036
Nonoperating Revenues (Expenses):		
Gain in disposal of capital assets	53,503	72,720
Investment income	446,623	316,635
Interest expense	(1,111,430)	(1,138,335)
Total Nonoperating Revenues (Expenses)	(611,304)	(748,980)
Gain (Loss) before capital contributions	(183,989)	495,784
Capital contributions	7,076,605	4,797,778
Changes in net position	6,892,616	5,293,562
Net position- July 1	96,473,158	91,179,596
Net position- June 30	103,365,774	96,473,158

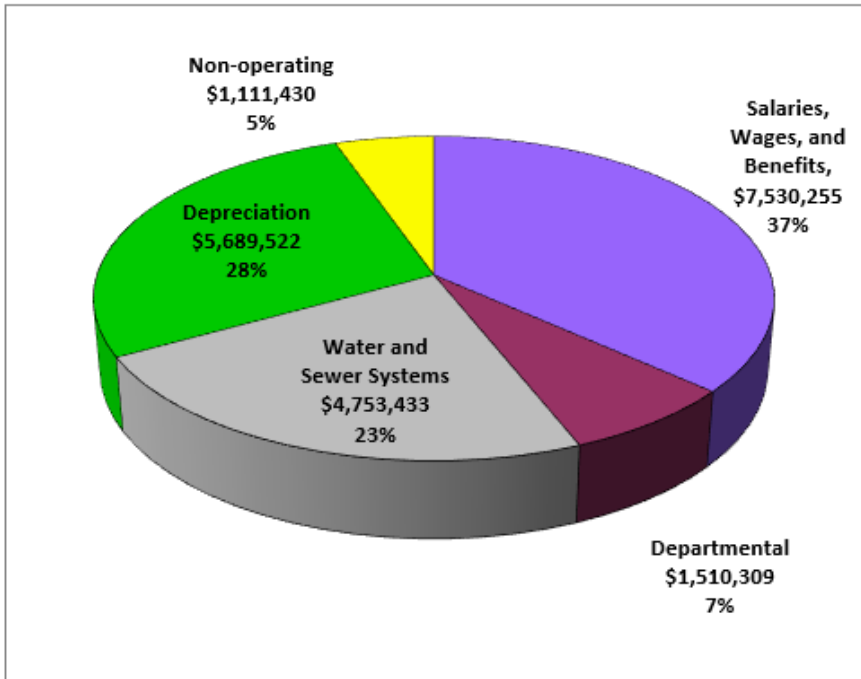
Bedford Regional Water Authority
Management’s Discussion and Analysis
 June 30, 2025

Financial Analysis (Continued)

FY 2024-2025 Revenues



FY 2024-2025 Expenses



Bedford Regional Water Authority

Management's Discussion and Analysis

June 30, 2025

Financial Analysis (Continued)

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

During the current fiscal year, the Authority's net position increased by \$6,892,616.

Operating revenues increased by \$237,034 or 1.20% and operating expenses increased by \$1,054,483 or 5.72%.

Key elements of these changes are as follows:

- Water and sewer sales increased due to a combination of a rate increase, increased usage by customers and an increase of customers.
- In previous years, contract operations were performed for a neighboring water system, this contract ended in September and the loss of revenue is reflected in the financial statements. The difference in revenue is approximately \$230,000; in addition, the related expenses of approximately \$22,000 were not incurred during the year.
- Capital Recovery fees decreased by \$259,050. These fees are based on the development activity in the service area and can vary from year to year. In FY 2024 capital recovery fees exceeded the budget by \$529,000 or 44%. In FY 2025, 92% of revenue from capital recovery fees was received, a shortfall of \$96,200.
- Sewer system expenses increased approximately \$161,000 and can be attributed to increased chemical costs, treatment costs, and contracted services.
- Water system expenses increased approximately \$211,000 and can be attributed to additional chemical and supply costs, as well as an increase in contracted services.
- Salaries and employee benefits increased as result of increases in salaries for merit increases, health insurance premiums and retirement benefits.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets as of June 30, 2025 amounted to \$125,442,526 (net of accumulated depreciation). This investment in capital assets includes land and land rights, buildings, water and sewer systems, vehicles, equipment, and furniture and fixtures. Additional information related to capital assets is located in Note 4 of the *Notes to Financial Statements*.

Bedford Regional Water Authority
Management's Discussion and Analysis
June 30, 2025

Capital Assets

	2025	2024
Land and land rights	\$1,015,523	\$1,015,523
Construction in progress	18,069,999	9,713,601
Water and sewer systems	184,416,507	181,941,404
Vehicles	5,416,577	4,924,284
Office Facilities	3,818,136	3,818,136
Information Systems Equipment	2,041,545	2,022,458
Total Book Value	214,778,287	203,435,406
Less- accumulated depreciation	(89,335,761)	(83,813,443)
Total- net of accumulated depreciation	\$125,442,526	\$119,621,963

Bedford Regional Water Authority
Management’s Discussion and Analysis
June 30, 2025

Capital Asset and Debt Administration

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

- Developer dedications of water and sewer lines throughout Bedford County totaled \$1,769,557.
- In addition to the developer dedications, a total of \$2,475,103 was spent on water and sewer infrastructure.
- A total of \$19,483 was spent on Information Technology.
- A total of \$659,479 was spent on vehicles and equipment.

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

Peaksview Street Waterline	\$203,722
Stoney Creek Drain Analysis	\$142,748
Galax Street Sewerline	\$187,646

Long-term debt. At the end of the fiscal year, the Authority had \$45,613,064 in bonds and notes outstanding, versus \$47,501,220 last year, a decrease of 3.97% as shown below. Outstanding obligations decreased as a result of principal payments being made.

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

	Long Term Debt	
	2025	2024
Lynchburg Sewer System Bonds	\$817,218	\$877,563
Assumed Debt from Town of Bedford	616,998	1,216,998
2015 VRA Bonds	25,655,000	26,455,000
2014 Pooled Bonds	890,000	1,745,000
2020 VRA Bonds (ESCO project)	2,970,000	3,175,000
DEQ Clean Water Financing Program	14,051,975	13,338,457
Unamortized premium on bonds	611,873	693,202
	\$45,613,064	\$47,501,220

Requests for information

This financial report is designed to provide a general overview of the Authority’s finances. For additional financial information contact the BRWA’s Finance Department in person or by mail at 1723 Falling Creek Road, Bedford, VA 24523, by email at finance@brwa.com or by telephone at 540.586.7679.



Financial Statements

Bedford Regional Water Authority

Exhibit 1

Statement of Net Position
June 30, 2025

	(For Comparative Purposes Only)	
	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 17,102,133	\$ 13,808,030
Accounts receivable, net (Note 3)	2,150,690	2,848,521
Current portion of lease receivable (Note 9)	162,733	133,998
Inventory	607,611	718,114
Prepays	146,643	170,666
Total current assets	20,169,810	17,679,329
Noncurrent assets		
Cash and cash equivalents, restricted (Note 2)	1,534,271	1,147,274
Investments, restricted (Note 2)	1,805,183	1,747,697
Due from other governments, restricted (Note 13)	4,680,079	8,320,508
Lease receivable (Note 9)	1,747,323	1,799,766
Capital assets (Note 4)		
Nondepreciable	19,085,522	10,729,124
Depreciable, net	106,357,004	108,892,839
Total noncurrent assets	135,209,382	132,637,208
Total assets	155,379,192	150,316,537
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	10,136
Deferred outflows related to pensions (Note 7)	355,859	544,941
Deferred outflows related to other postemployment benefits (Note 8)	76,716	82,788
Total deferred outflows of resources	432,575	637,865
LIABILITIES		
Current liabilities		
Accounts payable	2,159,333	1,002,548
Accrued liabilities	262,590	233,973
Interest payable	292,775	300,213
Net other postemployment benefit liabilities (Note 8)	10,000	10,000
Current maturities of other long-term liabilities (Note 5)	3,300,990	2,640,463
Total current liabilities	6,025,688	4,187,197
Long-term liabilities		
Customer security deposits	26,173	602,857
Unearned revenue	1,000,492	1,641,890
Other long-term liabilities – due in more than one year (Note 5)	42,664,089	45,015,920
Net pension liability (Note 7)	143,633	558,396
Net other postemployment benefit liabilities (Note 8)	368,062	422,090
Total long-term liabilities	44,202,449	48,241,153
Total liabilities	50,228,137	52,428,350
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases (Note 9)	1,824,542	1,854,136
Deferred inflows related to pensions (Note 7)	259,976	96,926
Deferred inflows related to other postemployment benefits (Note 8)	133,338	101,832
Total deferred inflows of resources	2,217,856	2,052,894
NET POSITION		
Net investment in capital assets	82,841,851	81,126,433
Restricted for: (Note 2)		
Capital improvements	1,534,271	1,247,282
Debt collateral	1,805,183	1,747,697
Unrestricted	17,184,469	12,351,746
Total net position	\$ 103,365,774	\$ 96,473,158

