



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BVU Authority
A Political Subdivision of the Commonwealth of Virginia

Annual Comprehensive Financial Report

**For the Fiscal Year Ended
June 30, 2022**

Prepared by Accounting Department

BVU AUTHORITY

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

BVU AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
June 30, 2022

| | <u>PAGE NUMBER</u> |
|---|------------------------|
| I. INTRODUCTORY SECTION (UNAUDITED) | |
| Letter of Transmittal | i |
| GFOA Certificate of Achievement | v |
| Background Information | vi |
| Organizational Chart | ix |
| List of Board Members and Managers | x |
| II. FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| A. MANAGEMENT'S DISCUSSION AND ANALYSIS | 5 |
| B. BASIC FINANCIAL STATEMENTS | |
| Statement of Net Position | 18 |
| Statement of Revenues, Expenses and Changes in Net Position | 20 |
| Statement of Cash Flows | 21 |
| Notes to Financial Statements | 23 |
| Required Supplementary Information | |
| Schedule of Changes in BVUA's Net Pension Asset and Related Ratios | 65 |
| Schedule of Employer Contributions | 66 |
| Notes to Required Supplementary Information | 67 |
| Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios - Retiree Health Insurance | 68 |
| Schedule of Employer Contributions - Retiree Health Insurance | 69 |
| Schedule of Employer's Share of the Net OPEB Liability - Group Life Insurance Program | 70 |
| Schedule of Employer Contributions - Group Life Insurance Program | 71 |
| C. COMBINING FINANCIAL SCHEDULES | |
| Combining Schedule of Net Position | 72 |
| Combining Schedule of Revenues, Expenses and Changes in Net Position | 75 |
| Combining Schedule of Cash Flows | 77 |

BVU AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
June 30, 2022

| | <u>PAGE NUMBER</u> |
|---|------------------------|
| III. STATISTICAL SECTION (UNAUDITED) | |
| Net Position by Component | 80 |
| Changes in Net Position | 81 |
| Revenues by Source | 82 |
| Largest Individual Customer Accounts | 83 |
| Schedule of Electric System Rates | 85 |
| Schedule of Water System Rates | 94 |
| Schedule of Wastewater System Rates | 96 |
| Outstanding Debt by Type | 97 |
| Revenue Bond Coverage | 98 |
| Demographic and Economic Statistics | 99 |
| Principal Employers | 100 |
| Climatological Data | 101 |
| Electric Sales Information | 102 |
| Water Sales Information | 103 |
| Wastewater Sales Information | 104 |
| Demand for Services and Capital Indicators | 105 |
| IV. INTERNAL CONTROL AND COMPLIANCE SECTION | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 106 |
| Schedule of Findings and Responses | 108 |



November 8, 2022

Board of Directors
BVU Authority
And Interested Parties

The Annual Comprehensive Financial Report (Annual Report) of the BVU Authority (BVUA) is submitted for the fiscal year ending June 30, 2022.

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

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

Organization and Function

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

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

BVUA operates the electric distribution system inside the City of Bristol, Virginia, and portions of Washington and Scott Counties, Virginia, and Sullivan County, Tennessee. BVUA purchases power from the Tennessee Valley Authority (TVA) through a long-term purchase power agreement. TVA provides power through two delivery points at 138 kilovolts (kV). BVUA distributes this power to approximately 16,467 customers through a combination of 9 distribution substations, 27 miles of 69kV transmission lines connecting the substations, and 577 miles of distribution circuit lines at 13.2kV. The distribution circuits are broken into 34 feeder breakers. These breakers are automated and integrated outside the substation from a network of 42 S&C IntelliRupters®. BVUA plans to add at least 45 additional S&C IntelliRupters® in the next fiscal year. The system has 13,098 poles owned by BVUA, 2,567 poles leased from third parties, and 6,147 transformers. BVUA leases attachment spaces on its poles to third parties such as communication companies.

BVUA operates the water distribution system inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. Since 1952, BVUA has drawn raw water from South Holston Lake under permission from TVA. It is then pumped to BVUA's treatment plant, approximately two miles from the water intake. After treatment, BVUA distributes the water to about 7,934 customers through a distribution system that consists of 5 water tanks and 161 miles of distribution lines. The distribution system is currently comprised of 3 zones. BVUA plans to divide the existing 3 zones into 13 separate zones through future construction projects. The water system is permitted and regulated by the Virginia Department of Health. The system is permitted to make 10 million gallons of water per day for resale to our customers. We are currently utilizing less than 30% of the system capacity.

