



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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**



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LYNCHBURG, VIRGINIA**

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**Prepared By:**

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The Accounting Department

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# CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

## Annual Comprehensive Financial Report For the Year Ended June 30, 2023

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**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2023

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**AUTHORITY MEMBERS**

Carter S. Elliott, Jr. - Chairman

Charles A. Droog - Vice-Chairman

Donald Austin

Wilson L. Dickerson

Joseph Kirkland

James R. Marstin

Daniel L. Richardson

Frank L. Davis, Jr. - Administrator, 07-21-21 - 12-31-21

Tim Wagner - Interim Administrator, 12-31-21 - 02-28-22

Jeffrey S. Wells - Administrator, 03-01-22 - 06-30-22

April Farmer - Treasurer

Wendy Meese - Secretary

# CAMPBELL COUNTY

**EXECUTIVE DIRECTOR**

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



**TELEPHONE**  
**(434) 239-8654**

**Operations Superintendent**

JOSHUA S. PRIBBLE  
jspribble@ccusa-water.com

**Fax**  
**(434) 237-5820**

## UTILITIES AND SERVICE AUTHORITY

20644 TIMBERLAKE ROAD, LYNCHBURG, VIRGINIA 24502

January 31, 2024

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Campbell County Utilities and Service Authority (the "Authority") for the fiscal year ended June 30, 2023. The CAFR was prepared by the Authority in conformity with U.S. Generally Accepted Accounting Principles (GAAP) with emphasis on disclosure of the financial activities of the Authority. Responsibility for both the completeness and reliability of the information, including all disclosures, rest with the Authority, and is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations, and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The basic financial statements have been audited by our independent auditors, Robinson, Farmer, Cox Associates, who have issued an unmodified ("clean") opinion on the financial statements of the Authority as of and for the year ended June 30, 2023. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States; and Specifications for audits of Authorities, Boards and Commissions, issued by the Auditor of Public Accounts for the Commonwealth of Virginia. The annual audit is planned and performed to obtain reasonable, rather than absolute, assurance that the basic financial statements of Campbell County Utilities and Service Authority are free of any material misstatement. The independent auditors' report is located at the front of the financial section of this report.

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

*Profile*

The Authority was created by a resolution of the Board of Supervisors of Campbell County, Virginia (the “County”) in 1964 according to the Virginia Water and Waste Authorities Act. The Articles of Incorporation were amended in 2012 to change the length of the term of service of the Authority Board members to coincide with the terms of the appointing Supervisor. The Authority was created for the purposes of acquisition, construction, operation, and maintenance of a water system for the supply and distribution of water and of sewer and sewage disposal systems. It is possible the Authority will also become responsible for stormwater management and/or garbage and refuse collection and disposal within Campbell County once directed by the Campbell County Board of Supervisors.

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

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

As of June 30, 2023, the Authority had 8,966 water connections and 3,078 sewer connections. A large portion of Campbell County remains rural so it is not economically feasible to extend water or sewer lines to all of the population of Campbell County. The Authority serves 11,340 equivalent residential units (ERU’s); therefore, it is estimated that the Authority provides water to approximately 27,783 of the estimated 55,492 residents of Campbell County. Sewer main extensions are substantially more expensive and the Authority provided sewer treatment services to approximately 3,983 ERU’s, or an estimated 9,759 Campbell County residents. These figures do not include connections to commercial, industrial or governmental facilities.

*Services  
Provided*

The Authority provides service through 197.1 miles of water line and 56.99 miles of sewer mains. Prior to 1986, the Authority purchased all water from the City of Lynchburg to distribute to its customers; however, in the early 80’s, due to rising costs of purchasing water being out of the Authority’s control, the Authority Board and staff determined it was time to construct a water plant for the Authority to have some separation and independence from the City of Lynchburg. The Authority continues to purchase water from the City of Lynchburg to serve a small portion of its residential customers and along the Mount Athos corridor to serve a large business. The Authority has access to the City of Lynchburg supply in case of emergency.

The Authority provides sewer treatment services to the Rustburg area within Campbell County, for 214 customers. This number includes residential, commercial and governmental. The treatment for the remaining customers in Campbell County is provided by purchasing these services from the City of Lynchburg. The Authority currently has access to 1 million gallons per day of capacity in the Lynchburg Sewer Treatment Plant and it is possible to purchase more capacity if it becomes necessary in the future. The Authority pays for the treatment services as well as a portion of the sewer capital expenses for the City.

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

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

*Economic  
Conditions  
and  
Outlook*

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

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

In 2012, the Authority created a base fee for sewer customers to offset the cyclical nature of growth. Before the base fee was created, Authority water customers subsidized wastewater capital projects. The Authority also slightly increased the water base fee to fund water capital projects. The Authority has not increased water or sewer usage rates since July 1, 2012. The Authority's overall fees remain competitive with other Authorities surrounding Campbell County.

*Internal  
Control  
Structure  
and  
Budgetary  
Controls*

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

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

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

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

*Relevant  
Financial  
Policies*

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

*Awards*

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

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

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

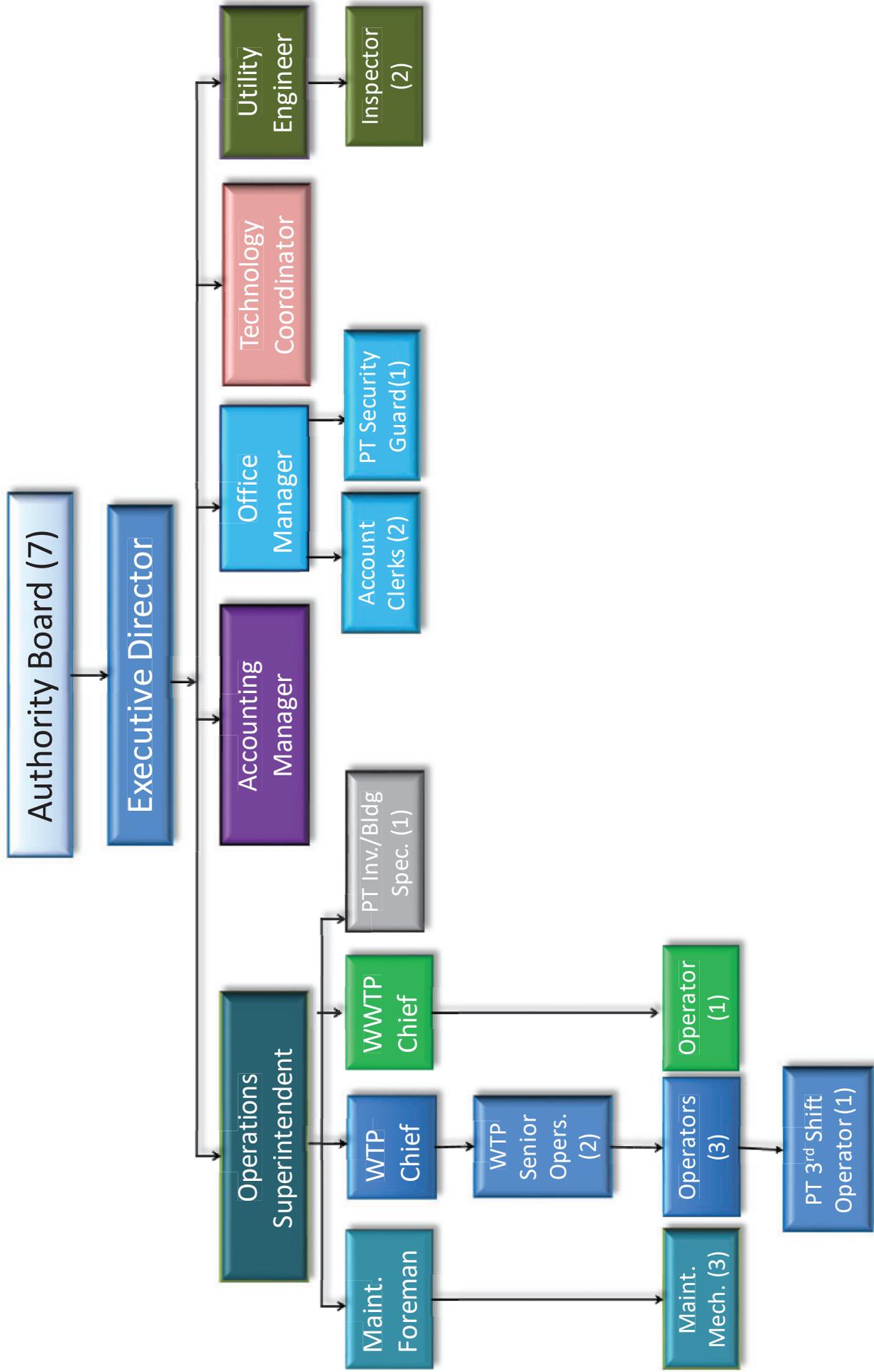
Respectfully submitted,



Jeffrey S. Wells, P. E.  
Executive Director

# CCUSA ORGANIZATIONAL CHART

June 30, 2023





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Campbell County Utilities and Service Authority  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



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**Independent Auditors' Report**

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

**Report on the Audit of the Financial Statements**

***Opinion***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Campbell County Utilities and Service Authority, as of June 30, 2023, and the changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

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

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

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

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

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of Campbell County Utilities and Service Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Campbell County Utilities and Service Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Campbell County Utilities and Service Authority's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
January 31, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of Campbell County Utilities and Service Authority, (the "Authority"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023.

### Overview of the Financial Statements

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

#### Financial statements

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

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

The basic financial statements can be found on pages 23 through 26 of this report.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 27 through 55 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in Exhibits 4 through 9 of the Required Supplementary Information (pages 59 through 64).

### Financial Highlights

- The Authority's total assets and deferred outflows of resources totaled \$82,954,267. Liabilities and deferred inflows of resources totaled \$6,372,860. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76,581,407 (Total Net Position), of which \$10,893,745 is unrestricted and may be used to meet the Authority's ongoing obligations to customers and creditors compared to \$74,162,996 net position with \$10,174,954 unrestricted net position at the close of fiscal year 2022 and \$70,284,781 net position with \$7,592,867 unrestricted net position at the close of fiscal year 2021.

## Financial Highlights: (Continued)

- The Authority's total net position increased by \$2,418,411; however, 47.6% of this increase was attributable to capital contributions from developers. The percentage of increase in total net position due to capital contributions was 44.3% in FY22 and 42.5% in FY21. The Authority is currently investing in its own capital by upgrading aging lines, rehabilitating facilities, and replacing equipment; this capital outlay is not providing growth for the system but is ensuring reliable service is provided to Authority customers.
- The Authority's total liabilities increased by \$368,522 this fiscal year from FY22 compared to a decrease of \$886,030 in FY22 from FY21 and a decrease of \$151,513 in FY21 from FY20. The main reason for this increase in FY23 is due to the calculation of the Net Pension Liability. The Authority has experienced a total decrease of \$833,840 over the past five fiscal years.

### Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

**Table 1**  
**Summary of Statement of Net Position**  
**At June 30, 2022 and 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current assets	\$ 12,416,237	\$ 7,149,390
Capital assets	68,812,242	64,982,639
Restricted assets	786,397	806,325
Total assets	<u>\$ 82,014,876</u>	<u>\$ 72,938,354</u>
Deferred outflows	\$ 635,419	485,917
Total assets and deferred outflows	<u>\$ 82,650,295</u>	<u>\$ 73,424,271</u>
Current liabilities	\$ 919,405	\$ 1,040,214
Long-term liabilities	4,520,628	5,068,840
Total liabilities	<u>\$ 5,440,033</u>	<u>\$ 6,109,054</u>
Deferred inflows	\$ 932,827	144,117
Net investment in capital assets	\$ 65,187,662	\$ 60,517,820
Restricted	500,000	500,000
Unrestricted	<u>10,893,745</u>	<u>6,153,280</u>
Total net position	<u>\$ 76,581,407</u>	<u>\$ 67,171,100</u>
Total liabilities, deferred inflows, and net position	<u>\$ 82,954,267</u>	<u>\$ 73,424,271</u>

- The Authority's combined net position increased by \$2,418,411 during the year compared to an increase of \$3,878,215 in the previous fiscal year and \$3,113,681 in fiscal year 2021.