Bedford Regional Water Authority

Exhibit 2

Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2025

	2025	(For Comparative Purposes Only) 2024
	2025	2024
OPERATING REVENUES		
Water sales	\$ 10,968,088	\$ 10,857,288
Capital recovery fees	1,496,200	1,755,250
Sewer service	6,452,510	5,888,861
Wastewater treatment plant operation fees	89,994	311,131
Review fees	119,213	72,901
Meter base installation fees	129,300	144,763
Account changes	55,425	49,748
Other	417,541	429,506
Penalties	182,563	164,352
Total operating revenues	19,910,834	19,673,800
OPERATING EXPENSES		
Water systems	2,768,236	2,556,963
Sewer systems	1,985,197	1,824,347
Depreciation and amortization	5,689,522	5,422,659
Salaries and employee benefits	7,530,255	7,075,760
Management and general	418,424	447,038
Customer service and information systems	475,726	504,722
Vehicles	409,925	388,762
Engineering, operations, and maintenance	206,234	208,785
Total operating expenses	19,483,519	18,429,036
Operating income	427,315	1,244,764
NONOPERATING REVENUES (EXPENSES)		
Gain on disposal of capital assets	53,503	72,720
Interest revenue	446,623	316,635
Interest expense	(1,111,430)	(1,138,335)
Total nonoperating expenses	(611,304)	(748,980)
Income (loss) before capital contributions	(183,989)	495,784
CAPITAL CONTRIBUTIONS (Notes 6 and 13)		
Change in net position	7,076,605	4,797,778
Net position – beginning at July 1	6,892,616	5,293,562
Net position – beginning at July 1	96,473,158	91,179,596
Net position – ending at June 30	\$ 103,365,774	\$ 96,473,158

The Notes to Financial Statements are an integral part of this statement.

Bedford Regional Water Authority

Exhibit 3

Statement of Cash Flows
Year Ended June 30, 2025

	(For Comparative Purposes Only)	
	2025	2024
OPERATING ACTIVITIES		
Cash received from customers	\$ 19,384,697	\$ 20,003,277
Cash paid for goods and services	(5,410,958)	(5,922,680)
Cash paid to employees	(7,187,015)	(6,947,889)
Net cash provided by operating activities	<u>6,786,724</u>	<u>7,132,708</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
County of Bedford – capital asset and debt assistance	1,000,000	2,250,000
Town of Bedford – capital asset assistance	3,113,157	275,985
Virginia DEQ - ARPA funds	674,037	1,228,388
WVWA – capital asset assistance	210,000	210,000
VDH – capitalization grant funding	86,905	89,400
Acquisition and construction of capital assets	(9,440,609)	(6,971,107)
Proceeds from revenue bond, net of due from VRA	4,497,215	1,743,118
Principal paid on long-term borrowings	(2,520,345)	(2,427,256)
Interest paid on long-term borrowings	(1,169,002)	(1,526,036)
Proceeds from sale of capital assets	53,881	72,720
Net cash used in capital and related financing activities	<u>(3,494,761)</u>	<u>(5,054,788)</u>
INVESTING ACTIVITIES		
Proceeds from restricted investments	41,902	19,794
Acquisition of restricted investments	(99,388)	(47,250)
Interest received	446,623	316,635
Net cash provided by investing activities	<u>389,137</u>	<u>289,179</u>
Net increase in cash and cash equivalents	3,681,100	2,367,099
CASH AND CASH EQUIVALENTS		
Beginning at July 1	14,955,304	12,588,205
Ending at June 30	<u>\$ 18,636,404</u>	<u>\$ 14,955,304</u>
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 17,102,133	\$ 13,808,030
Cash and cash equivalents, restricted	1,534,271	1,147,274
	<u>\$ 18,636,404</u>	<u>\$ 14,955,304</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 427,315	\$ 1,244,764
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,689,522	5,422,659
Pension expense (income) net of employer contributions	(62,631)	97,251
Other postemployment benefit expense net of employer contributions	(16,450)	(5,732)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts and lease receivables	721,539	(361,941)
Inventory	110,503	132,337
Prepays	24,023	27,408
Increase (decrease) in:		
Accounts payable	718,258	(151,808)
Unearned revenue	(670,992)	700,028
Customer security deposits	(576,684)	(8,610)
Compensated absences and accrued liabilities	422,321	36,352
Net cash provided by operating activities	<u>\$ 6,786,724</u>	<u>\$ 7,132,708</u>
SCHEDULE OF NON-CASH ACTIVITIES		
Contributions of capital assets	<u>\$ 1,774,594</u>	<u>\$ 646,779</u>
Capital asset purchases included in accounts payable	<u>\$ 1,210,042</u>	<u>\$ 771,515</u>
Revenue bond forgiveness	<u>\$ 217,912</u>	<u>\$ 97,226</u>

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

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

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Unbilled Accounts Receivable

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

Inventory

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

Capital Assets

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

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

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

Compensated Absences

The paid-time-off (PTO) policy of the Authority provides for up to 312 hours per year of earned vacation leave, depending on years of service. Employees that are Plan 1 or Plan 2 Virginia Retirement System (VRS) participants may carry over 640 hours to the succeeding year. Employees that are Hybrid Plan VRS participants may carry over 352 hours to the succeeding year. Upon termination, one-half of the accumulated PTO balance is payable at 100% of the employee's current pay rate. Compensated absences are accrued when incurred. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As stated in GASB Statement No. 100, *Accounting Changes and Error Corrections*, a change in accounting principle should be reported retroactively by restating beginning net position for the cumulative effect of the change of the newly adopted accounting principle on prior periods. The Authority determined the cumulative effect on beginning net position was minimal and therefore, no restatement of the prior year net position was necessary.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pensions and OPEB, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's Plans' net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Deferred Outflows/Inflows of Resources

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

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

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

Unearned Revenue

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

Fair Value Measurement

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

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

Net Position

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

Estimates

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

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Change in Accounting Principle

During 2025, the Authority adopted GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 established new guidance by updating the recognition and measurement for compensated absences. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As stated in GASB Statement No. 100, Accounting Changes and Error Corrections, a change in accounting principle should be reported retroactively by restating beginning net position for the cumulative effect of the change of the newly adopted accounting principle on prior periods. The Authority determined the cumulative effect on beginning net position was immaterial and therefore, no restatement of the prior year net position was necessary.

Note 2 – Deposits and Investments

Deposits

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

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or Political Subdivisions thereof; obligations of the International Bank, the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool and Virginia Investment Pool (LGIP and VIP).

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

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

Interest Rate Risk

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

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Credit Risk

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

Deposit and Investment Restrictions

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

	Cash and Cash Equivalents, Restricted	Investments, Restricted	Net Position, Restricted
New Projects Reserve Fund	\$ 250,506	\$ -	\$ 250,506
Sewer Line Replacement Fund	1,283,765	-	1,283,765
SNAP Debt Service Fund	-	131,042	131,042
VRA Debt Service Fund	-	1,674,141	1,674,141
	\$ 1,534,271	\$ 1,805,183	\$ 3,339,454

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

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

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

Note 3 – Accounts Receivable

Accounts receivable, net consists of the following:

	Billed	Unbilled	Total
Water	\$ 513,783	\$ 650,032	\$ 1,163,815
Sewer	885,061	317,579	1,202,640
Other	36,703	-	36,703
Less allowance for doubtful accounts	(252,468)	-	(252,468)
	\$ 1,183,079	\$ 967,611	\$ 2,150,690

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Note 4 – Capital Assets

Capital asset activity for the year was as follows:

	Beginning July 1	Increase	Decrease	Ending June 30
Capital assets, not depreciated:				
Land and land rights	\$ 1,015,523	\$ -	\$ -	\$ 1,015,523
Construction in progress	9,713,601	9,297,292	(940,894)	18,069,999
Total capital assets, not depreciated	10,729,124	9,297,292	(940,894)	19,085,522
Capital assets, depreciated:				
System, lines, and source of supply structure	181,941,404	2,475,103	-	184,416,507
Vehicles and equipment	4,924,284	659,479	(167,186)	5,416,577
Leasehold improvements	3,818,136	-	-	3,818,136
Information systems equipment	2,022,458	19,483	(396)	2,041,545
Total capital assets, depreciated	192,706,282	3,154,065	(167,582)	195,692,765
Less accumulated depreciation for:				
System, lines, and source of supply structure	(76,541,355)	(4,877,529)	-	(81,418,884)
Vehicles and equipment	(2,876,638)	(520,004)	167,186	(3,229,456)
Leasehold improvements	(2,620,221)	(217,851)	-	(2,838,072)
Information systems equipment	(1,775,229)	(74,138)	18	(1,849,349)
Total accumulated depreciation	(83,813,443)	(5,689,522)	167,204	(89,335,761)
Total capital assets depreciated, net	108,892,839	(2,535,457)	(378)	106,357,004
Total capital assets, net	\$ 119,621,963	\$ 6,761,835	\$ (941,272)	\$ 125,442,526

Construction Commitments

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

Project	Total Remaining Commitment
Helm Street Tank Replacement – Construction	\$ 266,268
Ivy Creek Division Interceptors – Construction	3,284,825
Turkey Mountain Booster Station – Stakeout	17,380
Ivy Creek Division 5 & 6 Sewer Interceptors & 460 Pump Station – Preliminary	538,054
Helm Street Tank Replacement – Design & Construction Phase Services	71,138
Lead Compliance Planning & Implementation	71,745
Central Pump Station 2 Improvements	2,750
Power BI Dashboarding & Scope Development	6,356
Shady Knoll Sanitary Sewer Redesign	3,960
Annual Water & Sewer Modeling	12,919
Winoa Sewer Lift Station Rehabilitation – Design	2,185
	\$ 4,277,580

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Note 5 – Long-Term Liabilities

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

	Beginning July 1	Additions	Reductions	Ending June 30	Due Within One Year
Revenue bonds	\$ 31,375,000	\$ -	\$ (1,860,000)	\$ 29,515,000	\$ 1,945,000
Lynchburg Sewer System bonds	877,563	-	(60,345)	817,218	60,436
Due to Town of Bedford	1,216,998	-	(600,000)	616,998	616,998
Clean Water Revolving Loan Fund	13,338,457	713,518	-	14,051,975	540,528
Bond premiums	693,202	-	(81,329)	611,873	50,024
Compensated absences	155,163	196,852*	-	352,015	88,004
	<u>\$ 47,656,383</u>	<u>\$ 910,370</u>	<u>\$ (2,601,674)</u>	<u>\$ 45,965,079</u>	<u>\$ 3,300,990</u>

*The change in the compensated absences liability is presented as a net change.

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

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Outstanding
<u>Revenue Bonds:</u>					
Virginia Resources Authority					
Water and Sewer Bonds	2.13-5.13%	10/07/15	04/01/46	\$ 31,225,000	\$ 25,655,000
Water and Sewer Bonds	3.82-4.43	07/29/14	10/01/25	2,320,000	890,000
Water and Sewer Bonds	2.04-5.13	09/25/20	10/01/35	3,730,000	2,970,000
Water and Sewer Bonds	0.30	12/01/22	08/01/49	14,051,975	14,051,975
				Plus unamortized bond premium	611,873
					<u>\$ 44,178,848</u>
<u>Due to Other Governmental Units:</u>					
Lynchburg Sewer System Bonds	1.75-5.00%	Various	06/01/44	\$3,430,364	\$ 817,218
Due to Town of Bedford	Various	Various	02/21/26	7,501,599	616,998
					<u>\$ 1,434,216</u>

Lynchburg Sewer System Bonds

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

Revenue Bonds

The Authority issues revenue bonds to fund new water and sewer infrastructure. Examples of debt-funded projects include water and wastewater treatment facilities, water distribution lines, sewer treatment lines, pump stations, and related infrastructure. In December 2022, a new bond was issued with the Virginia Resources Authority for \$13,338,457. In

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October 2024, BRWA made additional borrowings on the bond for \$713,518. In total, the bond has an outstanding balance of \$14,051,975 as of June 30, 2025. The agreement specified principal forgiveness based on construction costs for \$632,636 that will be incrementally forgiven as costs are incurred. The Authority incurred costs related to constructions specified in the agreement during the year and principal forgiveness of \$217,912 was recognized for the year ended June 30, 2025. As of June 30, 2025, the cumulative amount of principal forgiveness recognized by the authority is \$510,511.

Due to Town of Bedford

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

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

Fiscal Year	Lynchburg Sewer System Bonds		Revenue Bonds		Due to Town of Bedford	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 60,436	\$ 1,482	\$ 2,485,528	\$ 1,089,932	\$ 616,998	\$ 18,202
2027	60,527	1,390	1,638,234	1,021,126	-	-
2028	60,619	1,297	1,680,953	978,963	-	-
2029	60,713	1,203	1,723,686	935,286	-	-
2030	60,807	1,108	1,766,433	890,095	-	-
2031-2035	262,931	4,084	9,578,853	3,764,158	-	-
2036-2040	201,606	1,568	9,574,617	2,568,831	-	-
2041-2045	49,579	1	10,672,170	1,191,078	-	-
2046-2050	-	-	4,446,501	66,862	-	-
	<u>\$ 817,218</u>	<u>\$ 12,133</u>	<u>\$ 43,566,975</u>	<u>\$ 12,506,331</u>	<u>\$ 616,998</u>	<u>\$ 18,202</u>

Note 6 – Capital Contributions

Capital contributions by source are summarized as follows:

Developers	\$ 1,769,557
Customers	3,500
Schools Utility Locating Revenue	1,537
WVWA	210,000
VDH	86,905
VRA Revolving Loan – Principal Forgiveness (Notes 5 and 13)	217,912
Town of Bedford and County of Bedford projects	674,037
Town of Bedford ARPA projects	3,113,157
County of Bedford – debt assistance	1,000,000
	<u>\$ 7,076,605</u>

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

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Note 7 – Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2023, 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	24
Inactive members:	
Vested inactive members	14
Non-vested inactive members	38
Inactive members active elsewhere in VRS	15
Total inactive members	<u>91</u>
Active members	<u>81</u>
Total covered employees	<u><u>172</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 Political Subdivision’s contractually required contribution rate for the year ended June 30, 2025, was 7.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Political Subdivision were \$242,994 and \$299,595 for the years ended June 30, 2025 and June 30, 2024, respectively.

Bedford Regional Water Authority

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The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$25,222 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$21,617 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,522,190 for the year ended June 30, 2025.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service-related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted-Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00%		7.07%
			7.07%

*Expected arithmetic nominal return

- * The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rate. 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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Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at June 30, 2023	\$ 8,678,457	\$ 8,120,061	\$ 558,396
Changes for the year			
Service cost	351,540	-	351,540
Interest	600,299	-	600,299
Differences between expected and actual experience	(57,349)	-	(57,349)
Contributions – employer	-	299,595	(299,595)
Contributions – employee	-	209,904	(209,904)
Net investment income	-	804,112	(804,112)
Benefit payments, including refunds of employee contributions	(273,358)	(273,358)	-
Administrative expenses	-	(4,555)	4,555
Other changes	-	197	(197)
Net changes	621,132	1,035,895	(414,763)
Balance at June 30, 2024	\$ 9,299,589	\$ 9,155,956	\$ 143,633

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political Subdivision's net pension liability (asset)	\$ 1,670,253	\$ 143,633	\$ (1,060,813)

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

For the year ended June 30, 2025, the Political Subdivision recognized pension expense of \$203,476. At June 30, 2025, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,865	\$ 41,010
Net difference between projected and actual earnings on pension plan investments	-	218,966
Employer contributions subsequent to the measurement date	242,994	-
Total	\$ 355,859	\$ 259,976

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Notes to Financial Statements

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The \$242,994 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction to the Net Pension Liability (Asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Addition (Reduction) to Pension Expense</u>
2026	\$ (117,370)
2027	75,093
2028	(55,197)
2029	(49,637)
2030	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Financial Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 8 – Other Postemployment Benefits Liabilities

Local Plan

Plan Description and Benefits Provided

Employees who are eligible to retire from VRS pension plan are allowed access to the Authority's single-employer health insurance plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however, as they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate.

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

Assets in this plan are not administered through a trust.