BVUA also provides wastewater service inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. BVUA collects wastewater from approximately 7,747 customers through 141 miles of collection lines. This wastewater is then transported to the Joint Sewerage System (JSS) in Bluff City, Tennessee, for treatment. The JSS is a jointly owned system between BVUA and the City of Bristol, Tennessee. After treatment, the treated water is discharged into Boone Lake under a discharge permit issued by the Tennessee Department of Environment and Conservation. The Virginia Department of Environmental Quality (DEQ) regulates the collection system. The system has 4 distinct collection zones monitored by separate flow meters.

Local Economy

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

| | |
|-----------------------|--------|
| City of Bristol, VA | 17,231 |
| Scott County, VA | 21,534 |
| Washington County, VA | 54,079 |

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

| | |
|-----------------------|------|
| City of Bristol, VA | 3.6% |
| Scott County, VA | 3.2% |
| Washington County, VA | 3.1% |
| Statewide | 2.8% |

Long-Term Financial Planning

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

Relevant Financial Policies

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

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

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

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

Major Initiatives and Accomplishments

In March 2022, BVUA instituted a retail rate cut of \$0.30 million for all standard electric services.

BVUA spent \$1.74 million in right-of-way maintenance in FY 2022, related primarily to vegetation management. This was done to improve system reliability for the electric, water, and wastewater divisions.

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

Future Capital Improvements to Wastewater Collection System

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BVUA for its Annual Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparing state and local government financial reports. This is the third time that BVUA has received this award.

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

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

Respectfully submitted,



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



Matthew T. Boothe, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**BVU Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

**BVU AUTHORITY
BACKGROUND INFORMATION
June 30, 2022**

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

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

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

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

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

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

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

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

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

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

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

**BVU AUTHORITY
BACKGROUND INFORMATION
June 30, 2022**

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

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

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

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

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

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

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

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

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

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

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

BVU AUTHORITY
BACKGROUND INFORMATION
June 30, 2022

In April 2020, BVUA was awarded the Platinum Designation in the Reliable Public Provider (RP3) program from the APPA. The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. Utilities keep the RP3 designation for three years. BVUA renewed its application in September 2022.

In February 2021, BVUA completed the Basin Area 1107 Sewer Replacement project. The project cost \$3.20 million. It was built with funds borrowed from the Virginia Resources Authority.

In April 2021, BVUA was awarded Gold Award for Excellence in Clarification, Filtration, and Backwash from the Virginia Department of Health Office of Drinking Water. BVUA has received this award numerous times since its inception. BVUA has received the highest honors for the last five years.

In 2021, BVUA was awarded the Safety Award of Excellence from the American Public Power Association (APPA). This award recognizes utilities with the lowest safety rate within their groups. BVUA is part of Group D, with 60,000 to 109,999 worker hours of exposure.