## Financial Highlights: (Continued)

### Statement of Net Position: (Continued)

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

**Table 2**  
**Changes in Net Position**  
**At June 30, 2022 and 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Operating revenues:</b>		
Water sales, charges and sewer service charges	\$ 6,947,505	\$ 6,602,220
Total operating revenues	\$ 6,947,505	\$ 6,602,220
<b>Operating expenses:</b>		
Source of supply	\$ 1,195,399	\$ 1,111,218
Wastewater treatment	493,297	461,679
Maintenance and inspection	1,022,455	594,878
Personnel	2,531,627	2,002,322
Administrative and general	527,643	365,031
Depreciation	1,821,493	2,254,833
Total operating expenses	\$ 7,591,914	\$ 6,789,961
Net income from operations	\$ (644,409)	\$ (187,741)
<b>Nonoperating revenues (expenses):</b>		
Interest income	\$ 16,106	\$ 5,528
Interest expense	(58,196)	(143,015)
Capital recovery fees	955,481	649,683
Connection fees	295,254	60,806
Sewer capacity fee	372,094	241,850
Grant from Campbell County	91,838	98,819
Other nonoperating expenses	(135,826)	(79,086)
Total nonoperating revenues (expenses)	\$ 1,538,851	\$ 834,585
Net income before capital contributions	\$ 894,442	\$ 646,844
Capital contributions	1,150,451	1,421,132
Change in net position	\$ 2,044,893	\$ 2,067,976
Net position - beginning of year	74,162,996	65,103,124
Net position - end of year	\$ 76,207,889	\$ 67,171,100

## Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Authority's financial position. By far the largest portion of the Authority's net position (83.6%) reflects investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers; consequently, these assets are *not* available for future spending.

## Financial Analysis: (Continued)

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

Operating revenues increased by \$232,273 and operating expenses including depreciation and amortization increased by \$924,602 from FY 2022. Key elements of these changes are as follows:

- Capital Contributions from developers in the form of dedicated facilities were \$1,150,451. These included water transmission and distribution lines, sewer mains, service lines and laterals.
- There were no changes to water and sewer user rates in FY23. Retail water consumption and meter service charges fell short of budgeted projections by 3.09% or \$157,910 but sewer revenue exceeded forecasts by 6.14%, or \$84,492.
- Capital Recovery Fees (formerly "Availability Fees") for water and sewer both exceeded budget expectations in FY23. Water Capital Recovery Fees exceeded budget projections by 69.6%, or \$200,206. Capital Recovery Fees for sewer exceeded budget projections by 83.1%, or \$212,275. Authority staff and the Budget Committee (the Budget Committee consists of two Authority Board members) are conservative when preparing the budget for Capital Recovery Fees and do not normally rely on one-time fees to fund ongoing operations.

## Capital Asset and Debt Administration

**Capital Assets** - The Authority's investment in capital assets as of June 30, 2023, net of accumulated depreciation was \$65,187,662. Investment in Capital Assets grew approximately 2.7% during FY23. Investments in capital assets grew 2.1% during FY22 and 2.8 % in FY21.

The Authority Board encumbered \$1,461,100 for capital projects throughout the year.

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

**Long-Term Debt** - At the end of the fiscal year, the Authority had \$4,520,628 in Long-Term Debt. Long-term debt consists of bonds and notes outstanding, compensated absences and net pension liability. The Authority had \$4,248,061 long-term debt at the end of FY22, an increase of 6.4%. Campbell County pays a portion of the bond payments through a moral obligation agreement (\$91,838 in FY23). Compensated absences accounted for approximately 2.66% of long-term liabilities.

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

## Review of Operations:

**Operating Revenues** - Total Operating Revenue increased approximately 3.5%. Operating Revenue decreased in FY22 from FY21 by 3.1%. If FY23 Operating Revenue is compared to FY 21, the increase is 0.2%. A comparison of the current fiscal year's actual and budgeted income is found on Schedule 2 under Supporting Schedules of the Financial Section. Operating Revenues exceeded budget projections by \$51,905, or 0.75%.

**Operating Expenses** - Operating Expenses before depreciation and amortization exceeded projections by 5.2% (or \$282,741). Operating Expenses before depreciation and amortization increased from FY22 Operating Expenses by approximately 19.1% (or \$924,602).

## Review of Operations: (Continued)

Overall expenses in the **Personnel division** increased by approximately 12.2%, or \$275,825. Authority employees were given a 5% cost of living adjustment and step increases were given to four employees according to longevity. The Water Plant Chief Operator retired early in FY23, and the Authority promoted from within. This change also led to another employee being promoted to Senior Water Plant Operator and a new employee was hired to fill the resulting vacancy of Water Plant Operator. A Maintenance staff employee was promoted to Maintenance Foreman in FY23. A full-time employee was hired to work third shift at the Water Plant. Other than salaries, the Retirement and Workers' Compensation Insurance line items also experienced large increases. The FY23 budgeted increase in the Personnel Division was 4.3%; however, several lines were overspent in the Personnel Division. One of the reasons for the division going overbudget was due to Maintenance overtime from waterline leaks on one area that was found to have corrosive soil. This issue will be addressed in upcoming years as the waterline will be replaced. Another issue was that the Authority did not budget enough for an increase in the Health Insurance line item. An estimate was included in the Budget, but the actual increase exceeded Authority staff estimates. Health insurance premiums had not increased since January 2018.

Expenses in the **Administrative and General division** increased by 8.1% for fiscal year 2023. The main increase is due to the Equipment Contracts line item. The Office Equipment Contracts line item contains several subcategories including but not limited to network equipment, warranties, system updates, and technology support. Expenses for Invoice Cloud and other new services were included in FY23. Authority staff entered a contract with Woodard & Curran that would reduce overall repair expenses and improve functionality of the Authority's SCADA system.

Expenses for the **Source of Supply division** (Expenses at the Water Treatment Plant) increased by 17.9% from fiscal year 2022. The main increase in this division was the increase in the cost of chemicals. Some chemical vendors were reluctant to provide quotes for 2023 due to uncertainty in availability of chemicals and rising costs. The Authority was able to obtain necessary chemicals, but in some instances Authority staff had to seek out vendors outside of purchase agreements if the contracted vendor was unable to obtain the chemicals when needed. There were also large increases in the Electric Service, Maintenance, and Equipment and Supplies line items.

Expenses for the **Wastewater Treatment division** increased 10.1% in FY23. The largest increase was in the Purchase Services Lynchburg line item, which includes treatment expenses for sewage treated at the Lynchburg Regional Wastewater Treatment Facility.

Expenses in the **Maintenance and Inspection division** increased 58.3%. Leak repairs and other required labor in the system are charged to the "Maintenance" line item within this division, resulting in fluctuations in this line item from year to year. As discussed in the Personnel division section, there were issues on a 2-mile stretch of Authority waterline that was found to be impacted by corrosive soil. This issue increased expenses from the Authority's Contract Service Provider and increased the cost of materials used for addressing the leaks.

The **Naruna division** continues to be a small portion of overall Authority expenses with overall expenses of \$16,074 in FY23.

A summary of the current fiscal year's actual and budgeted expenses is found on Schedules 4 and 5 under Supporting Schedules of the Financial Section. A comparative summary of Authority financial data for FY23 and the previous nine years can be found in Table 2 in the Statistical Section.

**Non-Operating Income and Expenses** - Non-Operating items are items not directly related to Operations; they reflect more how the business is financed. They include such items as interest income and interest expense, Capital Recovery Fees, grants, and contributions in aid to construction by various parties. Investments made by the Authority are tightly regulated as to the type of investments that can be made in the financial markets. Please see Note 2 in the Notes to Financial Statements for a discussion as to the statutes governing the investment of Authority funds.

## Review of Operations: (Continued)

Interest Expense decreased approximately 8.2% this fiscal year. Revenue from Capital Recovery Fees exceeded budget projections for water and sewer, as was previously explained in more detail under the heading “Financial Analysis.” Capital Recovery Fees are used to fund capital asset projects and to help pay interest expense on the long-term debt; however, in FY12, the Authority Board created a Base Fee for sewer customers so that Capital Recovery Fees would not be the sole source to fund capital asset projects. Both the Water Base Fee and the Sewer Base Fee were increased slightly in FY13, \$1 and \$2, respectively. These fees have not increased since FY13. The Authority considered increasing usage fees in FY23; however, the Authority Board did not want to increase the burden Authority customers were already experiencing due to the Coronavirus Pandemic and global inflationary pressure.

Contributions in Aid to Construction (CIAC) recognized in FY23 totaled \$1,150,451. Developers construct water and sewer infrastructure as they develop properties and then the infrastructure is “dedicated” to the Authority for future maintenance.

An agreement with Campbell County directs that the Authority is to forward any Aid to Construction Fees that are collected in the Leesville Road Billing zone to the County until the bond to fund the project is paid in full or for 20 years from the bond date (2004), whichever is shorter. Twenty percent of usage fees from all customers served in this billing zone are also forwarded to the County for the same extent of time. This is in accordance with the agreement with the County to assist in the funding of the project.

## Trends in Operations

**Connection Growth** - Table 14 containing new connections over the last 10 Fiscal Years is in the Statistical section of this report. The average growth of water customers over the last 10 years is approximately 1.52% per year. Growth reflected in new water connections made in FY23 was 2.0%. The average annual growth of sewer customers over the last 10 years was approximately 3.47%, but the Authority experienced growth of 4.37% in FY23.

**User Rates** - The last increase in water or sewer usage rates was in FY12. Pages 84 and 85 in the Statistical Section lists the user rates for water and sewer as well as existing connection, Capital Recovery Fees, and Construction Fees in place at fiscal year end.

**Long Term Debt** - The Authority refinanced its two 2011 Bond issues in December 2020, saving approximately \$235,000 over the life of the Bonds. The Revenue Bond Compliance report can be found on pages 75 and 76 in the Statistical Section. Bond covenants require the Authority to maintain Debt Service Coverage Ratio of 1.15. The actual debt coverage achieved in FY23 was 12.98%. Approximately 7.6% of the Authority’s operating revenue was used to fund bond payments in fiscal year 2023 as compared to 7.7% in fiscal year 2022 (including non-operating revenue but not including Contributions in aid of construction, this calculation would have been 6.1% in FY23 and 6.6% in FY22.)

**Summary** - The Authority had a successful year in its operations. The Authority had adequate debt service coverage for the year. The Authority had a positive net income of \$1,267,960 before capital contributions this year.