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Employees Covered by Benefit Terms

As of the June 30, 2025, actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Number</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	-
Total inactive employees	-
Active plan members	75
Total	<u>75</u>

Total OPEB Liability

The Bedford Regional Water Authority's total OPEB liability of \$174,853 was measured as of June 30, 2025, and was determined based on an actuarial valuation performed as of January 1, 2025.

Actuarial Assumptions and Other Inputs

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

Healthcare cost trend rates	4.04%
Discount Rate	4.81%, S&P Municipal Bond 20 Year High Grade Rate Index
Actuarial cost method	Entry Age Normal Funding Method
Retirees' share of benefit-related costs	\$680 – \$1,199 per month

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

The actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actuarial experience study for the period from July 1, 2023 through June 30, 2024.

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

Changes in the Total OPEB Liability

Balance at June 30, 2024	<u>\$ 217,773</u>
Changes for the year:	
Service cost	19,510
Interest	8,488
Differences between expected and actual experience	(66,276)
Assumption or other input changes	(3,424)
Benefit payments	(1,218)
Net changes	<u>(42,920)</u>
Balance at June 30, 2025	<u>\$ 174,853</u>

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (3.81%) or one percentage point higher (5.81%) than the current discount rate:

	1.00% Decrease (3.81%)	Current Discount Rate (4.81%)	1.00% Increase (5.81%)
Total OPEB liability	\$ 186,831	\$ 174,853	\$ 163,688

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it was calculated using healthcare cost trend rates that are one percentage point lower (3.04%) or one percentage point higher (5.04%) than the current healthcare cost trend rates:

	1.00% Decrease (3.04%)	Current Healthcare Cost Trend Rates (4.04%)	1.00% Increase (5.04%)
Total OPEB liability	\$ 155,841	\$ 174,853	\$ 196,647

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

For the year ended June 30, 2024, the Authority recognized OPEB benefit of \$5,935. At June 30, 2025, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 221	\$ 65,593
Change in assumptions	2,971	28,849
Total	\$ 3,192	\$ 94,442

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

Year Ended June 30,	Reduction to OPEB Expense
2026	\$ (37,223)
2027	(20,121)
2028	(19,966)
2029	(13,940)
2030	-
Thereafter	-

Bedford Regional Water Authority

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June 30, 2025

Virginia Retirement System Plan

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

Plan Descriptions

Group Life Insurance Program

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

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

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

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

Contributions

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

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	\$22,979
June 30, 2024 Contribution	\$25,242

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

The net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement

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date of June 30, 2024. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2025 proportionate share of liability	\$	203,209
June 30, 2024 proportion		0.0182%
June 30, 2023 proportion		0.0179%
June 30, 2025 expense	\$	13,681

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

At June 30, 2025, 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	\$ 32,051	\$ 4,964
Change in assumptions	1,158	6,733
Net difference between projected and actual earning on OPEB plan investments	-	17,128
Changes in proportion	17,336	10,071
Employer contributions subsequent to the measurement date	22,979	-
	\$ 73,524	\$ 38,896

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2026	\$ (2,271)
2027	6,970
2028	1,802
2029	1,375
2030	3,773
Thereafter	-

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Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.25– 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

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

Net OPEB Liability

The net OPEB liability represents the 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, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 4,196,055
Plan fiduciary net position	3,080,133
Employers' net OPEB liability	\$ 1,115,922
Plan fiduciary net position as a percentage of total OPEB liability	73.41%

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Note 7.

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Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	<u>\$ 316,017</u>	<u>\$ 203,209</u>	<u>\$ 112,076</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	<u>2025</u>
Net other postemployment benefit liabilities:	
Local Sponsored Health Insurance	\$ (174,853)
VRS – Group Life Insurance	(203,209)
Total net other postemployment benefit liabilities	<u>\$ (378,062)</u>
Deferred outflows of resources:	
Difference between expected and actual experience	
Local Sponsored Health Insurance	\$ 221
VRS – Group Life Insurance	32,051
Change in actuarial assumptions	
Local Sponsored Health Insurance	2,971
VRS – Group Life Insurance	1,158
Change in proportion	
VRS – Group Life Insurance	17,336
Contributions subsequent to measurement date	
VRS – Group Life Insurance	22,979
Total deferred outflows of resources	<u>\$ 76,716</u>
Deferred inflows of resources:	
Difference between expected and actual experience	
Local Sponsored Health Insurance	\$ (65,593)
VRS – Group Life Insurance	(4,964)
Change in proportion	
VRS – Group Life Insurance	(6,733)
Change in actuarial assumptions	
Local Sponsored Health Insurance	(28,849)
VRS – Group Life Insurance	(10,071)
Net difference between projected and actual investment earnings	
VRS – Group Life Insurance	(17,128)
Total deferred inflows of resources	<u>\$ (133,338)</u>
Other postemployment benefit expense (benefit):	
Local Sponsored Health Insurance	\$ (5,935)
VRS – Group Life Insurance	13,681
Total other postemployment benefit expense	<u>\$ 7,746</u>

Note 9 – Leases

The Authority, as a lessor, has entered into several lease agreements involving land and infrastructure, several of which are with global telecommunication providers. The Authority has a lease receivable of \$1,910,056 and a deferred inflow of resources of \$1,824,542 as of June 30, 2025. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$163,396.

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

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

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

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

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

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

2026	\$	162,733
2027		165,058
2028		167,714
2029		172,397
2030		174,886
2031-2035		441,567
2036-2040		327,490
2041-2045		298,211
	<u>\$</u>	<u>1,910,056</u>

Note 10 – Service Contracts

City of Lynchburg

The Authority, as well as Amherst County Service Authority and the Campbell County Utilities and Service Authority, have a sewage treatment agreement with the City of Lynchburg (the “City”). This perpetual agreement shall continue in full force and in effect until terminated by mutual agreement. As part of this agreement, each member of the Regional Sewage Treatment Plant is responsible for their proportionate share of improvements to Joint-Use Facilities. As the City performs additions to specified portions of the system, the Authority shows its proportionate share of improvements as additions to debt and capital assets. Sewage treatment under this agreement for 2025 was \$391,480. There were no additions to debt under this agreement for 2025.

On June 30, 2015, the Authority entered into a new water purchase contract with the City of Lynchburg, which had an effective starting date of October 1, 2016, and ending date of June 30, 2036. The contract is automatically renewed in ten-year increments, upon the conclusion of the initial twenty-year period. Water purchases under this contract for 2025 were \$738,347. The Authority constructed a water treatment facility and additional transmission mains in Bedford County, some of which serve the Forest area of Bedford County. Since the construction was completed prior to July 1, 2018, the 2015 contract remains in effect.

Under the agreements to purchase services from the City of Lynchburg, the Authority is charged provisional rates for sewer services, which are then adjusted in subsequent fiscal years for the actual cost of providing those services to the

Bedford Regional Water Authority

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Authority. These adjustments, resulting in credits or (expenses) towards current year purchases, totaled \$24,520 for sewer in 2025. The adjustments are not estimable and are, therefore, accounted for in the year they are charged to the Authority. For water purchases, effective annually on July 1, the rate for City water delivered to the BRWA shall be increased or decreased by the same percentage that the City Composite Rate for a City water customer with 7 HCF of monthly use increases or decreased from July 1 of the previous year to the current year.

Western Virginia Water Authority (WVWA)

The Authority has an agreement through June 30, 2030, to purchase surplus water from the WVWA at a bulk rate, which is determined by a mutually agreed-upon formula. The agreement also establishes minimum annual average daily quantities to be purchased. The water purchased serves the Stewartsville area of Bedford County. Water purchases under this agreement were \$26,998 for 2025.

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

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

Note 11 – Risk Management

The Risk Management Programs of the Authority are as follows:

Worker's Compensation

Worker's compensation insurance is provided through the Virginia Risk Sharing Association ("VRSA"). During fiscal year 2025, total premiums paid were \$37,031. Benefits are those afforded through the Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon payroll, job rates, and claims experience.

General Liability and Other

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

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

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

Unemployment Benefits

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

Note 12 – Commitments and Contingencies

Arbitrage

At times, the Authority has certain debt instruments subject to arbitrage regulations. At June 30, 2025, no amounts of rebate liabilities were associated with any debt issuances.