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

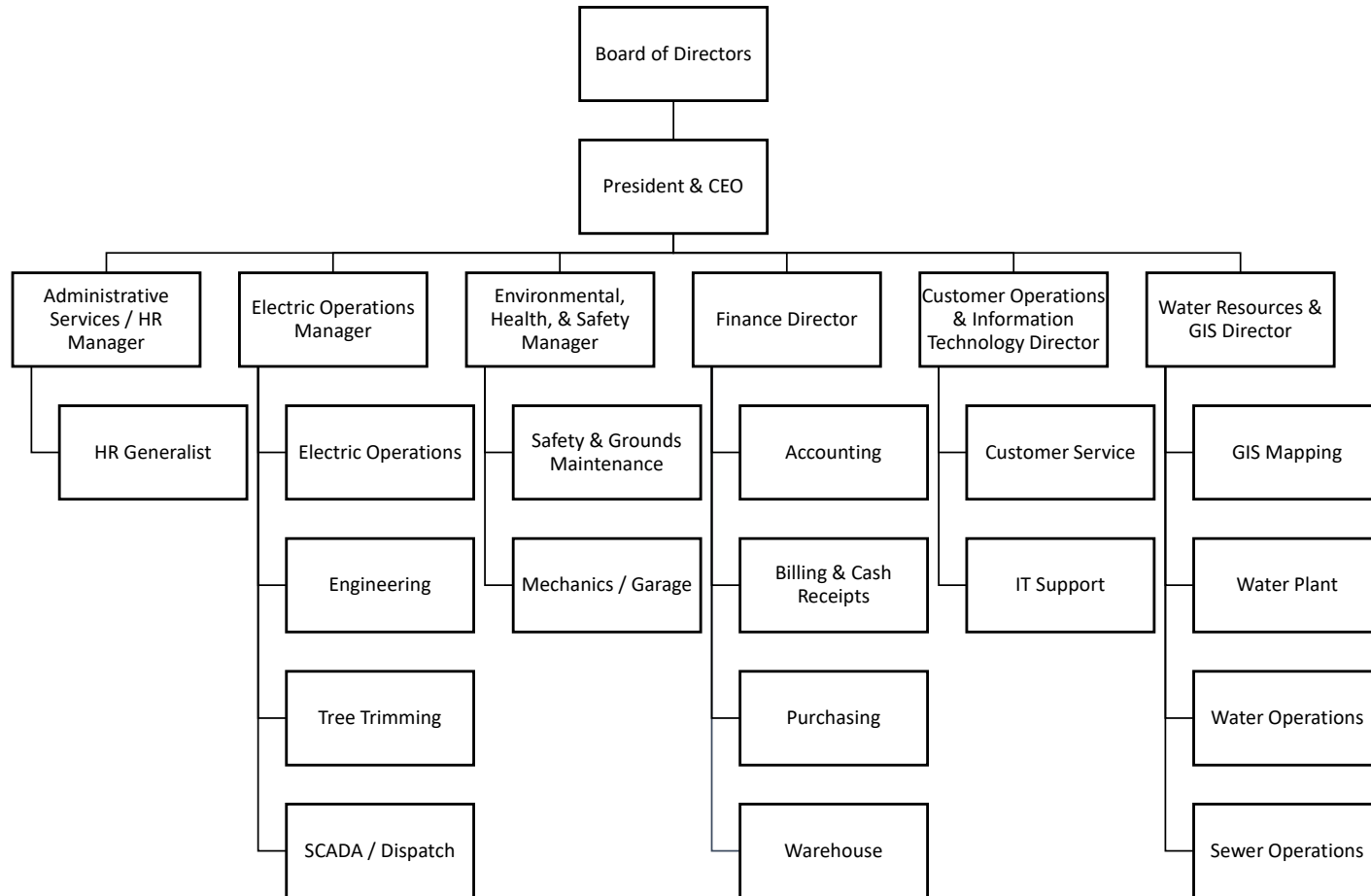
In April 2022, BVUA installed a new 69 kV substation transformer at the West Substation. This is part of BVUA's long-term electric system improvement plan. It will support the recently opened casino and the proposed commercial development around exit 1 of interstate I-81.

In June 2022, BVUA was awarded the Certificate of Achievement for Excellence in Financial Reporting (COA) by the Government Finance Officers Association (GFOA). This award recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure. This is the third consecutive year that BVUA has received this award.

In 2022, BVUA began the installation of 87 S&C IntelliRupters®. This equipment will improve reliability and benefit all BVUA's customers. To date, 42 have been installed.

In 2022, BVUA began the installation of a planned 200 S&C TripSavers®. This equipment will improve reliability and benefit all BVUA's customers. To date, 20 have been installed.

**BVU AUTHORITY
ORGANIZATIONAL CHART
June 30, 2022**



**BVU AUTHORITY
LIST OF BOARD MEMBERS AND MANAGERS
June 30, 2022**

DIRECTORS

Richard H. Kiser, Chairman

Scott D. Griffin, Vice Chairman

Gary A. Bagnall

Saul A. Hernandez

Anthony M. Farnum

PRESIDENT and CEO

Donald L. Bowman, P.E.

DEPARTMENT DIRECTORS AND MANAGERS

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

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
BVU Authority
Bristol, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of BVU Authority (BVUA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise BVUA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the business-type activities of BVUA, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Joint Sewerage System, which represent 4.99% of the assets of BVU Authority, as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Joint Sewerage System, are based solely on the report of the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the net pension asset and net OPEB liabilities, as listed in the table of contents, on pages 5-17 and 65-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022, on our consideration of BVUA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BVUA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BVUA's internal control over financial reporting and compliance.



BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

1. Purpose

The Management's Discussion and Analysis focuses on BVU Authority's (BVUA) fiscal year ending June 30, 2022, resulting changes, and currently known facts. The discussion and analysis section is designed to assist the reader in focusing on BVUA's (a) significant financial issues, (b) provide an overview of financial activity, (c) identify significant changes in financial position, and (d) identify any financial concerns. The reader should read this discussion and analysis in conjunction with the basic audited financial statements.