## Requests for Information

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

## **Basic Financial Statements**

Statement of Net Position  
At June 30, 2023**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 10,080,603
Accounts receivable	1,367,515
Leases receivable, current portion	463,294
Prepaid expenses	5,192
Inventory	<u>499,633</u>
Total current assets	<u>\$ 12,416,237</u>

## Noncurrent assets:

## Restricted assets:

Cash and cash equivalents - debt service	\$ 500,000
Investments - debt service	<u>286,397</u>
Total restricted assets	<u>\$ 786,397</u>

Leases receivable, net of current portion	<u>\$ 303,972</u>
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## Capital assets:

Land and land rights	\$ 324,183
Structures and improvements	27,472,501
Water and sanitary sewer mains and improvements other than structures	65,310,718
Machinery and equipment	4,661,612
Other	1,160,244
Lynchburg facilities capacity	4,077,916
Construction in progress	<u>3,053,850</u>
Total capital assets	\$ 106,061,024

Less accumulated depreciation	<u>(37,248,782)</u>
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Net capital assets	<u>\$ 68,812,242</u>
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Total noncurrent assets	<u>\$ 69,902,611</u>
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Total assets	<u><u>\$ 82,318,848</u></u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on refunding	\$ 96,407
Pension deferrals	517,762
OPEB deferrals	<u>21,250</u>
Total deferred outflows of resources	<u><u>\$ 635,419</u></u>

Statement of Net Position  
At June 30, 2023 (Continued)

**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses	\$ 350,909
Accrued interest payable	9,284
Advances for construction	17,249
Compensated absences, current portion	40,068
Notes payable, current portion	58,895
Revenue bonds payable, current portion	443,000
	<hr/>
Total current liabilities	\$ 919,405

Noncurrent liabilities:

Net pension liability	\$ 1,101,260
Net OPEB liability	80,072
Compensated absences, noncurrent portion	120,204
Notes payable, noncurrent portion	649,026
Revenue bonds payable, noncurrent portion	2,570,066
	<hr/>
Total noncurrent liabilities	\$ 4,520,628
	<hr/>
Total liabilities	\$ 5,440,033

**DEFERRED INFLOWS OF RESOURCES**

Pension deferrals	\$ 185,423
OPEB deferrals	18,862
Lease deferrals	728,542
	<hr/>
Total deferred inflows of resources	\$ 932,827

**NET POSITION**

Net investment in capital assets	\$ 65,187,662
Restricted:	
Debt service	500,000
Unrestricted	10,893,745
	<hr/>
Total net position	\$ 76,581,407

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

Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2023

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Operating revenues:	
Water sales, charges and sewer service charges	\$ <u>6,947,505</u>
Operating expenses:	
Source of supply	\$ 1,195,399
Wastewater treatment	493,297
Maintenance and inspection	1,022,455
Personnel	2,531,627
Administrative and general	<u>527,643</u>
Total operating expenses before depreciation	\$ <u>5,770,421</u>
Depreciation	\$ <u>1,821,493</u>
Operating income (loss)	\$ <u>(644,409)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 16,106
Interest expense	(58,196)
Grant from Campbell County	91,838
Grant from VRA	373,518
Other nonoperating expenses	<u>(135,826)</u>
Net nonoperating revenues (expenses)	\$ <u>287,440</u>
Net income (loss) before capital contributions	\$ <u>(356,969)</u>
Capital contributions:	
Capital recovery fees	\$ 955,481
Connection fees	295,254
Sewer capacity fee	372,094
System development fee	2,100
Capital contributions	<u>1,150,451</u>
Total capital contributions	\$ <u>2,775,380</u>
Change in net position	\$ 2,418,411
Net position - beginning of year	<u>74,162,996</u>
Net position - end of year	\$ <u><u>76,581,407</u></u>

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

Statement of Cash Flows  
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Receipts from customers and users	\$ 6,861,721
Payments to/for employees	(2,407,346)
Payments to suppliers/others	(3,273,724)
Net cash provided by (used for) operating activities	<u>\$ 1,180,651</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (3,308,875)
Contributions from developers and customers	1,149,503
Contributions from governmental units	465,356
Capital recovery fees	955,481
Connection fees	295,254
Sewer capacity fee	372,094
System development fee	2,100
Proceeds from issuance of long-term debt	276,077
Retirement of indebtedness	(507,596)
Interest on long-term debt	(40,270)
Net cash provided by (used for) capital and related financing activities	<u>\$ (340,876)</u>
Cash flows from investing activities:	
Interest income	\$ 16,106
Decrease in restricted assets	(4,017)
Net cash provided by (used for) investing activities	<u>\$ 12,089</u>
Net increase (decrease) in cash and cash equivalents	\$ 851,864
Cash and cash equivalents at beginning of year (includes restricted cash)	<u>9,728,739</u>
Cash and cash equivalents at end of year (includes restricted cash)	<u><u>\$ 10,580,603</u></u>
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Net income from operations	\$ (644,409)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	1,821,493
Other nonoperating expenses	(135,826)
Changes in operating assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in:	
Accounts receivable	(74,136)
Leases receivable	455,354
Prepaid items	78,731
Inventory	(66,204)
Pension deferrals - deferred outflows of resources	93,000
OPEB deferrals - deferred outflows of resources	4,161
Increase (decrease) in:	
Accounts payable and accrued expenses	88,369
Net pension liability	448,968
Net OPEB liability	2,648
Compensated absences	62,359
Lease deferrals - deferred inflows of resources	(467,002)
OPEB deferrals - deferred inflows of resources	(14,516)
Pension deferrals - deferred inflows of resources	(472,339)
Net cash provided by (used for) operating activities	<u>\$ 1,180,651</u>
Supplemental Disclosure:	
Noncash investing, capital, and financing activities:	
Capital assets contributed	<u>\$ 1,150,451</u>

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

# CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023

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

### **Nature of Business and Reporting Entity:**

#### **Organization and Purpose:**

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

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

#### **Financial Reporting Entity:**

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

#### **Financial Statement Presentation:**

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

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

## CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

#### Financial Statement Presentation: (Continued)

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

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

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

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

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

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

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

# CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

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

Structures and Improvements	20 to 66-2/3 years
Equipment	5 to 10 years

When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in results of operations. Depreciation expense for the year ended June 30, 2023 was \$1,821,493. Included in depreciation expense was \$19,289 charged to Lynchburg Facilities Capacity.

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

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

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

Unbilled Revenue - The Authority bills service charges to customers on a bi-monthly basis. Service charges earned but unbilled are accrued based on the last billing. These items are reported in the financial statements as a part of receivables and revenues. The amount of estimated unbilled revenue included in accounts receivable totaled \$459,988.

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

## CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

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

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

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

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has several types of items that qualify for reporting in this category. Certain items related to pension, OPEB liability, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

## CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Other Postemployment Benefits (OPEB)

##### *Group Life Insurance*

For purposes of measuring the net GLI Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Plan OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **NOTE 2 - DEPOSITS AND INVESTMENTS:**

#### Deposits:

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

#### Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

Credit Risk of Debt Securities:

The Authority's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The Authority's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial papers are required to be rated no lower than Standard & Poor's A-1 and Moody's Investors Service P-1.

<b>Authority's Rated Debt Investments</b>		
<b>Investment</b>	<b>S&amp;P Rating</b>	<b>Value</b>
U.S. Government Securities		
Money Market Funds	AAAm	\$ <u>286,397</u>

Interest Rate Risk:

<b>Investment Maturities (in years)</b>		
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>
U.S. Government Securities		
Money Market Funds	\$ <u>286,397</u>	\$ <u>286,397</u>

Funds held by US Bank as trustee for revenue bonds:

2020 Revenue Bonds:		
Revenue bond debt service		\$ 286,397
Other funds:		
Minimum balance required by 1993 bond indenture		<u>500,000</u>
Total restricted assets		<u>\$ 786,397</u>

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

Fair Value Measurements:

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

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

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

The Authority has the following recurring fair value measurements as of June 30, 2023:

<u>Investment Type</u>	<u>6/30/2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets or Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Government Securities				
Money Market Funds	\$ <u>286,397</u>	\$ <u>286,397</u>	\$ <u>-</u>	\$ <u>-</u>

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 3 - CAPITAL ASSETS:**

Details of changes in capital assets for the fiscal year ended June 30, 2023 are as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and other reductions</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land and land rights	\$ 324,183	\$ -	\$ -	\$ 324,183
Construction in progress	1,521,880	3,262,259	1,730,289	3,053,850
Total capital assets not being depreciated	\$ 1,846,063	\$ 3,262,259	\$ 1,730,289	\$ 3,378,033
Capital assets being depreciated:				
Structures and improvements	\$ 27,391,778	\$ 169,383	\$ 88,660	\$ 27,472,501
Water and sanitary sewer mains and improvements other than structures	64,236,892	1,073,826	-	65,310,718
Machinery and equipment	4,127,916	533,696	-	4,661,612
Other	1,160,244	-	-	1,160,244
Lynchburg Facilities Capacity	4,077,916	-	-	4,077,916
Total capital assets being depreciated	\$ 100,994,746	\$ 1,776,905	\$ 88,660	\$ 102,682,991
Less: Accumulated depreciation:				
Structures and improvements	\$ (13,115,472)	\$ (646,062)	\$ (88,660)	\$ (13,672,874)
Water and sanitary sewer mains and improvements other than structures	(15,697,883)	(811,372)	-	(16,509,255)
Machinery and equipment	(3,187,843)	(318,606)	-	(3,506,449)
Other	(554,894)	(26,164)	-	(581,058)
Lynchburg Facilities Capacity	(2,959,857)	(19,289)	-	(2,979,146)
Total accumulated depreciation	\$ (35,515,949)	\$ (1,821,493)	\$ (88,660)	\$ (37,248,782)
Capital assets being depreciated, net	\$ 65,478,797	\$ (44,588)	\$ -	\$ 65,434,209
Net capital assets	\$ 67,324,860	\$ 3,217,671	\$ 1,730,289	\$ 68,812,242

Lynchburg Facilities Capacity - The Authority entered into an agreement with the City of Lynchburg, Virginia to purchase capacity in its regional sewage treatment plant. The cost of this purchase is recorded in capital assets and is amortized over a period of 66 2/3 years. Amortization of this cost is included in depreciation expense and totaled \$19,289 for FY23. The unamortized balance of this cost was \$1,098,770 at June 30, 2023.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 4 - CONSTRUCTION WORK IN PROGRESS:**

	Balance Beginning of Year	Cost of Construction	Adjustments/ Transfers to Utility Plant & Equipment	Balance End of Year
7-11 at Timberlake and Laxton	\$ 8,792	\$ -	\$ -	\$ 8,792
886 WWPS	7,738	-	7,738	-
Absolute Storage	-	2,755	-	2,755
2" Water Service - 20600A Timberlake Drive	16,233	-	-	16,233
Aeration Blower - RWWTP	50,784	2,393	53,177	-
Altavista - Business Lane Master Meter	-	82,312	-	82,312
Automatic Gate - RWWTP	-	34,120	-	34,120
Automatic Gate - Timberlake Office	-	2,560	-	2,560
Blue Ridge Commons - Phase 2	-	25,430	-	25,430
Blue Ridge Lane Waterline Ext 50/50 Project	-	53,917	-	53,917
Carriage Grove - Section 3C	-	78,539	78,539	-
Castle Craig Water System Replacement	132,672	553,062	-	685,734
Cedar Haven Court Water Services Replacement	15,467	-	-	15,467
Cedar Haven Court Water Services Replacement	-	102,853	-	102,853
Chick Fil A Timberlake Road	-	22,046	-	22,046
CCUSA Office Renovations	6,120	419,811	-	425,931
CCUSA Air/Vacuum Valve Maintenance	6,447	-	-	6,447
Daly Seven 102 Unit Hotel	10,522	-	-	10,522
Dollar General Sewer Service - Wards Road	956	-	-	956
Dreaming Creek Sewershed Flow Projection	-	19,080	-	19,080
Drying Bed Closure Plan WWTP Hurt & Proffitt	-	3,600	-	3,600
Emberly Way Villas	50,280	441,038	491,318	-
English Commons - Phase 1	17,555	-	-	17,555
Evington Tank Swing Check	-	22,463	-	22,463
Exhaust Fans for Pump Stations	-	41,498	-	41,498
Fire Hydrant Maintenance	80,920	-	80,920	-
Greenwell Ct. Waterline Relocation - VDOT	60,821	-	-	60,821
Hidden Valley Mobile Home Park	7,732	-	-	7,732
Home 2 Suites - Motel	2,954	2,038	-	4,992
Kaiser Corner at Wards Crossing West	12	-	-	12
Leesville Road WWPS - Pump Replacement	5,621	-	5,621	-
Leesville Estates WWPS	32,592	-	32,592	-
Living Waters Waterline Extension	3,496	-	-	3,496
LU Aviation Maintenance Training Facility	-	16,012	-	16,012
Lynbrook Road WWPS-Pump Replacement	33,420	-	33,420	-
Lynchburg Airport Rangoon Road Meter	14,917	-	-	14,917
Merryman Parcels Off-Site Sewer	-	5,346	-	5,346
Merryman Parcels On-Site Water and Sewer	-	20,116	-	20,116
Merryman Parcels Apartments and Townhomes	-	330,440	330,440	-
Oakdale WWPS - Pump Replacement	5,479	-	5,479	-
Office and WTP Windows and Doors Replacement	21,550	59,173	80,723	-
ORWTP Chemical Feed Pump Replacement	5,587	-	5,587	-
Pinnacle Trailer Sales - Ewing Drive	7,553	-	-	7,553
Raw Water Pump #2	-	47,515	-	47,515
Relocation of Liberty Sewer Main	9,139	-	-	9,139
Right-of-Way Clearing	10,016	-	10,016	-
Risk & Resiliency 2021	497	-	497	-
Royal Farms Store #243	-	8,038	-	8,038
Rt 29 to Greendale WL Replacement	15,226	-	-	15,226
Rustburg WWTP Flood Protection	194	-	-	194
Rustburg Middle School W & S Improvements	149,658	109,949	-	259,607