Special Purpose Grants

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

Environmental Liability

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

Note 13 – Due From Other Governments

The Authority entered into an agreement dated December 1, 2022, with the Virginia Resources Authority, as administrator of the Virginia Water Facilities Revolving Fund. Funding is provided for the Ivy Creek Interceptors project with work to be completed by August 8, 2024. The Authority receives monies from this funding in the form of reimbursements that are disbursed to the Authority as related project costs are incurred. The total funding awarded to the Authority was \$13,971,093 with a loan forgiveness portion of \$632,636. In October 2024, there was an agreement for additional funding to the Authority for \$713,518. Through June 30, 2025, the total disbursed funds to the Authority were \$10,567,111 resulting in amounts due to the Authority of \$4,117,500, principal forgiven during 2025 was \$217,912, and is included with capital contributions on the statement of revenues, expenses, and changes in net position. As of June 30, 2025, the cumulative amount of principal forgiveness recognized by the authority is \$510,511.

The Authority entered into an agreement dated October 1, 2023, with the Virginia Resources Authority, as administrator of the Virginia Water Facilities Revolving Fund. In the agreement, the Authority received a Capitalization Grant for Drinking Water State Revolving Funds with total funding awarded to the Authority for \$250,000. The Authority receives monies from this funding in the form of reimbursements that are disbursed to the Authority as related project costs are incurred. Through June 30, 2025, projects costs had exceeded the awarded amount and the total disbursed funds to the Authority were \$31,025 resulting in amounts due to the Authority of \$170,375.

The Authority entered into an agreement dated December 1, 2021, with the Town of Bedford, Virginia, a Virginia municipal corporation, as grantor. In the agreement, the Authority was awarded certain funds, in the total amount of \$6,844,498 pursuant to the provisions of the American Rescue Plan Act of 2021. The Authority receives monies from this funding in the form of reimbursements to the Authority as work related to the construction, reconstruction, and rehabilitation of water and sewer facilities is completed. As of June 30, 2025, outstanding reimbursement requests from the Authority to

Bedford Regional Water Authority

Notes to Financial Statements

June 30, 2025

the Town for work related to the construction, reconstruction, and rehabilitation of water and sewer facilities was \$392,204, resulting in amounts due to the Authority of \$392,204.

Note 14 – Subsequent Events

On June 27, 2025, the Authority was approached by Montvale Water Company to take over their operating assets and the water system. The transfer includes the water system, approximately 280 active meters, and outstanding debt of Montvale Water. The Authority will pay no cash to acquire the systems but is responsible for any closing costs associated with the transfer. As of the report date, the Authority has replaced all water meters as a part of system improvements. The Authority has applied for a grant with the Virginia Department of Health to assist with costs associated with the system transfer. The reimbursable grant award will be up to \$200,000, and funding expires upon the transfer of the system. After commencement of the agreement, Montvale Water is required to provide the Authority with materials and information regarding any known outstanding code violations or issues with local jurisdiction, all waivers or special exceptions received from local jurisdictions, most recent environmental reports and copies of all related actions or associated remedial work, copies of any current threatened legal actions, and all available information on outstanding debt from the issuing party for the debt. Debt of approximately \$500,000 will be assumed by the Authority as a part of the transfer. It is also estimated that the system transfer will provide the Authority with an additional \$133,500 in revenue based on known rates and an estimate of 280 customers. The Authority estimates they will spend \$87,400 a year after acquiring the system with around \$40,000 resulting from the annual costs to run the well system and \$47,400 in labor associated with customer service, operations, and maintenance. Annual Debt service is expected to be \$39,432. Due to underground construction in the area, the Authority has been helping Montvale Water since July 3, 2025, to repair any broken waterlines that have occurred because of cable contractor breaks. Further, the Authority has been operating the water treatment plant and well system of Montvale Water since July 3. It is anticipated that the full transfer will close in January 2026.

Note 15 – New Accounting Standards

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

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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



Required Supplementary Information

Bedford Regional Water Authority

Exhibit 4

Required Supplementary Information
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
 June 30, 2025

	Actuarially Determined Contribution									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 351,540	\$ 360,740	\$ 335,861	\$ 329,772	\$ 278,316	\$ 263,853	\$ 269,942	\$ 273,841	\$ 253,398	\$ 259,350
Interest on total pension liability	600,299	542,155	491,600	412,286	373,266	333,704	304,772	274,839	251,090	215,254
Difference between expected and actual experience	(57,349)	201,242	85,919	53,814	108,853	131,158	16,269	127,083	6,745	196,404
Changes in assumptions	-	-	-	233,985	-	208,200	-	(89,886)	-	-
Benefit payments, including refunds of employee contributions	(273,358)	(193,721)	(184,870)	(196,534)	(168,198)	(180,290)	(175,051)	(141,460)	(202,463)	(115,683)
Net change in total pension liability	621,132	910,416	728,510	833,323	592,237	756,625	415,932	444,417	308,770	555,325
Total pension liability – beginning	8,678,457	7,768,041	7,039,531	6,206,208	5,613,971	4,857,346	4,441,414	3,996,997	3,688,227	3,132,902
Total pension liability – ending	9,299,589	8,678,457	7,768,041	7,039,531	6,206,208	5,613,971	4,857,346	4,441,414	3,996,997	3,688,227
Plan Fiduciary Net Position										
Contributions – employer	299,595	276,482	238,256	216,734	215,365	193,711	206,624	194,197	192,962	182,137
Contributions – employee	209,904	192,601	188,204	170,489	165,933	146,766	136,688	130,927	123,748	113,206
Net investment income (loss)	804,112	491,898	(15,896)	1,527,043	99,324	321,040	313,758	445,970	62,939	145,164
Benefit payments, including refunds of employee contributions	(273,358)	(193,721)	(184,870)	(196,534)	(168,198)	(180,290)	(175,051)	(141,460)	(202,463)	(115,683)
Administrative expenses	(4,555)	(4,561)	(4,304)	(3,512)	(3,131)	(2,905)	(2,522)	(2,349)	(2,010)	(1,782)
Other	197	202	173	146	(122)	(204)	(520)	(406)	(26)	(30)
Net change in plan fiduciary net position	1,035,895	762,901	221,563	1,714,366	309,171	478,118	478,977	626,879	175,150	323,012
Plan fiduciary net position - beginning	8,120,061	7,357,160	7,135,597	5,421,231	5,112,060	4,633,942	4,154,965	3,528,086	3,352,936	3,029,924
Plan fiduciary net position - ending	9,155,956	8,120,061	7,357,160	7,135,597	5,421,231	5,112,060	4,633,942	4,154,965	3,528,086	3,352,936
Net pension (asset) liability - ending	\$ 143,633	\$ 558,396	\$ 410,881	\$ (96,066)	\$ 784,977	\$ 501,911	\$ 223,404	\$ 286,449	\$ 468,911	\$ 335,291
Plan fiduciary net position as a percentage of total pension liability	98%	94%	95%	101%	87%	91%	95%	94%	88%	91%
Covered payroll	\$4,674,435	\$4,215,802	\$4,052,942	\$3,650,324	\$3,534,457	\$3,106,905	\$2,839,461	\$2,638,936	\$2,444,270	\$2,289,281
Net pension (asset) liability as a percentage of covered payroll	3%	13%	10%	-3%	22%	16%	8%	11%	19%	15%

The plan years above are reported in the entity’s financial statements in the fiscal year following the plan year – i.e., plan year 2024 information was presented in the entity’s fiscal year 2025 financial report.

Bedford Regional Water Authority

Exhibit 5

**Required Supplementary Information
Schedule of Pension Contributions
June 30, 2025**

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2025	\$ 242,994	\$ 242,994	\$ -	\$ 4,889,225	4.97%
2024	299,595	299,595	-	4,674,435	6.41%
2023	276,482	276,482	-	4,215,802	6.56%
2022	278,829	278,829	-	4,052,942	6.88%
2021	238,628	238,628	-	3,650,324	6.54%
2020	217,093	217,093	-	3,534,457	6.14%
2019	215,365	215,365	-	3,106,905	6.93%
2018	193,963	193,963	-	2,839,461	6.83%
2017	214,380	214,380	-	2,638,936	8.12%
2016	194,197	194,197	-	2,444,270	7.94%