2. Background

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

2.1. Electric

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

2.2. Water

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

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

2.3. Wastewater

BVUA provides wastewater collection services inside the City of Bristol, Virginia, and a portion of Washington County, Virginia. The collection system located in Virginia is permitted and regulated by the Virginia Department of Environmental Quality (DEQ). After collection, the wastewater is transported to Bluff City, Tennessee, and treated in a wastewater treatment plant. BVUA and the City of Bristol, Tennessee, jointly own the wastewater treatment plant (Joint Sewer System). BVUA's ownership interest is recorded as an equity investment. Constructed in 1973, the Joint Sewer System has a rated capacity of 15 MGD. It also has a five-million-gallon surge basin. The Tennessee Department of Environment and Conservation (TDEC) has licensed and permitted the Joint Sewer System. InfraMark®, a third-party contractor, conducts the daily operations of the Joint Sewer System and the industrial monitoring program.

3. System Highlights

3.1. Total Accounts

On June 30, 2022, BVUA served 32,148 accounts across all three operating divisions. Compared to June 30, 2021, this is a gain of 93 accounts or 0.29%.

| | FY 2022 | FY 2021 | Change | % |
|----------------|---------------|---------------|-----------|--------------|
| Total Accounts | <u>32,148</u> | <u>32,055</u> | <u>93</u> | <u>0.29%</u> |

3.2. Electric

The Electric system serviced 16,467 accounts as of June 30, 2022. This is an increase of 36 accounts, or 0.22%, from June 30, 2021. The Electric system sold 446,736,063 kilowatt-hours (kWh) of electricity. This represents an increase of 9,339,503 kWh or 2.14% from the fiscal year 2021. Large industrial volumes increased by 8,949,945 kWh or 4.55%. Residential consumption decreased by 1,106,472 kWh or 0.55%. Commercial and small industrial consumption increased by 1,409,484 kWh or 4.06%. Outdoor lighting increased by 86,546 kWh or 1.49%.

| | FY 2022 | FY 2021 | Change | % |
|---------------------------|--------------------|--------------------|------------------|------------------|
| Residential | 198,946,026 | 200,052,498 | (1,106,472) | (0.55%) |
| Commercial and Industrial | 36,100,459 | 34,690,975 | 1,409,484 | 4.06% |
| Large Industrial | 205,794,486 | 196,844,541 | 8,949,945 | 4.55% |
| Outdoor Lighting | <u>5,895,092</u> | <u>5,808,546</u> | <u>86,546</u> | <u>1.49%</u> |
| Total kWh Sold | <u>446,736,063</u> | <u>437,396,560</u> | <u>9,339,503</u> | <u>2.14%</u> |
| Total Accounts | <u>16,467</u> | <u>16,431</u> | <u>36</u> | <u>0.22%</u> |

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

3.3. Water

The Water system serviced 7,934 accounts as of June 30, 2022. This is an increase of 30 accounts, or 0.38%, from June 30, 2021. The Water system sold 598,798,300 gallons of water. This represents an increase of 12,569,500 gallons or 2.14% from the previous year. The commercial and industrial rate class experienced an increase of 20,954,000 gallons or 6.68%. Residential consumption decreased by 8,384,500 gallons or 3.08% from the prior year.

| | FY 2022 | FY 2021 | Change | % |
|---------------------------|--------------------|--------------------|-------------------|------------------|
| Residential | 264,189,300 | 272,573,800 | (8,384,500) | (3.08%) |
| Commercial and Industrial | 334,609,000 | 313,655,000 | 20,954,000 | 6.68% |
| Total Gallons Sold | <u>598,798,300</u> | <u>586,228,800</u> | <u>12,569,500</u> | <u>2.14%</u> |
| Total Accounts | <u>7,934</u> | <u>7,904</u> | <u>30</u> | <u>0.38%</u> |

3.4. Wastewater

The Wastewater system serviced 7,747 accounts as of June 30, 2022. This is an increase of 27 or 0.35% from June 30, 2021. Wastewater volumes billed were 780,103,800 gallons. This represents an increase of 49,742,300 gallons or 6.81% from the previous year. Residential volumes decreased by 6,408,500 gallons or 2.24%. Volumes at the Industrial Park decreased by 3,529,700 gallons or 12.31%. Commercial and industrial volumes grew by 59,680,500 gallons or 14.37% from the prior year.

| | FY 2021 | FY 2021 | Change | % |
|---------------------------|--------------------|--------------------|-------------------|------------------|
| Residential | 280,085,900 | 286,494,400 | (6,408,500) | 2.24% |
| Commercial and Industrial | 474,868,300 | 415,187,800 | 59,680,500 | 14.37% |
| Industrial Park | 25,149,600 | 28,679,300 | (3,529,700) | (12.31%) |
| Total Gallons Sold | <u>780,103,800</u> | <u>730,361,500</u> | <u>49,742,300</u> | <u>6.81%</u> |
| Total Accounts | <u>7,747</u> | <u>7,720</u> | <u>27</u> | <u>0.35%</u> |