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 4 - CONSTRUCTION WORK IN PROGRESS: (CONTINUED)**

	Balance Beginning of Year	Cost of Construction	Adjustments/ Transfers to Utility Plant & Equipment	Balance End of Year
SCADA - Radio Replacement - WW	\$ 176,739	\$ -	\$ -	\$ 176,739
SCADA - Topview Software	-	16,100	-	16,100
SCADA - Upgrade Remaining Outdated PLCs	9,300	-	-	9,300
SCADA - Radio System Upgrade	126,471	-	126,471	-
Sewer Flow Study	-	37,275	-	37,275
Sheetz Water Service Upgrade	7,139	-	-	7,139
Sheetz WWPS - Pump Replacement	6,300	-	6,300	-
Simon's Run Water Line 2013	9,245	-	-	9,245
Starbucks Waterline	9,950	-	-	9,950
Steele's Collision Sewer Extension	5,374	-	-	5,374
Sheetz - Concord	1,690	1,056	-	2,746
Tanglewood Elevated Tank Cathodic Protection	8,000	-	-	8,000
Timberlake Road Sewer (Greenwell Court)	690	-	-	690
Trent's Landing - Backup Pump #1	-	26,803	-	26,803
Trent's Landing Subdivision - Section 2	20,940	168,030	173,529	15,441
Village Drive Patio Homes	-	22,815	-	22,815
Yellow Branch Mixed Use Dev WWTP and FM	27,957	27,443	-	55,400
Yellow Branch Mixed Use Gravity Sewer	-	24,600	-	24,600
Yellow Branch WWPS-Replacement Pump	37,241	-	37,241	-
Yellow Branch WWPS-Replacement Pump	40,285	3,570	43,855	-
Wards Road Ext. (to serve Dawson Ford Garbee)	47	-	-	47
Wards Rd Bridge Over NS Railroad	8,220	83,815	-	92,035
Waterlick Road Low Pressure Sewer	17,857	-	-	17,857
Waterline Extension 1122 Wards Road	5,790	-	-	5,790
Whitestone - Pump #1	-	14,358	-	14,358
Wildwood Water Service Replacement	66,916	108,153	-	175,069
William Campbell HS Waterline	6,267	-	-	6,267
Willowbrook Sewer Connector	4,820	20,495	-	25,315
Winston Lane Water Line	19,182	-	-	19,182
Woodhaven Service Replacement Project	11,583	-	-	11,583
WTP Clean Process Solids Pond	-	9,206	-	9,206
WTP Filter Gallery Floor	-	11,970	-	11,970
WWTP - EQ Blowers	-	24,387	-	24,387
WWTP Raw Pumps 1&2	24,944	-	24,944	-
WTP-2-40MG Pump Relacement	68,763	33,119	101,882	-
WTP Mixers & Flocculators	-	122,960	-	122,960
WTP Lab Equipment	5,890	-	-	5,890
WTP SCADA - Priority 4	3,330	-	-	3,330
Total	<u>\$ 1,521,880</u>	<u>\$ 3,262,259</u>	<u>\$ 1,730,289</u>	<u>\$ 3,053,850</u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 5 - LONG-TERM OBLIGATIONS:**

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

	Balance			Balance		Due Within
	July 1, 2022	Increases	Decreases	June 30, 2023		One Year
Other long-term obligations:						
Net pension liability	\$ 652,292	\$ 659,642	\$ 210,674	\$ 1,101,260	\$	-
Net OPEB liability	77,424	48,947	46,299	80,072		-
Compensated absences	97,913	86,837	24,478	160,272		40,068
Direct borrowings and placements:						
Notes payable	778,517	-	70,596	707,921		58,895
Revenue bonds payable	3,173,989	276,077	437,000	3,013,066		443,000
Total	\$ 4,780,135	\$ 1,071,503	\$ 789,047	\$ 5,062,591	\$	541,963

Amounts required to amortize long-term obligations:

Fiscal Year Ending June 30,	Direct Borrowings and Direct Placements			
	Notes Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 58,895	\$ 10	\$ 443,000	\$ 34,808
2025	58,895	10	732,066	29,282
2026	58,895	9	360,000	24,175
2027	58,895	9	373,000	19,445
2028	50,287	8	277,000	14,654
2029	44,908	7	202,000	11,174
2030	44,908	7	205,000	8,046
2031	44,907	6	209,000	4,865
2032	44,907	6	212,000	1,629
2033	44,907	5	-	-
2034	23,634	5	-	-
2035	23,634	4	-	-
2036	23,634	3	-	-
2037	23,633	3	-	-
2038	23,633	2	-	-
2039	23,633	2	-	-
2040	23,633	1	-	-
2041	23,633	1	-	-
2042	2,817	-	-	-
2043	2,817	-	-	-
2044	2,816	-	-	-
Total	\$ 707,921	\$ 98	\$ 3,013,066	\$ 148,078

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 5 - LONG-TERM OBLIGATIONS: (CONTINUED)**

Details of long-term obligations are as follows:

	<u>Total</u>	<u>Amount Due Within One Year</u>
Net pension liability	\$ 1,101,260	\$ -
Net OPEB liability	\$ 80,072	\$ -
Compensated absences	\$ 160,272	\$ 40,068
Direct Borrowings and Placements:		
Notes payable:		
\$131,234 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$5,171 on June 1 through June 2015, thereafter \$1,284 through June 1, 2028, interest at 0%	\$ 6,421	\$ 1,284
\$468,039 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$11,701 on June 1 through 2023, interest at 0%	-	-
\$295,122 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$8,608 on June 1 through 2027, interest at 0%	34,427	8,608
\$136,530 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$4,096 on June 1 through 2028, interest at 0%	20,479	4,096
\$172,189 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$5,740 on June 1, through 2041, interest at 0.59%	103,309	5,740
\$425,467 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$21,273 on June 1, through 2033, interest at 0%	212,738	21,273
\$84,495 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$2,816 on June 1, through 2044, interest at 0%	59,153	2,816
\$301,553 note payable to the City of Lynchburg, Virginia, due in annual principal installments of \$15,078 on June 1, through 2041, interest at 0%	<u>271,394</u>	<u>15,078</u>
Total notes payable	<u>\$ 707,921</u>	<u>\$ 58,895</u>
Revenue Bonds:		
\$2,115,000 Water and Sewer System Revenue Bond, Series 2020A dated December 17, 2020, principal payable in various installments beginning October 1, 2021 through October 1, 2031, interest payable semi-annually at 1.537%	\$ 1,795,000	\$ 187,000
\$1,495,000 Water and Sewer System Refunding Revenue Bond, Series 2020B dated December 17, 2020, principal payable semi-annually in various incremental amounts beginning April 1, 2021 through October 1, 2027, interest payable semi-annually at 1.022%	934,000	256,000
\$370,000 Water and Sewer System Revenue bond dated June 30, 2022, principal payable semi-annually in the amount of \$7,257 maturing on June 1, 2053, interest payable semi-annually at 1%. Amount drawn on the bond as of June 30, 2022 was \$7,989.	<u>284,066</u>	<u>-</u>
Total revenue bonds	<u>\$ 3,013,066</u>	<u>\$ 443,000</u>
Total long-term obligations	<u>\$ 5,062,591</u>	<u>\$ 541,963</u>

## CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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### **NOTE 5 - LONG-TERM OBLIGATIONS: (CONTINUED)**

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

County of Campbell, Virginia has entered into a Support Agreement with the Authority whereby the County has undertaken a nonbinding obligation to appropriate to the Authority funds as necessary to pay the debt service required by certain water and sewer system revenue bonds. The Authority received \$91,838 from the County in FY23.

### **NOTE 6 - PENSION PLAN:**

#### ***Plan Description***

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

#### ***Benefit Structures***

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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**NOTE 6 - PENSION PLAN: (CONTINUED)**

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	18
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	1
Active members	<u>19</u>
Total covered employees	<u><u>38</u></u>

# CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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## **NOTE 6 - PENSION PLAN: (CONTINUED)**

### ***Contributions***

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2023 was 11.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$165,655 and \$137,907 for the years ended June 30, 2023 and June 30, 2022, respectively.

### ***Net Pension Liability***

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

### ***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 6 - PENSION PLAN: (CONTINUED)**

***Actuarial Assumptions - General Employees: (Continued)***

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 6 - PENSION PLAN: (CONTINUED)**

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

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

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

\* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 6 - PENSION PLAN: (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 6,693,562	\$ 6,041,270	\$ 652,292
Changes for the year:			
Service cost	\$ 113,645	\$ -	\$ 113,645
Interest	443,586	-	443,586
Differences between expected and actual experience	98,561	-	98,561
Contributions - employer	-	137,907	(137,907)
Contributions - employee	-	71,031	(71,031)
Net investment income	-	1,600	(1,600)
Benefit payments, including refunds of employee contributions	(471,111)	(471,111)	-
Administrative expenses	-	(3,850)	3,850
Other changes	-	136	(136)
Net changes	\$ 184,681	\$ (264,287)	\$ 448,968
Balances at June 30, 2022	\$ 6,878,243	\$ 5,776,983	\$ 1,101,260

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 6 - PENSION PLAN: (CONTINUED)**

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 2,179,845	\$ 1,101,260	\$ 240,537

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

For the year ended June 30, 2023, the Authority recognized pension expense of \$235,284. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 281,419	\$ -
Change in assumptions	70,688	-
Net difference between projected and actual earnings on pension plan investments	-	185,423
Employer contributions subsequent to the measurement date	165,655	-
Total	\$ 517,762	\$ 185,423

\$165,655 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2024	\$ 128,769
2025	57,602
2026	(99,131)
2027	79,444
2028	-

## CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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### **NOTE 6 - PENSION PLAN: (CONTINUED)**

#### ***Pension Plan Data***

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

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

#### ***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

#### ***Eligible Employees***

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

#### ***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

## CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

#### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$8,490 and \$7,813 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the entity reported a liability of \$80,072 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00660% as compared to 0.00660% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$2,809. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,341	\$ 3,212
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,003
Change in assumptions	2,987	7,799
Changes in proportionate share	3,432	2,848
Employer contributions subsequent to the measurement date	<u>8,490</u>	<u>-</u>
Total	<u>\$ 21,250</u>	<u>\$ 18,862</u>

\$8,490 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (1,152)
2025	(1,113)
2026	(4,178)
2027	937
2028	(596)
Thereafter	-

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

***Actuarial Assumptions: (Continued)***

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***NET GLI OPEB Liability***

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

		<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		<u>2,467,989</u>
Employers' Net GLI OPEB Liability (Asset)	\$	<u><u>1,204,096</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

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

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

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

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

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

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 116,515	\$ 80,072	\$ 50,622

***Group Life Insurance Plan Fiduciary Net Position***

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

**NOTE 8 - LITIGATION:**

At June 30, 2023 there were no matters of litigation involving the Authority which would materially affect the Authority’s financial position should any court decisions on pending matters not be favorable to the Authority.

**CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY**

Notes to Financial Statements  
At June 30, 2023 (Continued)

**NOTE 9 - COMPENSATED ABSENCES:**

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

Authority employees earn vacation and sick leave at a variable rate based on length of service. No benefits or pay is received for unused sick leave upon termination. Vacation accumulates on a calendar year basis and terminates annually if not taken. The Authority has outstanding accrued vacation pay and related benefits totaling \$160,272 at June 30, 2023.

**NOTE 10 - RISK MANAGEMENT:**

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

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

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

**NOTE 11 - LEASES RECEIVABLE:**

The Authority leases tower space to companies under various lease contracts. In fiscal year 2023, the Town recognized lease and interest revenue in the amount of \$455,822, and \$30,366, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Briarcliff AT&T	7/1/2021	8/1/2024	38	Monthly	3.00%	\$ 41,933
Oakdale AT&T	7/1/2021	8/1/2024	38	Monthly	3.00%	41,933
Oakdale T-Mobile	7/1/2021	12/1/2024	42	Monthly	3.00%	48,363
Oakdale US Cellular	7/1/2021	5/1/2024	35	Monthly	3.00%	45,226
Sunburst AT&T	7/1/2021	8/1/2024	38	Monthly	3.00%	41,933
Sunburst T-Mobile	7/1/2021	12/1/2024	42	Monthly	3.00%	359,735
Sunburst US Cellular	6/1/2022	5/1/2027	60	Monthly	3.00%	188,143
Total						<u>\$ 767,266</u>

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Notes to Financial Statements  
At June 30, 2023 (Continued)

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**NOTE 11 - LEASES RECEIVABLE: (CONTINUED)**

Expected future payments at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 463,294	\$ 16,613	\$ 479,907
2025	206,061	4,991	211,052
2026	49,463	2,249	51,712
2027	48,448	723	49,171
Total	<u>\$ 767,266</u>	<u>\$ 24,576</u>	<u>\$ 791,842</u>

**NOTE 12 - UPCOMING PRONOUNCEMENTS:**

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

**- Required Supplementary Information -**

Schedule of Changes in Net Pension Liability and Related Ratios  
 For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 113,645	\$ 115,494	\$ 111,022	\$ 105,618	\$ 100,225	\$ 102,855	\$ 106,130	\$ 101,893	\$ 94,235
Interest	443,586	398,549	367,684	345,701	324,122	320,344	293,053	265,416	248,500
Changes of assumptions	-	97,043	-	176,347	-	(186,312)	-	-	-
Differences between expected and actual experience	98,561	297,695	191,255	38,030	7,424	(66,044)	102,991	134,547	-
Benefit payments	(471,111)	(239,308)	(186,077)	(128,157)	(118,852)	(114,884)	(109,724)	(104,354)	(97,794)
<b>Net change in total pension liability</b>	\$ 184,681	\$ 669,473	\$ 483,884	\$ 537,539	\$ 312,919	\$ 55,959	\$ 392,450	\$ 397,502	\$ 244,941
<b>Total pension liability - beginning</b>	<b>6,693,562</b>	<b>6,024,089</b>	<b>5,540,205</b>	<b>5,002,666</b>	<b>4,689,747</b>	<b>4,633,788</b>	<b>4,241,338</b>	<b>3,843,836</b>	<b>3,598,895</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 6,878,243</b>	<b>\$ 6,693,562</b>	<b>\$ 6,024,089</b>	<b>\$ 5,540,205</b>	<b>\$ 5,002,666</b>	<b>\$ 4,689,747</b>	<b>\$ 4,633,788</b>	<b>\$ 4,241,338</b>	<b>\$ 3,843,836</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 137,907	\$ 131,751	\$ 94,536	\$ 95,682	\$ 115,315	\$ 111,589	\$ 103,559	\$ 101,737	\$ 98,188
Contributions - employee	71,031	69,091	65,019	64,954	61,392	59,339	57,108	56,022	53,477
Net investment income	1,600	1,314,011	89,820	297,215	300,656	437,315	62,808	149,981	436,173
Benefit payments	(471,111)	(239,308)	(186,077)	(128,157)	(118,852)	(114,884)	(109,724)	(104,354)	(97,794)
Administrative expense	(3,850)	(3,226)	(3,032)	(2,816)	(2,498)	(2,424)	(2,083)	(1,966)	(2,287)
Other	136	124	(108)	(188)	(272)	(393)	(26)	(30)	23
<b>Net change in plan fiduciary net position</b>	\$ (264,287)	\$ 1,272,443	\$ 60,158	\$ 326,690	\$ 355,741	\$ 490,542	\$ 111,642	\$ 201,390	\$ 487,780
<b>Plan fiduciary net position - beginning</b>	<b>6,041,270</b>	<b>4,768,827</b>	<b>4,708,669</b>	<b>4,381,979</b>	<b>4,026,238</b>	<b>3,535,696</b>	<b>3,424,054</b>	<b>3,222,664</b>	<b>2,734,884</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,776,983</b>	<b>\$ 6,041,270</b>	<b>\$ 4,768,827</b>	<b>\$ 4,708,669</b>	<b>\$ 4,381,979</b>	<b>\$ 4,026,238</b>	<b>\$ 3,535,696</b>	<b>\$ 3,424,054</b>	<b>\$ 3,222,664</b>
<b>Authority's net pension liability - ending (a) - (b)</b>	<b>\$ 1,101,260</b>	<b>\$ 652,292</b>	<b>\$ 1,255,262</b>	<b>\$ 831,536</b>	<b>\$ 620,687</b>	<b>\$ 663,509</b>	<b>\$ 1,098,092</b>	<b>\$ 817,284</b>	<b>\$ 621,172</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>83.99%</b>	<b>90.25%</b>	<b>79.16%</b>	<b>84.99%</b>	<b>87.59%</b>	<b>85.85%</b>	<b>76.30%</b>	<b>80.73%</b>	<b>83.84%</b>
<b>Covered payroll</b>	<b>\$ 1,446,905</b>	<b>\$ 1,373,936</b>	<b>\$ 1,321,085</b>	<b>\$ 1,328,943</b>	<b>\$ 1,225,417</b>	<b>\$ 1,099,288</b>	<b>\$ 1,158,231</b>	<b>\$ 1,120,448</b>	<b>\$ 1,069,535</b>
<b>Authority's net pension liability as a percentage of covered payroll</b>	<b>76.11%</b>	<b>47.48%</b>	<b>95.02%</b>	<b>62.57%</b>	<b>50.65%</b>	<b>60.36%</b>	<b>94.81%</b>	<b>72.94%</b>	<b>58.08%</b>

This schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions - Pension Plan  
 For the Years Ended June 30, 2014 through June 30, 2023

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<u>Date</u>	<u>Contractually Required Contribution*</u>	<u>Contributions in Relation to Contractually Required Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 165,655	\$ 165,655	\$ -	\$ 1,572,204	10.54%
2022	137,907	137,907	-	1,446,905	9.53%
2021	131,752	131,752	-	1,373,936	9.59%
2020	94,167	94,167	-	1,321,085	7.13%
2019	95,681	95,681	-	1,328,943	7.20%
2018	116,047	116,047	-	1,225,417	9.47%
2017	114,460	114,460	-	1,099,288	10.41%
2016	105,167	105,167	-	1,158,231	9.08%
2015	101,737	101,737	-	1,120,448	9.08%
2014	95,509	95,509	-	1,069,535	8.93%

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

Information prior to 2015 was obtained from the VRS actuarial valuation performed for that year.

Notes to Required Supplementary Information - Pension Plan  
 For the Year Ended June 30, 2023

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Authority's Share of Net OPEB Liability  
 Group Life Insurance Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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

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

## Schedule of Employer Contributions

## Group Life Insurance Plan

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
		Contractually Required Contribution (2)				
2023	\$ 8,490	\$ 8,490	\$ -	\$ 1,572,204	0.54%	
2022	7,813	7,813	-	1,446,905	0.54%	
2021	7,419	7,419	-	1,373,936	0.54%	
2020	6,870	6,870	-	1,321,085	0.52%	
2019	6,911	6,911	-	1,328,943	0.52%	
2018	6,502	6,502	-	1,250,317	0.52%	
2017	6,285	6,285	-	1,208,661	0.52%	
2016	5,560	5,560	-	1,158,231	0.48%	
2015	5,378	5,378	-	1,120,448	0.48%	
2014	5,134	5,134	-	1,069,535	0.48%	

Notes to Required Supplementary Information  
 Group Life Insurance Plan  
 For the Year Ended June 30, 2023

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- Other Supplementary Information -  
*Supporting Schedules*

Schedule of Revenues and Expenses  
For the Year Ended June 30, 2023

	<u>Total</u>	<u>Central/ Rustburg</u>	<u>Naruna</u>
Operating revenues:			
Water fees	\$ 5,059,157	\$ 4,954,090	\$ 105,067
Sewer fees	1,459,492	1,459,492	-
Account establishment fees	30,975	30,975	-
Reconnection fees	36,010	36,010	-
Meter tamper fee	600	600	-
Miscellaneous	361,271	361,271	-
Total operating revenues	<u>\$ 6,947,505</u>	<u>\$ 6,842,438</u>	<u>\$ 105,067</u>
Operating expenses:			
Source of supply:			
Purchase of water	\$ 34,804	\$ 34,804	\$ -
Water charges (460 East)	529,463	529,463	-
Chemicals	276,066	276,066	-
Electrical services	225,682	218,857	6,825
Maintenance	55,369	52,577	2,792
Equipment and supplies	44,815	43,055	1,760
Safety	1,958	1,958	-
Uniforms	2,753	2,753	-
Fuel	1,813	1,813	-
Landfill fees	1,182	1,182	-
Vehicle expense	6,825	6,425	400
Telephone	5,516	5,516	-
Fees and charges	8,369	8,369	-
Office supplies	784	784	-
Total source of supply	<u>\$ 1,195,399</u>	<u>\$ 1,183,622</u>	<u>\$ 11,777</u>
Wastewater treatment:			
Purchase of services - Lynchburg	\$ 394,954	\$ 394,954	\$ -
Chemicals	4,668	4,668	-
Electrical services	26,959	26,959	-
Maintenance	15,369	15,369	-
Equipment and supplies	29,445	29,445	-
Safety	633	633	-
Uniforms	1,243	1,243	-
Fuel	876	876	-
Vehicle expense	1,596	1,596	-
Landfill disposal	4,199	4,199	-
Fees and charges	8,760	8,760	-
Office supplies	122	122	-
Telephone	4,473	4,473	-
Total wastewater treatment	<u>\$ 493,297</u>	<u>\$ 493,297</u>	<u>\$ -</u>

Schedule of Revenues and Expenses  
 For the Year Ended June 30, 2023 (Continued)