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

Bedford Regional Water Authority

**Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan
June 30, 2025**

	Fiscal Year						
	2025	2024	2023	2022	2021	2020	2019
	Local Plan	Local Plan	Local Plan	Local Plan	Local Plan	Local Plan	Local Plan
Total OPEB Liability							
Service cost	\$ 19,510	\$ 18,981	\$ 16,382	\$ 20,759	\$ 18,802	\$ 17,876	\$ 15,831
Interest on total OPEB liability	8,488	7,635	8,575	4,878	5,442	6,631	6,702
Difference between expected and actual experience	(66,276)	(5,374)	(30,958)	(4,718)	781	(894)	-
Changes in assumptions	(3,424)	(1,632)	(24,789)	(37,470)	10,391	(21,278)	23,053
Benefit payments	(1,218)	(4,656)	(4,278)	(3,942)	(4,002)	(4,176)	(3,828)
Net change in total OPEB liability	(42,920)	14,954	(35,068)	(20,493)	31,414	(1,841)	41,758
Total OPEB liability - beginning	<u>217,773</u>	<u>202,819</u>	<u>237,887</u>	<u>258,380</u>	<u>226,966</u>	<u>228,807</u>	<u>187,049</u>
Total OPEB liability - ending	<u>174,853</u>	<u>217,773</u>	<u>202,819</u>	<u>237,887</u>	<u>258,380</u>	<u>226,966</u>	<u>228,807</u>
Plan Fiduciary Net Position							
Contributions - employer	1,218	4,657	4,278	3,942	4,002	4,176	3,828
Benefit payments	(1,218)	(4,657)	(4,278)	(3,942)	(4,002)	(4,176)	(3,828)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability - ending	<u>\$ 174,853</u>	<u>\$ 217,773</u>	<u>\$ 202,819</u>	<u>\$ 237,887</u>	<u>\$ 258,380</u>	<u>\$ 226,966</u>	<u>\$ 228,807</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

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

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

Required Supplementary Information
 Schedule of Employer's Share of Net OPEB Liability – VRS GLI
 June 30, 2025

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2025	0.0182 %	\$ 203,209	\$ 4,889,225	4.16 %	73.41 %
2024	0.0179	214,317	4,674,435	4.58	69.30
2023	0.0186	224,323	4,215,802	5.32	67.21
2022	0.0177	205,844	4,052,942	5.08	67.45
2021	0.0172	287,541	3,650,324	7.88	52.64
2020	0.0158	257,271	3,534,457	7.28	52.00
2019	0.0149	227,000	3,106,905	7.31	51.22
2018	0.0143	215,000	2,839,461	7.57	48.86

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

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

Bedford Regional Water Authority

Exhibit 8

Required Supplementary Information Schedule of Employer Contributions – VRS GLI June 30, 2025

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2025	\$ 22,979	\$ 22,979	\$ -	\$ 4,889,225	0.47 %
2024	25,242	25,242	-	4,674,435	0.54
2023	22,737	22,737	-	4,215,802	0.54
2022	21,886	21,886	-	4,052,942	0.54
2021	19,714	19,714	-	3,650,324	0.54
2020	18,380	18,380	-	3,534,457	0.52
2019	16,120	16,120	-	3,106,905	0.52
2018	14,765	14,765	-	2,839,461	0.52

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

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

Bedford Regional Water Authority
Notes to Required Supplementary Information
June 30, 2025

Note 1 – Changes of Benefit Terms

Other Postemployment Benefits (OPEB)

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

Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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



Supporting Schedule



Bedford Regional Water Authority

Schedule 1

Schedule of Departmental Operating Income (Loss) Year Ended June 30, 2025

	Water	Sewer	Total
OPERATING REVENUES			
Water sales	\$ 10,968,088	\$ -	\$ 10,968,088
Capital recovery fees	966,000	530,200	1,496,200
Sewer service	-	6,452,510	6,452,510
Wastewater treatment plant operation fees	34,381	55,613	89,994
Review fees	66,851	52,362	119,213
Meter base installation fees	129,300	-	129,300
Account charges	36,300	19,125	55,425
Other	332,317	85,224	417,541
Penalties	116,554	66,009	182,563
	12,649,791	7,261,043	19,910,834
OPERATING EXPENSES			
Water systems	2,768,236	-	2,768,236
Sewer systems	-	1,985,197	1,985,197
Depreciation and amortization	3,162,511	2,527,011	5,689,522
Salaries and employee benefits	4,744,061	2,786,194	7,530,255
Management and general	263,607	154,817	418,424
Customer service and information services	299,707	176,019	475,726
Vehicles	258,253	151,672	409,925
Engineering, operations, and maintenance	129,927	76,307	206,234
	11,626,302	7,857,217	19,483,519
Total operating revenues	12,649,791	7,261,043	19,910,834
Total operating expenses	11,626,302	7,857,217	19,483,519
Operating income (loss)	\$ 1,023,489	\$ (596,174)	\$ 427,315

Statistical Section

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

Contents

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Financial Trends	1-4
These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.	
Revenue Capacity.....	5-13
These schedules contain information to help the reader assess the Authority’s most significant revenue source, water, and sewer charges.	
Debt Capacity.....	14-16
These schedules present information to help the reader assess the affordability of the Authority’s current levels of outstanding debt and the Authority’s ability to issue additional debt in the future.	
Demographic and Economic Information.....	17-18
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.	
Operating Information.....	19-20
These schedules contain information about the Authority’s operations and resources to help the reader understand how the Authority’s financial information relates to the services the Authority provides.	

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

Notes:

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

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

Bedford Regional Water Authority

Table 1

Net Position by Component Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Primary Government										
Net investment in capital assets	\$ 82,841,851	\$ 81,126,433	\$ 66,156,631	\$ 72,160,769	\$ 66,445,010	\$ 64,970,658	\$ 63,427,831	\$ 64,413,555	\$ 62,754,656	\$ 61,962,141
Restricted	3,339,454	2,994,979	2,972,281	2,795,493	2,799,407	2,603,137	2,386,880	2,294,317	2,270,755	1,998,401
Unrestricted	17,184,469	12,351,746	22,050,684	11,715,080	13,689,313	12,006,937	9,605,961	6,183,496	4,390,746	1,812,059
Total primary government net position	<u>\$ 103,365,774</u>	<u>\$ 96,473,158</u>	<u>\$ 91,179,596</u>	<u>\$ 86,671,342</u>	<u>\$ 82,933,730</u>	<u>\$ 79,580,732</u>	<u>\$ 75,420,672</u>	<u>\$ 72,891,368</u>	<u>\$ 69,416,157</u>	<u>\$ 65,772,601</u>

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

Bedford Regional Water Authority

Table 1

Changes in Net Position Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Expenses	Income (Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2025	\$ 19,910,834	\$ 19,483,519	\$ 427,315	\$ (611,304)	\$ (183,989)	\$ 7,076,605	\$ 6,892,616
2024	19,673,800	18,429,036	1,244,764	(748,980)	495,784	4,797,778	5,293,562
2023	17,682,556	17,002,418	680,138	(960,036)	(279,898)	4,788,152	4,508,254
2022	16,642,706	15,985,582	657,124	(1,329,520)	(672,396)	4,410,008	3,737,612
2021	15,984,301	14,887,276	1,097,025	(1,374,880)	(277,855)	3,606,977	3,329,122
2020	15,179,062	13,912,294	1,266,768	(1,428,317)	(161,549)	4,321,609	4,160,060
2019	14,658,464	13,591,700	1,066,764	(1,479,597)	(412,833)	3,129,186	2,716,353
2018	13,183,498	11,516,468	1,667,030	(669,425)	997,605	2,701,869	3,699,474
2017	12,984,845	11,339,910	1,644,935	(1,042,911)	602,024	3,041,532	3,643,556
2016	11,781,125	11,771,099	10,026	(1,369,354)	(1,359,328)	2,288,690	929,362

Bedford Regional Water Authority

Table 3

**Operating Expenses
Last Ten Fiscal Years**

Fiscal Year	Water Systems	Sewer Systems	Employment Costs	General Office and Departmental Expenses	Subtotal, Expenses before Depreciation and Amortization	Depreciation and Amortization	Total
2025	\$ 2,768,236	\$ 1,985,197	\$ 7,530,255	\$ 1,510,309	\$ 13,793,997	\$ 5,689,522	\$ 19,483,519
2024	2,556,963	1,824,347	7,075,760	1,549,307	13,006,377	5,422,659	18,429,036
2023	2,651,438	1,674,509	6,373,906	1,315,607	12,015,460	4,986,958	17,002,418
2022	2,465,518	1,470,044	5,834,768	1,488,621	11,258,951	4,726,631	15,985,582
2021	2,287,239	1,503,359	5,505,750	1,138,604	10,434,952	4,452,324	14,887,276
2020	1,809,069	1,548,189	5,291,180	854,544	9,502,982	4,409,312	13,912,294
2019	1,789,809	1,624,180	4,732,359	1,092,500	9,238,848	4,352,852	13,591,700
2018	1,783,950	1,339,282	4,188,962	755,521	8,067,715	3,448,753	11,516,468
2017	1,960,333	1,456,985	4,023,075	674,327	8,114,720	3,225,190	11,339,910
2016	2,209,621	1,274,345	3,723,314	1,409,285	8,616,565	3,154,534	11,771,099