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

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

4.1. Introductory Section

The introductory section includes a letter of transmittal submitted by BVUA's President and CEO and Finance Director, a listing of background information, an organizational chart, and a listing of Board Members and management as of June 30, 2022.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

4.2. Financial Section

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

4.2.1. Statement of Net Position

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

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

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

4.2.3. Statement of Cash Flows

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

4.2.4 Notes to the Financial Statements and the Required Supplementary Information

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

4.3. Statistical Section

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

4.4. Internal Control and Compliance Section

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

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

5. Condensed Financial Statements

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

5.1. Statement of Net Position

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

| Statements of Net Position June 30, 2022 and 2021 (in thousands of dollars) | | |
|---|-------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| Assets | | |
| Current Assets | \$ 41,247 | \$ 42,252 |
| Non-Current Assets | 38,082 | 32,362 |
| Capital Assets, Net | <u>63,731</u> | <u>61,393</u> |
| Total Assets | <u>143,060</u> | <u>136,007</u> |
| Deferred Outflows of Resources | <u>713</u> | <u>1,082</u> |
| Liabilities | | |
| Current Liabilities | 7,842 | 7,902 |
| Non-Current Liabilities | <u>8,880</u> | <u>9,300</u> |
| Total Liabilities | <u>16,722</u> | <u>17,202</u> |
| Deferred Inflows of Resources | <u>6,868</u> | <u>3,088</u> |
| Net Position | | |
| Net Investment in Capital Assets | 56,239 | 53,682 |
| Restricted - Net Pension Asset | 5,020 | 2,894 |
| Unrestricted | <u>58,924</u> | <u>60,223</u> |
| | <u>\$ 120,183</u> | <u>\$ 116,799</u> |

5.1.1. Assets

Total assets increased by \$7.05 million or 5.19%. There are two main reasons for this increase. First is an increase in non-current assets of \$5.72 million or 17.68%. The second is an increase in net plant of \$2.34 million or 3.81%.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

5.1.2. Current Assets

Current assets decreased by \$1.01 million or 2.38%. Cash and cash equivalents decreased by \$1.13 million or 6.52%. The most significant portion of this decrease is due to the purchase of capital assets.

5.1.3. Non-Current Assets

Non-current assets increased by \$5.72 million or 17.68%. Lease receivable increased by \$3.39 million. This is a new account this year due to implementing Governmental Accounting Standards Board (GASB) Statement 87. Please see Note 5 to the Financial Statements for more information on the lease receivable. The net pension asset increased by \$2.13 million or 73.50%. A strong portfolio performance allowed the pension assets to grow faster than the related pension liability.

5.1.4. Capital Assets, Net

Net capital assets increased by \$2.34 million or 3.81%. This increase is due to work in process on three new substation transformers and the purchase of new S&C IntelliRupters® for the Electric system. Additional information related to capital assets can be found in Note 6 to the Financial Statements.

5.1.5. Deferred Outflows of Resources

Deferred outflows of resources decreased by \$0.37 million or 34.10%. This change is due to current year activity related to other post-employment benefits.

5.1.6. Liabilities

Total liabilities decreased by \$0.48 million or 2.79%. Non-current liabilities decreased by \$0.42 million or 4.52%.

5.1.7. Current Liabilities

Current and other liabilities decreased by \$0.06 million or 0.76% in the fiscal year. This decrease is due to reduced accounts payable and accrued liabilities of \$0.11 million or 2.56%.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

5.1.8. Non-current Liabilities

Non-current liabilities decreased by \$0.42 million or 4.53%. Notes payable decreased by \$0.22 million or 3.11%. This decrease is due to payments on long-term debt. Note 7 to the Financial Statements contains additional details related to long-term debt.

The net OPEB liability decreased by \$0.21 million or 14.35%. This decline results from a decrease in the retiree's health and life insurance post-employment liabilities.

5.1.9. Deferred Inflows of Resources

Deferred inflows of resources increased by \$3.78 million or 122.42%. The most significant component of this increase is the recognition of deferred inflows of assets related to leases receivable. This is related to the implementation of GASB 87 discussed above.

5.1.10. Change in Net Position

Net position increased by \$3.39 million for the fiscal year, with an ending net position of \$120.18 million compared to the fiscal year 2021 net position of \$116.80 million. This increase is due to current year earnings from operations.