	<u>Total</u>	<u>Central/ Rustburg</u>	<u>Naruna</u>
Operating expenses: (Continued)			
Maintenance and inspection:			
Electrical services	\$ 219,583	\$ 219,583	\$ -
Maintenance	552,535	552,535	-
Miss Utility fees	7,224	7,224	-
Equipment and supplies	114,914	114,914	-
Fire hydrants	81,298	81,298	-
Safety	1,674	1,674	-
Uniforms	4,190	4,190	-
Fuel	3,160	3,160	-
Vehicle expense	34,337	34,337	-
Fees and charges	3,540	3,540	-
	<u>1,022,455</u>	<u>1,022,455</u>	<u>-</u>
Total maintenance and inspection	\$ 1,022,455	\$ 1,022,455	\$ -
Personnel:			
Salaries	\$ 1,823,227	\$ 1,823,227	\$ -
Unemployment insurance	440	440	-
Health insurance	290,162	290,162	-
Disability insurance	4,692	4,692	-
Retirement benefits	255,937	255,937	-
FICA	136,932	136,932	-
Workmen's compensation	20,237	20,237	-
	<u>2,531,627</u>	<u>2,531,627</u>	<u>-</u>
Total personnel	\$ 2,531,627	\$ 2,531,627	\$ -
Administrative and general:			
Legal fees	\$ 6,946	\$ 6,946	\$ -
Engineering fees	13,260	13,260	-
Auditing fees	24,960	24,960	-
Recording fees	281	281	-
Insurance general	51,797	48,200	3,597
Postage	42,781	42,781	-
Office and billing supplies	25,584	25,584	-
Service charge (over and short)	5	5	-
Bank fees	2,659	2,659	-
Office equipment contracts	269,258	269,258	-
Telephone	31,695	31,695	-
Electrical services	9,630	9,630	-

Schedule of Revenues and Expenses  
For the Year Ended June 30, 2023 (Continued)

	<u>Total</u>	<u>Central/ Rustburg</u>	<u>Naruna</u>
Operating expenses: (Continued)			
Administrative and general: (Continued)			
Advertising	\$ 2,800	\$ 2,800	\$ -
Travel, mileage, and education	17,434	17,434	-
Dues, subscriptions, and donations	11,103	11,103	-
Janitorial supplies	982	982	-
Landfill fees	2,428	2,428	-
Maintenance office	8,848	8,848	-
Trustee fees	7,500	7,500	-
Miscellaneous	(30,676)	(30,676)	-
Fees and charges	<u>28,368</u>	<u>27,668</u>	<u>700</u>
Total administrative and general	\$ <u>527,643</u>	\$ <u>523,346</u>	\$ <u>4,297</u>
Operating expenses before depreciation	\$ <u>5,770,421</u>	\$ <u>5,754,347</u>	\$ <u>16,074</u>
Depreciation	\$ <u>1,821,493</u>	\$ <u>1,795,227</u>	\$ <u>26,266</u>
Total operating expenses	\$ <u>7,591,914</u>	\$ <u>7,549,574</u>	\$ <u>42,340</u>
Net income from operations	\$ <u>(644,409)</u>	\$ <u>(707,136)</u>	\$ <u>62,727</u>
Nonoperating revenues (expenses):			
Capital recovery fees water	\$ 487,706	\$ 487,706	\$ -
Capital recover fees wastewater	467,775	467,775	-
Connection fees water	193,854	193,854	-
Connection fees wastewater	101,400	101,400	-
Sewer capacity fee	372,094	372,094	-
System development fee	2,100	2,100	-
Interest income	16,106	16,106	-
Grant from Campbell County	91,838	91,838	-
Grant from VRA	373,518	373,518	-
Capital contributions	1,150,451	1,150,451	-
Interest expense	(58,196)	(58,196)	-
Other nonoperating expenses	<u>(135,826)</u>	<u>(135,826)</u>	<u>-</u>
Total nonoperating revenues (expenses)	\$ <u>3,062,820</u>	\$ <u>3,062,820</u>	\$ <u>-</u>
Change in Net Position	\$ <u><u>2,418,411</u></u>	\$ <u><u>2,355,684</u></u>	\$ <u><u>62,727</u></u>

Central/Rustburg Division

Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Water fees	\$ 5,112,000	\$ 4,954,090	\$ (157,910)
Sewer fees	1,375,000	1,459,492	84,492
Account establishment fees	28,000	30,975	2,975
Reconnection fees	27,000	36,010	9,010
Meter tamper fee	-	600	600
Miscellaneous	286,600	361,271	74,671
<b>Total operating revenues</b>	<b>\$ 6,828,600</b>	<b>\$ 6,842,438</b>	<b>\$ 13,838</b>
<b>Nonoperating revenues:</b>			
Capital recovery fees water	\$ 287,500	\$ 487,706	\$ 200,206
Capital recovery fees wastewater	255,500	467,775	212,275
Connection fees water	-	193,854	193,854
Connection fees wastewater	-	101,400	101,400
Sewer capacity fee	-	372,094	372,094
System development fee	-	2,100	2,100
Interest income	2,000	16,106	14,106
Grant from Campbell County	91,800	91,838	38
Grant from VRA	-	373,518	373,518
Capital contributions	-	1,150,451	1,150,451
<b>Total nonoperating revenues</b>	<b>\$ 636,800</b>	<b>\$ 3,256,842</b>	<b>\$ 2,620,042</b>
<b>Total revenues</b>	<b>\$ 7,465,400</b>	<b>\$ 10,099,280</b>	<b>\$ 2,633,880</b>

Naruna Division

Schedule of Revenues - Budget and Actual  
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Water fees	\$ 67,000	\$ 105,067	\$ 38,067
Total operating revenues	\$ <u>67,000</u>	\$ <u>105,067</u>	\$ <u>38,067</u>

Central/Rustburg Division

Schedule of Operating Expenses - Budget and Actual  
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating expenses:			
Source of supply:			
Purchase of water	\$ 42,550	\$ 34,804	\$ 7,746
Water charges (460 East)	585,300	529,463	55,837
Chemicals	241,000	276,066	(35,066)
Electrical services	190,000	218,857	(28,857)
Maintenance	32,800	52,577	(19,777)
Equipment and supplies	28,000	43,055	(15,055)
Safety	3,900	1,958	1,942
Uniforms	3,650	2,753	897
Fuel	2,500	1,813	687
Landfill fees	1,000	1,182	(182)
Vehicle expense	7,400	6,425	975
Telephone	6,600	5,516	1,084
Fees and charges	18,800	8,369	10,431
Office supplies	1,600	784	816
Total source of supply	\$ 1,165,100	\$ 1,183,622	\$ (18,522)
Wastewater treatment:			
Purchase of services - Lynchburg	\$ 490,000	\$ 394,954	\$ 95,046
Chemicals	6,200	4,668	1,532
Electrical services	23,500	26,959	(3,459)
Maintenance	17,850	15,369	2,481
Equipment and supplies	19,400	29,445	(10,045)
Safety	1,300	633	667
Uniforms	1,250	1,243	7
Fuel	1,200	876	324
Vehicle expense	3,850	1,596	2,254
Landfill disposal	7,000	4,199	2,801
Fees and charges	9,650	8,760	890
Telephone	5,900	4,473	1,427
Office Supplies	1,250	122	1,128
Concord WWTP	6,150	-	6,150
Total wastewater treatment	\$ 594,500	\$ 493,297	\$ 101,203
Maintenance and inspection:			
Electrical services	\$ 181,700	\$ 219,583	\$ (37,883)
Electrical repairs	-	-	-
Maintenance	386,750	552,535	(165,785)
Rustburg Elementary School pump station	-	-	-
Miss Utility fees	5,300	7,224	(1,924)
Equipment and supplies	75,700	114,914	(39,214)
Fire hydrants	3,500	81,298	(77,798)
Safety	3,100	1,674	1,426
Uniforms	4,300	4,190	110
Fuel	7,200	3,160	4,040
Vehicle Expense	27,450	34,337	(6,887)
Fees and charges	7,050	3,540	3,510
Telephone	-	-	-
Total maintenance and inspection	\$ 702,050	\$ 1,022,455	\$ (320,405)

Central/Rustburg Division

Schedule of Operating Expenses - Budget and Actual  
For the Year Ended June 30, 2023 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Operating expenses: (Continued)			
Personnel:			
Salaries	\$ 1,733,380	\$ 1,823,227	\$ (89,847)
Unemployment insurance	850	440	410
Health insurance	283,400	290,162	(6,762)
Disability insurance	8,500	4,692	3,808
Retirement benefits	198,000	255,937	(57,937)
FICA	132,050	136,932	(4,882)
Workmen's compensation	28,650	20,237	8,413
Total personnel	\$ 2,384,830	\$ 2,531,627	\$ (146,797)
Administrative and general:			
Legal fees	\$ 12,000	\$ 6,946	\$ 5,054
Engineering fees	30,500	13,260	17,240
Auditing fees	25,000	24,960	40
Recording fees	200	281	(81)
Insurance general	51,650	48,200	3,450
Postage	52,400	42,781	9,619
Office and billing supplies	29,000	25,584	3,416
Service charge (over and short)	-	5	(5)
Bank fees	2,300	2,659	(359)
Office equipment contracts	272,350	269,258	3,092
Telephone	35,200	31,695	3,505
Electrical services	9,000	9,630	(630)
Advertising	1,050	2,800	(1,750)
Travel, mileage, and education	29,000	17,434	11,566
Dues, subscriptions, and donations	15,200	11,103	4,097
Janitorial supplies	1,850	982	868
Landfill fees	1,600	2,428	(828)
Maintenance office	20,750	8,850	11,900
Trustee fees	4,200	7,500	(3,300)
Fees and charges	28,400	27,668	732
Miscellaneous	-	(30,674)	30,674
Total administrative and general	\$ 621,650	\$ 523,350	\$ 98,300
Total operating expenses before depreciation	\$ 5,468,130	\$ 5,754,351	\$ (286,221)
Depreciation	\$ -	\$ 1,795,227	\$ (1,795,227)
Total operating expenses	\$ 5,468,130	\$ 7,549,578	\$ (2,081,448)

## Naruna Division

Schedule of Operating Expenses - Budget and Actual  
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating expenses:			
Source of supply:			
Chemicals	\$ 1,900	\$ -	\$ 1,900
Electrical services	5,600	6,825	(1,225)
Maintenance	5,400	2,792	2,608
Equipment and supplies	1,800	1,760	40
Vehicle expense	600	400	200
Total source of supply	<u>\$ 15,300</u>	<u>\$ 11,777</u>	<u>\$ 3,523</u>
Administrative and general:			
Insurance general	\$ 3,600	\$ 3,597	\$ 3
Fees and charges	650	700	(50)
Total administrative and general	<u>\$ 4,250</u>	<u>\$ 4,297</u>	<u>\$ (47)</u>
Total operating expenses before depreciation	<u>\$ 19,550</u>	<u>\$ 16,074</u>	<u>\$ 3,476</u>
Depreciation	<u>\$ -</u>	<u>\$ 26,266</u>	<u>\$ (26,266)</u>
Total operating expenses	<u><u>\$ 19,550</u></u>	<u><u>\$ 42,340</u></u>	<u><u>\$ (22,790)</u></u>

Capital Improvement Division  
Central/Rustburg Division

Schedule of Other Nonoperating Expenses  
For the Year Ended June 30, 2023

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Other nonoperating expenses:	
New water services	\$ 122,713
Replacement radio read	11,769
New service laterals - Central/Rustburg Wastewater	<u>1,344</u>
Total other nonoperating expenses	<u>\$ 135,826</u>

Revenue Bond Compliance  
Section 602 of Agreement of Trust  
At June 30, 2023

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

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

Central and Rustburg Operating Income (Schedule 2)	\$ 6,842,438
Capital Recovery Fees - Water	487,706
Capital Recovery Fees - Sewage	467,775
Interest <sup>1</sup>	
Water and Wastewater Loans (Central & Rustburg)	-
Revenue Fund	5,279
Principal Account (Bonds)	-
Interest Account (Bonds)	-
Debt Service Reserve Account	-
	<u>\$ 7,803,198</u>
LESS Revenues (Net) transferred to Improvement Fund	(1,780,224)
<b>SUB-TOTAL</b>	<u>\$ 6,022,974</u>

**ADD FOR COVENANT CALCULATION PER SECTION 602**

Equity Account Interest <sup>1</sup>	\$ -
Operating Account Interest <sup>1</sup>	10,827
Improvement Fund @ June 30 in excess of \$500,000	8,744,437
<b>SUB-TOTAL</b>	<u>\$ 8,755,264</u>