Bedford Regional Water Authority

Table 4

Nonoperating Revenues and Expenses Last Ten Fiscal Years

Fiscal Year	Gain (Loss) on Disposal of Capital Assets	Interest Expense ^a	Investment Income	Total Nonoperating Expenses
2025	\$ 53,503	\$ (1,111,430)	\$ 446,623	\$ (611,304)
2024	72,720	(1,138,335)	316,635	(748,980)
2023	41,448	(1,161,814)	160,330	(960,036)
2022	88,517	(1,439,443)	21,406	(1,329,520)
2021	5,128	(1,550,179)	170,171	(1,374,880)
2020	(65,497)	(1,556,017)	193,197	(1,428,317)
2019	25,498	(1,673,218)	168,123	(1,479,597)
2018	35,463	(764,195)	59,307	(669,425)
2017	10,044	(1,125,038)	72,083	(1,042,911)
2016	(8,292)	(1,438,201)	77,139	(1,369,354)

^a Net of capitalized amounts in years 2016-2018. GASB 89 was implemented in 2019.

Bedford Regional Water Authority

Table 5

Operating Revenues by Source Last Ten Fiscal Years

Fiscal Year	Water Revenue	Sewer Revenue	Water Capital Recovery Revenue	Sewer Capital Recovery Revenue	Penalties and Fees ^a	Miscellaneous ^b	Total
2025	\$ 10,968,088	\$ 6,452,510	\$ 966,000	\$ 530,200	\$ 576,495	\$ 417,541	\$ 19,910,834
2024	10,857,288	5,888,861	1,193,570	561,680	742,895	429,506	19,673,800
2023	9,648,347	5,417,827	1,031,200	474,400	574,279	536,503	17,682,556
2022	9,470,684	4,846,172	1,157,100	431,400	254,404	482,946	16,642,706
2021	8,943,355	4,666,237	1,002,500	716,700	341,148	314,361	15,984,301
2020	8,753,627	4,538,020	756,450	575,500	315,531	239,934	15,179,062
2019	8,249,328	4,407,638	804,425	650,000	301,177	245,896	14,658,464
2018	7,662,156	3,849,032	664,000	436,900	328,835	242,575	13,183,498
2017	7,519,344	3,790,135	638,200	470,600	343,783	222,783	12,984,845
2016	6,756,704	3,699,411	529,700	277,400	310,556	207,354	11,781,125

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

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

Bedford Regional Water Authority

Table 6

Water Produced and Consumed and Wastewater Treated Last Ten Fiscal Years

Fiscal Year	Water			Sewer				
	Gallons Produced (000's)	Gallons Billed (000's)	Other Unbilled Uses (000's)	Water Accountability	Gallons Treated (000's)	Gallons Billed (000's)	Other Unbilled Uses (000's)	Sewer Accountability
2025	1,313,832	1,004,308	49,673	80.22%	598,981	405,856	-	67.76%
2024	1,341,668	976,022	73,623	78.23%	605,552	391,254	-	64.61%
2023	1,313,327	942,016	53,929	75.83%	611,602	370,652	-	60.60%
2022	1,327,512	936,977	25,337	72.49%	621,652	362,410	-	58.30%
2021	1,277,232	951,048	23,627	76.31%	635,033	356,962	-	56.21%
2020	1,226,182	929,666	59,825	80.70%	586,371	356,658	-	60.82%
2019	1,132,893	894,789	96,640	87.51%	708,788	369,144	-	52.08%
2018	1,207,069	917,950	31,194	78.63%	538,400	330,082	558	61.41%
2017	1,086,440	858,199	10,015	79.91%	470,931	324,911	-	68.99%
2016	1,080,997	836,616	27,808	79.97%	500,777	334,434	-	66.78%

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

Table 7

Bedford Regional Water Authority

Annual Connections

Last Ten Fiscal Years

Fiscal Year	Water Connection	Sewer Connections	Total New Connections
2025	233	129	362
2024	183	79	262
2023	161	75	236
2022	133	137	270
2021	241	134	375
2020	191	113	304
2019	342	177	519
2018	456	232	688
2017	206	107	313
2016	399	147	546

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

Table 8

Bedford Regional Water Authority

Number of Water Customers by Type

Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Institutional	Irrigation	Total
2025	14,874	720	1	119	91	15,805
2024	13,404	897	2	160	78	14,541
2023	13,404	897	2	160	78	14,541
2022	13,219	986	2	176	65	14,448
2021	13,215	846	27	113	73	14,274
2020	13,012	836	27	112	71	14,058
2019	12,480	823	27	107	71	13,508
2018	12,894	807	25	73	13	13,812
2017	12,800	787	24	68	57	13,736
2016	11,956	764	23	68	50	12,861

Note: Institutional includes governmental and educational user types.

Bedford Regional Water Authority

Table 9

**Number of Sewer Customers by Type
Last Ten Fiscal Years**

Fiscal Year	Residential	Commercial	Industrial	Institutional^a	Total
2025	5,666	735	2	121	6,524
2024	5,387	620	2	83	6,092
2023	4,885	675	2	113	5,675
2022	4,736	695	2	121	5,554
2021	4,727	601	9	69	5,406
2020	4,564	532	9	64	5,169
2019	4,199	535	9	66	4,809
2018	4,123	564	9	46	4,742
2017	4,071	575	9	43	4,698
2016	3,969	556	8	43	4,576

^a Institutional includes governmental and educational user types.

Bedford Regional Water Authority

Table 10

Ten Largest Water Customers Current Year

Customer	2025	
	Revenue	Percentage
Western Virginia Water Authority	\$ 132,632	1.21 %
Cintas	88,408	0.81
Thomas Builders-Westyn Village Clubhouse	64,349	0.59
Spring Oak Bedford, LLC	59,572	0.54
Gables of Jefferson Commons	54,092	0.49
Southwood Realty	52,966	0.48
Gables of Spring Creek	49,100	0.45
Forest Road Express Wash, LLC	46,068	0.42
Zips Carwash, LLC	40,116	0.37
Lyondellbesell Advan, Inc.	39,207	0.36
Subtotal (10 largest)	626,510	5.71
Balance from other customers	10,341,578	94.29
Grand totals	<u>\$ 10,968,088</u>	<u>100.00 %</u>

Bedford Regional Water Authority

Table 11

Ten Largest Sewer Customers Current Year

Customer	2025	
	Revenue	Percentage
Cintas	\$ 86,255	1.34 %
Thomas Builders- Westyn Village Clubhouse	83,914	1.30
Spring Oak Bedford, LLC	76,618	1.19
Gables of Jefferson Commons	68,428	1.06
National Park Services	66,388	1.03
Southwood Realty	66,327	1.03
Gables of Spring Creek	62,066	0.96
Forest Road Express Wash, LLC	61,307	0.95
Thomas Builders	51,892	0.80
Lyondellbesell Advan, Inc.	50,000	0.77
Subtotal (10 largest)	673,195	10.43
Balance from other customers	5,779,315	89.57
Grand totals	\$ 6,452,510	100.00 %

Bedford Regional Water Authority

Schedule of Water and Sewer Rates

Current Year

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

Volume Charges:

Volume Charges are rates per 1,000 gallons.

Customer Type	Water	Sewer
Residential & Commercial	\$6.75	\$8.75
Industrial	\$6.00	\$8.00
Bulk Filling	\$12.00	n/a

Base Charges:

Base Charges are per month.