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

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

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2022 and 2021
(in thousands)

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| Operating Revenues | | |
| Charges for Services | \$ 54,034 | \$ 50,232 |
| Rent From Property | 835 | 1,119 |
| Forfeited Discounts and Penalties | 412 | 68 |
| Connections and Transfers | 537 | 245 |
| Lease Revenue | 365 | - |
| Other | 355 | 428 |
| Total Operating Revenues | <u>56,538</u> | <u>52,092</u> |
| Operating Expenses | | |
| Electric Wholesale Power | 35,529 | 32,410 |
| Electric Operations and Maintenance | 4,585 | 4,034 |
| Water Operations and Maintenance | 1,264 | 1,059 |
| Wastewater Operations and Maintenance | 1,927 | 1,673 |
| Billing and Collection | 2,135 | 2,161 |
| General and Administrative | 3,266 | 2,929 |
| Depreciation | 3,986 | 4,046 |
| Total Operating Expenses | <u>52,692</u> | <u>48,312</u> |
| Operating Income | 3,846 | 3,780 |
| Non-Operating Expenses | | |
| Other Income (Deductions) | (424) | (162) |
| Interest Expense | (37) | (41) |
| Total Non-Operating Expenses | <u>(461)</u> | <u>(203)</u> |
| Change in Net Position | 3,385 | 3,577 |
| Net Position at July 1 | <u>116,798</u> | <u>113,221</u> |
| Net Position at June 30 | <u>\$ 120,183</u> | <u>\$ 116,798</u> |

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

5.2.1. Charges for Services

BVUA's total operating revenue was \$56.54 million, an increase of \$4.45 million or 8.53%. The main reason for this is the increased consumption of services across all divisions.

5.2.2. Operating Expenses

BVUA's total operating expenses were \$52.69 million, a \$4.38 million or a 9.07% increase. Electric wholesale power increased by \$3.12 million or 9.62%. This increase is due to increased purchases from TVA and a higher fuel cost adjustment (FCA) from TVA. Electric operations and maintenance increased by \$0.55 million or 13.66%. This increase is due in part to increased spending on tree removal. BVUA also performed a pole inspection in FY 2022 that it did not do in FY 2021. Water operations and maintenance expenses increased by \$0.21 million or 19.36%. This increase results from higher costs to operate the water treatment plant. Wastewater operations and maintenance expenses increased by \$0.25 million or 15.18%. This is due to increased operations costs at the wastewater treatment plant.

5.2.3. Operating Income

BVUA's operating income was \$3.85 million, an increase of \$0.66 million or 1.75%. Sales related to increased customer consumption resulted in this increase.

5.2.4. Non-Operating Revenue (Expenses)

Total non-operating revenue (expenses) was (\$0.46) million, a decrease of \$0.26 million or 127.09%. There was a larger loss in the Joint Sewer System. The loss was \$0.42 million in FY 2022 and \$0.29 million in FY 2021. A loss on the disposal of assets for \$0.11 million was recognized in FY 2022. BVUA had a gain on the disposal of assets in FY 2021 for \$0.69 million.

5.2.5. Change in Net Position

BVUA's net position increased by \$3.39 million for the year ending June 30, 2022. This increase is due to the results of current year operations.

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

5.3. Statement of Cash Flows

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

| Statements of Cash Flows June 30, 2022 and 2021 (thousands of dollars) | | |
|--|-----------|-----------|
| | 2022 | 2021 |
| Cash Flows from Operating Activities | | |
| Receipts from Customers and Users | \$ 56,348 | \$ 51,225 |
| Payments of Customer Deposits | (5) | 122 |
| Payments to Employees | (6,167) | (6,453) |
| Payments to Suppliers | (44,046) | (40,734) |
| Net Cash Provided By (Used For) | | |
| Operating Activities | 6,130 | 4,160 |
| Cash Flows from Capital & Related | | |
| Financing Activities | | |
| Proceeds from Issuance of Debt | 307 | 4,947 |
| Proceeds from Sale of Equipment | 23 | 174 |
| Interest Paid on Capital Debt | (37) | (41) |
| Principal Paid on Capital Debt | (526) | (326) |
| Acquisition and Construction of Capital Assets | (6,359) | (7,295) |
| Net Cash Provided By (Used For) | | |
| Capital & Related Financing Activities | (6,592) | (2,541) |
| Cash Flows from Investing Activities | | |
| Interest Received | 28 | 56 |
| Capital Contribution to Joint Sewer System | (275) | (275) |
| Purchase of Investments | - | (2,422) |
| Net Cash Provided By (Used For) | | |
| Investing Activities | (247) | (2,641) |
| Net Increase in Cash and Cash Equivalents | (709) | (1,022) |
| Cash and Cash Equivalents, Beginning of the Year | 30,035 | 31,057 |
| Cash and Cash Equivalents, End of the Year | \$ 29,326 | \$ 30,035 |

BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

5.3.1. Cash Flows from Operating Activities

BVUA's annual cash flow from operating activities was \$6.13 million in FY 2022 compared to \$4.16 million in FY 2021. There was an increase in receipts from customers. This increase is due to higher customer consumption across all divisions.