**TOTAL SOURCES AVAILABLE** \$ 14,778,238

**REVENUE COVENANT REQUIREMENT:**

Operating expenses (Schedule 4)	\$ 7,549,578
Amount required to be paid in Improvement Fund	-
115% of amount required to be paid into Bond Fund <sup>2</sup>	594,703
115% of amount of all other debt service scheduled for FY	-
Amount to be paid into the Debt Service Reserve Fund	-
	<u>\$ 8,144,281</u>
<b>TOTAL REVENUE COVENANT REQUIREMENTS</b>	<b>\$ 8,144,281</b>

**EXCESS OF SOURCES AVAILABLE OVER REVENUE COVENANT REQUIREMENT** \$ 6,633,957

Revenue Bond Compliance  
Section 602 of Agreement of Trust  
At June 30, 2023 (Continued)

1 - Reconcile Interest to Audit		
Interest shown on worksheet	\$	16,106
Improvement Fund Interest (In Fund Balance)		-
General Construction Fund Interest		-
Restricted Interest (5400-70)		-
Unrealized gain/(loss) on investments reported as interest		-
	\$	<u>16,106</u>
2 - July through September, 2022	\$	142,388
October, 2022		31,727
November, 2022 through March, 2023		199,984
April through June, 2023		143,034
	\$	<u>517,133</u>
15% Coverage Factor		1.15
	\$	<u>594,703</u>

Percent Debt Coverage Achieved

Revenue by Covenant	\$	14,778,238
Expenses		(7,549,578)
Payment to Debt Service Reserve		-
Actual Debt Payments Made		(517,133)
	\$	<u>6,711,527</u>
<b>EXCESS</b>		

15% Required Debt Coverage (Excess)	\$	517,133
		15%
	\$	<u>77,570</u>

Actual Debt Coverage Achieved - Excess/Actual Debt Payment		
<b>EXCESS</b>	\$	6,711,527
<b>ACTUAL DEBT PAYMENT</b>	\$	517,133
<b>COVERAGE</b>		1298%

- Statistical Section -

**Contents**

**Tables**

**Financial Trends**

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

1-2

**Revenue, Rates and Usage Information**

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

3-6

**Expenses**

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

7

**Debt Capacity**

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

8-9

**Demographic and Economic Information**

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

10-11

**Operating Information**

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

12-14

**Sources**

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 1

Net Position by Component  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	\$ 65,187,662	\$ 63,488,042	\$ 62,191,914	\$ 60,517,820	\$ 57,881,291	\$ 56,520,688	\$ 53,966,111	\$ 51,032,599	\$ 49,559,813	\$ 47,822,657
Restricted	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Unrestricted	10,893,745	10,174,954	7,592,867	6,153,280	6,721,833	7,289,466	7,535,542	8,378,671	7,900,282	7,543,198
Total net position	\$ 76,581,407	\$ 74,162,996	\$ 70,284,781	\$ 67,171,100	\$ 65,103,124	\$ 64,310,154	\$ 62,001,653	\$ 59,911,270	\$ 57,960,095	\$ 55,865,855

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 2

Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating revenues:										
Water sales, charges and sewer charges	\$ 6,947,505	\$ 6,715,232	\$ 6,931,262	\$ 6,602,220	6,412,571	6,444,763	6,493,231	6,216,155	6,106,067	5,923,311
Operating expenses:										
Source of supply	\$ 1,195,399	\$ 1,008,807	\$ 1,017,080	\$ 1,111,218	1,071,777	1,017,163	\$ 963,997	\$ 971,798	\$ 945,314	\$ 927,580
Wastewater treatment	493,297	448,169	422,614	461,679	484,258	410,573	479,189	373,047	297,071	291,115
Maintenance and inspection	1,022,455	645,766	571,073	594,878	676,987	742,976	520,287	689,437	506,247	400,525
Personnel	2,531,627	2,255,802	2,157,590	2,002,322	1,844,654	1,823,995	1,772,105	1,604,052	1,541,147	1,495,566
Administrative and general	527,643	487,275	378,847	365,031	409,377	350,045	330,036	306,142	268,306	317,424
Depreciation and amortization	1,821,493	1,739,044	1,721,003	2,254,833	1,696,921	1,633,583	1,639,133	1,568,618	1,908,543	1,491,463
Total operating expenses	\$ 7,591,914	\$ 6,584,863	\$ 6,268,207	\$ 6,789,961	6,183,974	5,978,335	\$ 5,704,747	\$ 5,513,094	\$ 5,466,628	\$ 4,923,673
Operating income	\$ (644,409)	\$ 130,369	\$ 663,055	\$ (187,741)	228,597	466,428	\$ 788,484	\$ 703,061	\$ 639,439	\$ 999,638
Nonoperating revenues (expenses):										
Interest income	\$ 16,106	\$ 35,550	\$ 2,007	\$ 5,528	10,538	7,926	\$ 3,902	\$ 4,289	\$ 5,066	\$ 14,354
Interest expense	(58,196)	(63,418)	(96,264)	(143,015)	(174,378)	(242,707)	(283,783)	(323,607)	(362,239)	(421,280)
Bond issuance costs	-	-	(74,687)	-	-	-	-	-	-	-
Capital recovery fees	955,481	1,394,436	878,506	649,683	232,700	183,096	289,378	239,100	878,725	305,150
Connection fees	295,254	157,432	93,315	60,806	119,015	65,778	42,834	63,225	60,270	54,650
Sewer capacity fee	372,094	543,681	324,406	241,850	56,000	47,250	99,197	66,500	332,500	99,750
System development fee	2,100	-	700	-	-	-	700	-	46,900	14,700
Grant from Campbell County	91,838	91,747	94,394	98,819	98,115	98,343	65,144	121,269	98,668	212,417
Grant from VRA	373,518	8,636	-	-	-	-	-	-	-	-
Loss on disposal of capital assets	-	-	-	-	(138,925)	-	-	-	-	-
Other nonoperating expenses	(135,826)	(138,299)	(94,983)	(79,086)	(109,889)	(39,028)	(83,415)	(37,682)	(55,626)	(123,689)
Total nonoperating revenues (expenses)	\$ 1,912,369	\$ 2,029,765	\$ 1,127,394	\$ 834,585	93,176	120,658	\$ 133,957	\$ 133,094	\$ 1,004,264	\$ 156,052
Income before capital grants and contributions	\$ 1,267,960	\$ 2,160,134	\$ 1,790,449	\$ 646,844	321,773	587,086	\$ 922,441	\$ 836,155	\$ 1,643,703	\$ 1,155,690
Capital contributions	1,150,451	1,718,081	1,323,232	1,421,132	471,197	1,828,415	1,167,942	1,115,020	1,216,360	1,504,945
Change in net position	\$ 2,418,411	\$ 3,878,215	\$ 3,113,681	\$ 2,067,976	792,970	2,415,501	\$ 2,090,383	\$ 1,951,175	\$ 2,860,063	\$ 2,660,635

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Revenues by Source  
Last Ten Fiscal Years

Fiscal Years Ended June 30,	Operating Revenues		Nonoperating Revenues					Other			Total Revenues
	Water Sales Charges and Sewer Charges	Interest Income	Capital Recovery Fees	Connection Fees	Sewer Capacity Fee	System Development Fee	Grant from Campbell County	Grant from VRA	Capital Grants and Contributions		
2014	\$ 5,923,311	\$ 14,354	\$ 305,150	\$ 54,650	\$ 99,750	\$ 14,700	\$ 212,417	\$ -	\$ 1,504,945	\$ 701,021	\$ 8,129,277
2015	6,106,067	5,066	878,725	60,270	332,500	46,900	98,668	-	1,216,360	1,422,129	8,744,556
2016	6,216,155	4,289	239,100	63,225	66,500	-	121,269	-	1,115,020	494,383	7,825,558
2017	6,493,231	3,902	289,378	42,834	99,197	700	65,144	-	1,167,942	501,155	8,162,328
2018	6,444,763	7,926	183,096	65,778	47,250	-	98,343	-	1,828,415	402,393	8,675,571
2019	6,412,571	10,538	232,700	119,015	56,000	-	98,115	-	471,197	516,368	7,400,136
2020	6,602,220	5,528	649,683	60,806	241,850	-	98,819	-	1,421,132	1,056,686	9,080,038
2021	6,931,262	2,007	878,506	93,315	324,406	700	94,394	-	1,323,232	1,393,328	9,647,822
2022	6,715,232	35,550	1,394,436	157,432	543,681	-	91,747	8,636	1,718,081	2,231,482	10,664,795
2023	6,947,505	16,106	955,481	295,254	372,094	2,100	91,838	373,518	1,150,451	2,106,391	10,204,347

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Schedule of Water and Sewer Rates  
Last Ten Fiscal Years

		Fiscal Years Ended Fiscal Years Ended June 30,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Rates</b>											
<b>Base Fee</b>											
	<b>Meter Size</b>										
	3/4 x 5/8"	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00	\$ 16.00
	1"	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00
	1 1/2"	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
	2"	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00
	3"	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00	\$ 104.00
	4"	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00	\$ 154.00
	6"	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00	\$ 254.00
	8"	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00	\$ 379.00
	<b>Sewer Service</b>										
	4"	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
	6"	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00	\$ 28.00
	8"	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00	\$ 47.00
	10"	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00	\$ 54.00
	12"	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00
	<b>Commodity and Disposal Charges</b>										
	Water (per 100 cubic feet)	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65
	Sewer (per 100 cubic feet)	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90
	<b>Service Connection Charges</b>										
	<b>Water</b>										
	<b>Meter Size</b>										
	3/4 x 5/8"	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
	1"	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
	Over 1"	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100	Actual cost plus 15%, minimum \$2,100
	<b>Sewage</b>										
	<b>Meter Size</b>										
	4" service lateral	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900
	Others	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900	Actual cost plus 15%, minimum \$1,900
	<b>Sewer Capacity Fee</b>	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750
	<b>Capital Recovery Fees</b>										
	<b>Water</b>										
	Single Family Dwelling	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900
	Multi-Family, per unit	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425	\$ 1,425
	Motels, per unit	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475
	<b>Sewage</b>										
	Single Family Dwelling	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200
	Multi-Family, per unit	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650
	Motels, per unit	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
	<b>Construction Fee (per acre) in Spring Hill billing district</b>	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
	<b>Leesville Road Aid-to-Construction Fee (per application)</b>	\$ 3,350	\$ 3,275	\$ 3,200	\$ 3,125	\$ 3,050	\$ 2,975	\$ 2,900	\$ 2,825	\$ 2,750	\$ 2,675

Water and Wastewater Flows  
Gallons In Thousands  
Last Ten Fiscal Years

Fiscal Year	Water	Wastewater
2014	781,705	146,265
2015	773,239	179,367
2016	761,614	182,708
2017	772,950	202,446
2018	840,933	194,037
2019	881,908	194,029
2020	980,386	194,256
2021	905,874	198,012
2022	901,991	199,240
2023	941,641	200,158

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 6

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

		Water					
		2023		2014			
Customer Name	Units	Amount Billed	Percent Billed	Customer Name	Units	Amount Billed	Percent Billed
Willow Brook Apartments	19,077	\$ 93,796	2.11%	Clayton Estate (Mobile Home Park)	28,972	\$ 136,286	3.77%
Clayton Estate MHP	15,101	71,786	1.67%	Willow Brook Apartments	17,285	85,463	2.25%
The Vue (Apartments)	13,150	62,249	1.46%	Locust Gardens (Mobile Home Park)	8,460	39,657	1.10%
37 West (Apartments)	6,671	33,321	0.74%	Whitestone Village	7,475	36,211	0.97%
Whitestone Village	6,143	30,017	0.68%	Timken	7,188	34,781	0.93%
1 Element (Apartments)	5,772	29,096	0.64%	Woodside Associates	5,195	24,457	0.68%
Runk & Pratt	4,613	22,755	0.51%	Buffalo Creek (Mobile Home Park)	3,775	17,764	0.49%
Deal Properties (Apartments)	4,125	19,499	0.46%	Spring Hill Suites	3,500	17,355	0.46%
Spring Hills Suites	3,830	18,890	0.42%	Briarwood Village (Mobile Home Park)	3,119	14,767	0.41%
Buffalo Creek (Mobile Home Park)	3,869	18,201	0.43%	Lynchburg Partners (Shopping Center)	2,859	13,738	0.37%

Volume and billing data are for period from July 1, 2022 through June 30, 2023. The ten largest customers together account for approximately 8.7% of total consumption and billings for retail water service.