Meter Size	Water	Sewer
5/8"	\$31.00	\$31.00
3/4"	\$44.00	\$44.00
1"	\$72.00	\$72.00
1-1/2"	\$124.00	\$124.00
2"	\$199.00	\$199.00
3"	\$372.00	\$372.00
4"	\$620.00	\$620.00
6"	\$1,240.00	\$1,240.00
8"	\$2,015.00	\$2,015.00
10"	\$3,410.00	\$3,410.00
Cedar Rock 5/8"	\$31.00	\$74.00
Paradise Point 5/8"	\$43.00	n/a
Mariners 5/8"	\$31.00	\$39.00
Mariners 1"	\$72.00	\$90.00

Bedford Regional Water Authority

Table 13

Schedule of Water and Sewer Capital Recovery Fees

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

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

Bedford Regional Water Authority

Table 14

Schedule of Debt Coverage Last Ten Fiscal Years

Fiscal Year Ended June 30	Debt Coverage Reserve ^a	Operating Revenues	Direct Operating Expenses ^b	Bedford County Support ^c	Net Available for Debt Service	Principal ^d	Interest ^e	Total	Debt Coverage
2025	\$ 2,285,774	\$ 19,910,834	\$ 13,793,997	\$ 1,000,000	\$ 9,402,611	\$ 3,162,962	\$ 1,109,616	\$ 4,272,578	220 %
2024	2,203,275	19,673,800	13,006,377	1,000,000	9,870,698	2,520,345	1,141,250	3,661,595	270
2023	2,156,567	17,682,556	12,015,460	2,000,000	9,823,663	2,427,256	1,237,139	3,664,395	268
2022	2,207,370	16,642,706	11,258,951	2,000,000	9,591,125	3,310,177	1,362,298	4,672,475	205
2021	2,390,992	15,984,301	10,437,852	2,000,000	9,937,441	3,147,345	1,503,679	4,651,024	214
2020	2,265,187	15,179,062	9,502,982	2,000,000	9,941,267	2,855,386	1,473,066	4,328,452	230
2019	2,249,660	14,658,464	9,238,848	2,000,000	9,669,276	2,784,268	1,587,202	4,371,470	221
2018	2,205,250	13,183,498	8,067,715	2,000,000	9,321,033	2,668,592	1,698,931	4,367,523	213
2017	2,251,667	12,984,845	8,114,720	2,000,000	9,121,792	2,502,565	1,792,102	4,294,667	212
2016	2,246,623	11,781,125	8,616,565	2,000,000	7,411,183	2,428,098	1,876,094	4,304,192	172

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

^b Excluding depreciation, interest, and amortization.

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

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

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

Bedford Regional Water Authority

Table 15

Outstanding Debt by Category Last Ten Fiscal Years

Fiscal Year Ended June 30	Lynchburg Sewer System Bonds	Pooled Loan Bonds	Due to Town of Bedford	Unamortized Premium	Total
2025	\$ 817,218	\$ 43,566,975	\$ 616,998	\$ 611,873	\$ 45,613,064
2024	877,563	44,713,457	1,216,998	693,202	47,501,220
2023	937,819	46,498,457	1,798,998	774,530	50,009,804
2022	997,986	35,920,000	2,289,010	1,013,145	40,220,141
2021	756,512	38,540,000	2,771,353	1,278,793	43,346,658
2020	616,513	37,145,000	3,246,381	957,431	41,965,325
2019	725,170	39,480,000	3,716,993	1,186,763	45,108,926
2018	857,748	41,365,000	4,368,007	1,415,964	48,006,719
2017	1,042,670	43,040,000	5,010,650	1,645,167	50,738,487
2016	1,241,288	44,635,000	5,645,130	1,874,368	53,395,786

Bedford Regional Water Authority

Table 16

Ratios of Outstanding Debt Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding Debt	Number of ^a Connections	Debt per Connection (3)=(1)/(2)	Estimated ^b Population Served (4)=(2)*2.5	Debt per Capita (5)=(1)/(4)	Income ^c per Capita (6)	Debt per Capita as a % Income per Capita (7)=(5)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)
2025	\$ 45,613,064	22,329	\$ 2,043	55,823	\$ 817	\$ *	*
2024	47,501,220	21,621	2,197	54,053	879	*	*
2023	50,009,804	20,216	2,474	50,540	990	36,891	2.68%
2022	40,220,141	20,002	2,011	50,005	804	34,565	2.33%
2021	43,346,658	19,680	2,203	49,200	881	46,707	1.89%
2020	41,965,325	19,227	2,183	48,068	873	46,707	1.87%
2019	45,108,926	18,317	2,463	45,793	985	*	*
2018	48,006,719	18,554	2,587	46,385	1,035	42,082	2.46%
2017	50,738,486	18,434	2,752	46,085	1,101	41,307	2.67%
2016	53,395,785	17,437	3,062	43,593	1,225	41,066	2.98%

^a Connections from Tables 8 and 9.

^b The Virginia Department of Health estimates 2.5 residents per connection.

^c Per capita income from Virginia Public Works, VA Community Profile. Per capita income information has not been made available for use for fiscal year 2025.

* No data available in year for use.

Bedford Regional Water Authority

Table 17

Ten Largest Employers (Bedford Town and County) Current Year and Nine Years Ago

Employer	2025	
	Employees	Rank
Bedford County School Board	1000+	1
County of Bedford	500-999	2
Centra Health	500-999	3
Walmart	500-999	4
GP Big Island, LLC	250-499	5
Food Lion	250-499	6
Sentry Equipment Erectors	250-499	7
Workforce Solutions	100-249	8
Uos, LLC	100-249	9
Runk & Pratt Health Care, Inc.	100-249	10

Employer	2016	
	Employees	Rank
Bedford County School Board	1000+	1
County of Bedford	500-999	2
Centra Health	500-999	3
TEVA Pharmaceuticals	500-999	4
Mail America Communications	250-499	5
Walmart	250-499	6
GP Big Island, LLC	250-499	7
Workforce Solutions	100-249	8
Sam Moore Furniture, LLC	100-249	9
Food Lion	100-249	10

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

Table 18

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

	Full-Time Equivalent Employees as of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Administration	9.5	8.5	7.5	5.5	5.5	5.5	5.5	5.5	5.0	5.0
Customer	8.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	6.0
IT	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	3.0	3.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Engineering	13.5	13.5	12.5	14.0	13.0	13.0	12.0	8.0	8.0	9.5
Plant operations	24.0	23.5	26.5	26.0	28.0	28.0	27.0	23.0	23.0	24.0
Maintenance	24.0	24.0	24.0	23.0	23.0	19.0	21.0	19.0	19.0	16.0
	<u>84.0</u>	<u>82.5</u>	<u>83.5</u>	<u>81.5</u>	<u>82.5</u>	<u>78.5</u>	<u>78.5</u>	<u>68.0</u>	<u>66.5</u>	<u>64.0</u>

Table 19

Bedford Regional Water Authority
Operating Indicators
 Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water meters read	183,331	177,630	174,401	176,489	173,397	170,017	164,492	122,864	84,139	82,263
Meter installations and change outs	708	508	430	904	1,056	1,353	1,187	795	1,510	2,125
Payments transacted	165,606	161,599	171,930	178,677	150,884	149,222	214,524	106,787	77,530	75,193

^a Number of meters read for billing purposes.

Table 20

Bedford Regional Water Authority
Capital Asset Statistics
 Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Miles of water line	405	404	406	400	399	399	388	385	362	352
Miles of sewer line	161	161	164	160	157	156	144	145	141	141
Water pump stations	3	3	2	2	2	2	2	2	2	2
Sewer pump stations	32	32	32	32	32	32	22	22	22	22
Water storage tanks	15	15	15	15	15	14	12	12	12	12
Wastewater treatment plants	5	5	5	5	5	5	3	3	3	3
Water treatment plants	5	5	5	5	5	4	4	7	7	6



Compliance Section



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Bedford Regional Water Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

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

Authority's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 5, 2025

Bedford Regional Water Authority

Summary of Compliance Matters

June 30, 2025

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia:

Cash and Investment Laws

Conflict of Interests Act

Local Retirement Systems

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Bedford Regional Water Authority

Schedule of Findings and Responses

June 30, 2025

A – Findings – Financial Statement Audit

2025-001: Recognition of Revenues (Significant Deficiency)

Condition The Authority frequently utilizes external funding to support construction projects, with funding received either as reimbursements for costs incurred or as upfront advances prior to project completion. During our audit, we noted that revenue is often recognized when cash is received rather than when the underlying eligible costs are incurred or project milestones are met. This practice has resulted in instances where revenues, accounts receivable, and deferred revenue balances are misstated.

Criteria Revenues, receivables, and deferred revenues should be recognized in the correct accounting periods.

Cause The Authority lacks controls to ensure they are properly recognizing revenues for related projects and grant awards.

Effect The Authority risks misstatements of revenues, receivables, and deferred revenues.

Recommendation Steps should be taken to evaluate when revenues are earned with respect to grant agreements the Authority has entered into.

View of Responsible Officials Management recognizes the importance of recognizing revenues in the proper accounting periods and will develop a procedure to correct this in the current fiscal year.

B – Findings – Commonwealth of Virginia

No findings in current year.