5.3.2. Cash Flows from Capital and Related Financing Activities

Cash used for capital and financing activities was \$6.59 million in FY 2022 compared to \$2.54 million in FY 2021. The driver of this change was a reduction in proceeds from debt. In FY 2022, BVUA received \$0.30 million in debt proceeds compared to \$4.95 million in FY 2021. These debt proceeds were for the consent order projects.

5.3.3. Cash Flows from Investing Activities

Cash flows used by investing activities were \$0.25 million in FY 2022 compared to \$2.64 million in FY 2021. In FY 2021, BVUA transferred \$2.39 million to fully fund a reserve fund for the projected future costs of the retiree health insurance plan.

6. Other Matters of Significance

6.1. Auditor of Public Accounts report

The Auditor of Public Accounts (APA) performed an audit of BVUA because of changes to the BVUA Authority Act. This audit examined all areas of BVUA and contained 56 recommendations. The APA's report was issued in October 2016. BVUA management and the Board take these recommendations seriously and are working to implement these recommendations. The final report is located at <http://www.apa.virginia.gov/reports/BVUAA2016-web.pdf>. The status is as follows:

- 46 are fully implemented,
- 5 are waiting on the action of third parties and are outside of BVUA's control,
- 4 are nearing completion or partially implemented, and
- 1 is a continuing or ongoing generic recommendation.

Management anticipates that all the findings that don't require third-party action will be fully addressed by June 30, 2023.

**BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

6.2. Inter-Department Debt

There are two different inter-department notes between BVUA divisions. Both notes are consolidated on the basic financial statements.

6.2.1. Inter-Department Debt Between the Electric and OptiNet Systems

One of the findings from the APA was that an inter-department loan from the Electric system to the OptiNet system was improperly removed from financial statements in FY 2007. Prior management removed this loan without formal action by the Board. The audit conducted by the APA determined that Virginia law on July 1, 2006, permitted BVUA to cross-subsidize internet services but not cable and telephone. As a result, the portion of the debt related to cable and telephone services was reinstated by the BVUA Board on June 23, 2017. The loan has an outstanding balance of \$13.33 million. Payments began in January 2021. As of June 30, 2022, \$2.19 million has been repaid.

6.2.2. Inter-Department Debt between the Wastewater and Water systems

In FY 2019, BVUA defeased its 2010 VRA Refunding Bond Debt. The Board approved a loan for \$1.70 million between the Water and Wastewater divisions to accomplish this. The note has a principal balance of \$1.44 million as of June 30, 2022. The Water division is repaying the loan based on the terms of the note.

6.3. Long-Term Debt

In January 2020, BVUA issued a \$7.86 million revenue bond to the Virginia Resources Authority (VRA). The proceeds are for two wastewater improvement construction projects. As of June 2022, \$7.02 million has been drawn down on this revenue bond. The outstanding principal balance of this loan was \$6.43 million on June 30, 2022.

6.4. Consent Order on the Sewer Division

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

6.5. Long Term Debt

In July 2020, BVUA received a commitment letter from the VRA for \$7.29 million. This amount includes \$1.83 million in principal forgiveness, resulting in a net payable amount of \$5.46 million. These funds are for the second phase of sewer projects related to the DEQ Consent Order. The project's second phase is expected to be awarded in FY 2023.

**BVU AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

6.6. City Lawsuit

In July 2020, BVUA was sued by the City of Bristol, VA (City) for \$6.50 million in Bristol Circuit Court. The City is claiming this amount is due to them from the sale of OptiNet in 2018. The case was removed to the Federal District Court located in Abingdon, Virginia. The parties are currently in mediation. A trial date has not been scheduled.

6.7. BVUA Counterclaim

In August 2020, BVUA filed a lawsuit against the City for the return of properties in and around 300 Lee Street and rent. The properties were purchased by BVUA. The parties are currently in mediation. A trial date has not been scheduled.

7. Subsequent Events

7.1. Temporary Electric Rate Cut

During August and September 2022, BVUA received 24 S&C IntelliRupters® ordered during FY 2022 costing \$0.99 million. To date, twenty remain outstanding for \$0.82 million. They are expected to be received in November 2022. This will take the total to a quantity of 62. An additional 25 have been ordered at a cost of \$1.03 million.

7.2. Purchase of Substation Transformers

In August 2022, BVUA received the second of three substation transformers ordered during FY 2022. This transformer had a cost of \$0.60 million. One transformer remains outstanding at a remaining cost of \$0.60 million.