		Wastewater					
		2023		2014			
Customer Name	Units	Amount Billed	Percent Billed	Customer Name	Units	Amount Billed	Percent Billed
Willow Brook Apartments	19,077	\$ 96,165	9.57%	Willow Brook Apartments	17,285	\$ 85,849	12.70%
The Vue (Apartments)	13,150	64,603	6.60%	Whitestone Village	7,475	37,420	5.49%
37 West (Apartments)	6,567	31,141	3.30%	Wards Crossing West	3,677	18,233	2.70%
Whitestone Village	6,143	30,893	3.08%	Spring Hill Suites	3,500	17,222	2.57%
1 Element (Apartments)	5,772	28,451	2.90%	Lynchburg Partners (Shopping Center)	2,859	14,153	2.10%
Runk & Pratt	4,613	22,886	2.32%	Runk & Pratt	2,859	14,081	2.10%
Spring Hill Suites	3,830	18,935	1.92%	Rustburg High School	2,758	13,586	2.03%
Wards Crossing West	3,122	15,802	1.57%	Brookville High School	2,320	11,440	1.70%
Hampton Inn & Suites	3,047	15,098	1.53%	LCS Trust (Apartments)	2,025	10,211	1.49%
LCS Trust (Apartments)	2,507	12,572	1.26%	F&C Properties (car wash)	1,989	9,818	1.46%

Volume and billing data are for period from July 1, 2022 through June 30, 2023. The ten largest customers together account for approximately 23.06% of total consumption and billings for sewage service.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 7

Expenses by Type  
Last Ten Fiscal Years

Fiscal Years Ended June 30,	Source of Supply	Wastewater Treatment	Maintenance and Inspection	Personnel	Administrative and General	Depreciation and Amortization	Interest Expense and Bond Issuance Cost	Other Nonoperating Expenses	Total
2014	\$ 927,580	\$ 291,115	\$ 400,525	\$ 1,495,566	\$ 317,424	\$ 1,491,463	\$ 421,280	\$ 123,689	\$ 5,468,642
2015	945,314	297,071	506,247	1,541,147	268,306	1,908,543	362,239	55,626	5,884,493
2016	971,798	373,047	689,437	1,604,052	306,142	1,568,618	323,607	37,682	5,874,383
2017	963,997	479,189	520,287	1,772,105	330,036	1,639,133	283,783	83,415	6,071,945
2018	1,017,163	410,573	742,976	1,823,995	350,045	1,633,583	242,707	39,028	6,260,070
2019	1,071,777	484,258	676,987	1,844,654	409,377	1,696,921	174,378	109,889	6,468,241
2020	1,111,218	461,679	594,878	2,002,322	365,031	2,254,833	143,015	79,086	7,012,062
2021	1,017,080	422,614	571,073	2,157,590	378,847	1,721,003	170,951	94,983	6,534,141
2022	1,008,807	448,169	645,766	2,255,802	487,275	1,739,044	63,418	138,299	6,786,580
2023	1,195,399	493,297	1,022,455	2,531,627	527,643	1,821,493	58,196	135,826	7,785,936

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Outstanding Debt by Type  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue bonds payable	\$ 3,013,066	\$ 3,173,989	\$ 3,551,000	\$ 4,016,000	\$ 4,479,000	\$ 5,786,400	\$ 7,171,600	\$ 8,513,300	\$ 9,814,200	\$ 11,198,400
Notes payable	707,921	778,517	547,560	603,070	658,588	714,106	769,624	825,142	880,661	1,304,456
Total outstanding debt	\$ 3,720,987	\$ 3,952,506	\$ 4,098,560	\$ 4,619,070	\$ 5,137,588	\$ 6,500,506	\$ 7,941,224	\$ 9,338,442	\$ 10,694,861	\$ 12,502,856
Debt per capita	\$ 66.81	\$ 70.97	\$ 73.59	\$ 84.16	\$ 92.69	\$ 117.12	\$ 142.93	\$ 166.26	\$ 190.19	\$ 226.36
Debt as a percentage of personal income	6.68%	0.07%	0.07%	0.09%	0.10%	0.13%	0.16%	0.19%	0.23%	0.28%

Notes:

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

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

Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available. See Table 10.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 9

Revenue Bond Debt Service Coverage  
Last Ten Fiscal Years

Fiscal Years Ended June 30,	Gross Revenue (1)	Direct		Net Available	Required		Coverage
		Operating Expense (1)	Operating Expense (1)		Debt Service Payments (2)	Debt Service Payments (2)	
2014	\$ 9,306,738	\$ 6,509,351	\$ 2,797,387	\$	1,622,923	1,622,923	1.72
2015	10,622,437	7,039,327	3,583,110		1,591,616	1,591,616	2.25
2016	11,859,549	7,065,088	4,794,461		1,588,732	1,588,732	3.02
2017	10,468,015	7,258,930	3,209,085		1,590,444	1,590,444	2.02
2018	10,157,613	7,466,035	2,691,578		1,518,283	1,518,283	1.77
2019	9,503,152	6,998,269	2,504,883		735,074	735,074	3.41
2020	8,352,183	7,424,822	927,361		587,481	587,481	1.58
2021	10,616,239	6,231,182	4,385,057		582,339	582,339	7.53
2022	13,468,052	6,550,530	6,917,522		509,302	509,302	13.58
2023	14,778,238	7,549,578	7,228,660		517,133	517,133	13.98

(1) Amounts per Schedule 7 - Revenue Bond Compliance

(2) Including payments on revenue bonds and contracts payable

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 10

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

Calendar Year	Population (1)	Personal Income (thousands of \$) (3)	Per Capita Personal Income (\$) (3)	Unemployment Rate (2)
2023	55,141	N/A	N/A	3.20%
2022	55,375	N/A	45,413	3.20%
2021	55,682	N/A	44,800	3.80%
2020	55,696	5,615,564	41,030	5.90%
2019	54,885	5,285,450	38,565	2.70%
2018	55,425	5,171,184	37,719	3.30%
2017	55,503	4,944,611	36,356	4.20%
2016	55,562	4,841,243	35,818	4.40%
2015	56,167	4,796,786	35,559	4.80%
2014	56,232	4,613,912	34,450	5.30%

N/A - Updated information not available

- (1) Weldon Cooper Center, University of Virginia
- (2) U.S. Department of Commerce - Bureau of Economic Analysis, for Campbell + Lynchburg
- (3) U.S. Department of Commerce - Bureau of Economic Analysis, Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available.

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 11

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

Employer	Industry	2022			2013		
		Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
BWX	Nuclear	1,000 +	1	4% +			
Campbell County Schools	Public Education	1,000 +	2	4% +			
Abbott Industries	Pharmaceuticals	500-999	3	2%-4%			
Campbell County	Government	250-499	4	2%-4%			
BGF Industries	Fiberglass fabric	250-499	5	1%-2%			
Wal Mart	General Merchandise Stores	250-499	6	1%-2%			
Moore's Electrical and Mech.	Electric/Mechanical Services	250-499	7	1%-2%			
Food Lion	Grocery	250-499	8	1%-2%			
Schrader TPMS Solutions	Electrical Manufacturing	100-249	9	0.3%-1%			
The Babcock & Wilcox Co.	Nuclear	100-249	10	0.3%-1%			
Totals		4,250 +		17% +			
Total employed 25,507							
Babcock & Wilcox	Nuclear	1,000 +	1	9%-16%			
Campbell County Schools	Public Education	600-1,499	2	4%-9%			
Abbott Industries (Ross)	Pharmaceuticals	500-999	3	3%-6%			
BGF Industries	Fiberglass fabric	500-999	4	3%-6%			
Campbell County Govt	Local government	250-499	5	2%-3%			
Food Lion	Food and Beverage Stores	250-499	6	2%-3%			
Moore's Electric & Mech.	Contractor/Electrical	250-499	7	2%-3%			
Wal Mart	General Merchandise Stores	100-249	8	0.1%-0.2%			
Schrader - Bridgport Intl.	Auto/Industrial Parts	100-249	9	0.1%-0.2%			
Progress Printing	Commercial Printing	100-249	10	0.1%-0.2%			
Totals		4,500 +		14.4% - 31.0%			
Total employed 15,816							

Source: Employer data; Virginia Employment Commission - July 2012

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 12

Number of Employees by Identifiable Activity  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of budgeted full-time equivalent positions:										
Administration (1)	6.0	6.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Water Treatment FT(2)	6.0	6.0	6.0	5.0	6.0	5.0	5.0	5.0	5.0	5.0
Water Treatment PT(2)	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Wastewater Treatment	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0
Maintenance/Inspection FT	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0
Inventory PT	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer Service FT	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Customer Service PT (5)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Part Time or Temp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>25.0</b>	<b>24.0</b>	<b>23.0</b>	<b>22.0</b>	<b>22.0</b>	<b>22.0</b>	<b>21.0</b>	<b>21.0</b>	<b>21.0</b>	<b>20.0</b>

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

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

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

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

CAMPBELL COUNTY UTILITIES AND SERVICE AUTHORITY

Table 13

Operating and Capital Indicators  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Water</b>										
Size of watershed (square miles)	315	315	315	315	315	315	315	315	315	315
Raw water safe yield (mgd)	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82
Urban system	197.10	195.40	193.59	190.00	185.00	184.00	184.00	184.00	184.00	180.00
Miles of pipelines	1	1	1	1	1	1	1	1	1	1
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Number of pumping stations	1	1	1	1	1	1	1	1	1	1
Number of reservoirs	10	10	10	10	10	10	10	10	10	10
Number of finished water storage tanks	4.100	4.100	4.100	4.100	4.100	4.100	4.100	4.100	4.100	4.000
Maximum treatment capacity (mgd)	2.620	2.510	2.512	2.679	2.400	2.200	2.200	2.200	2.200	2.100
Water treated (mgd)	1.980	1.560	1.588	1.421	1.900	1.900	1.900	1.900	1.900	1.900
Unused capacity (mgd)	63.82%	61.22%	61.26%	65.34%	53.00%	53.00%	53.00%	53.00%	53.00%	52.50%
Percentage of capacity utilized										
<b>Wastewater</b>										
Miles of pipelines	56.99	55.57	53.77	50.70	49.10	48.20	48.20	48.20	48.20	48.20
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping stations	17	17	17	17	17	15	15	15	15	15
Maximum treatment capacity (mgd)	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Wastewater treated (mgd)	0.033	0.038	0.056	0.078	0.073	0.073	0.073	0.073	0.073	0.073
Unused capacity (mgd)	0.167	0.162	0.144	0.122	0.127	0.127	0.127	0.127	0.127	0.127
Percentage of capacity utilized	16.30%	18.80%	28.20%	39.00%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%

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

Water and Wastewater System Connections  
Last Ten Fiscal Years

Fiscal Year	Water	Wastewater
2014	7,780	2,285
2015	7,866	2,327
2016	7,958	2,379
2017	8,036	2,421
2018	8,111	2,464
2019	8,197	2,500
2020	8,343	2,604
2021	8,570	2,778
2022	8,791	2,949
2023	8,966	3,078



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Campbell County Utilities and Service Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Campbell County Utilities and Service Authority's basic financial statements and have issued our report thereon dated January 31, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
January 31, 2024