BASIC FINANCIAL STATEMENTS

BVU AUTHORITY
STATEMENT OF NET POSITION
June 30, 2022

ASSETS

Current Assets

| | |
|---------------------------------------|-------------------|
| Cash and Cash Equivalents | \$ 16,249,171 |
| Investments | 16,595,981 |
| Accounts Receivable, Net of Allowance | 6,720,804 |
| Notes Receivable | 27,992 |
| Other Receivables | 163,386 |
| Due from Other Governmental Entities | 132,379 |
| Prepays | 245,547 |
| Inventories | 1,101,657 |
| Other Current Assets | 9,846 |
| Total Current Assets | <u>41,246,763</u> |

Noncurrent Assets

| | |
|-------------------------------------|--------------------|
| Restricted Cash - Customer Deposits | 1,824,250 |
| Cash - Reserves | 11,252,736 |
| Investments - Reserves | 8,869,696 |
| Restricted Investments | 569,288 |
| Notes Receivable | 10,605 |
| Leases Receivable | 3,387,161 |
| Investment in Joint Sewerage System | 7,149,102 |
| Net Pension Asset | 5,020,443 |
| Capital Assets, Net | 63,730,613 |
| Total Noncurrent Assets | <u>101,813,894</u> |

| | |
|---------------------|---------------------------|
| TOTAL ASSETS | <u>143,060,657</u> |
|---------------------|---------------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--------------------------------------|----------------|
| Deferred Outflows Related to OPEB | 233,844 |
| Deferred Outflows Related to Pension | <u>478,866</u> |

| | |
|---|-----------------------|
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>712,710</u> |
|---|-----------------------|

(Continued)

BVU AUTHORITY
STATEMENT OF NET POSITION
June 30, 2022

LIABILITIES

Current Liabilities

| | |
|--|-------------------------|
| Accounts Payable and Accrued Liabilities | 4,113,260 |
| Accrued Interest Payable | 8,518 |
| Accrued Payroll and Related Liabilities | 45,005 |
| Customer Security Deposits | 1,824,250 |
| Due to Other Governmental Entities | 885,408 |
| Unearned Revenue | 27,766 |
| Notes Payable | 530,780 |
| Compensated Absences | 407,415 |
| Total Current Liabilities | <u>7,842,402</u> |

Noncurrent Liabilities

| | |
|-------------------------------------|-------------------------|
| Notes Payable | 6,960,490 |
| Compensated Absences | 655,012 |
| Net OPEB Liabilities | 1,263,505 |
| Total Noncurrent Liabilities | <u>8,879,007</u> |

| | |
|--------------------------|--------------------------|
| TOTAL LIABILITIES | <u>16,721,409</u> |
|--------------------------|--------------------------|

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|-----------|
| Deferred Inflows Related to OPEB | 1,116,765 |
| Deferred Inflows Related to Pension | 2,404,136 |
| Deferred Inflows Related to Leases | 3,347,423 |

| | |
|--|-------------------------|
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>6,868,324</u> |
|--|-------------------------|

NET POSITION

| | |
|----------------------------------|------------|
| Net Investment in Capital Assets | 56,239,343 |
| Restricted - Net Pension Asset | 5,020,443 |
| Unrestricted | 58,923,848 |

| | |
|---------------------------|------------------------------|
| TOTAL NET POSITION | <u>\$ 120,183,634</u> |
|---------------------------|------------------------------|

See accompanying notes to the financial statements.

BVU AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

| | |
|---|-----------------------|
| OPERATING REVENUES | |
| Charges for Services | \$ 54,033,830 |
| Rent from Property | 834,809 |
| Forfeited Discounts and Penalties | 412,481 |
| Connections and Transfers | 536,797 |
| Lease Revenue | 364,902 |
| Other | 354,700 |
| | <hr/> |
| TOTAL OPERATING REVENUES | 56,537,519 |
| | <hr/> |
| OPERATING EXPENSES | |
| Electric Wholesale Power | 35,529,430 |
| Electric Operations and Maintenance | 4,585,170 |
| Water Operations and Maintenance | 1,263,453 |
| Wastewater Operations and Maintenance | 1,926,503 |
| Billing and Collection | 2,135,280 |
| General and Administrative | 3,266,013 |
| Depreciation | 3,985,854 |
| | <hr/> |
| TOTAL OPERATING EXPENSES | 52,691,703 |
| | <hr/> |
| OPERATING INCOME | 3,845,816 |
| | <hr/> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Income | 25,492 |
| Interest Expense | (36,403) |
| Loss on Investment in Joint Sewerage System | (424,148) |
| Investment Income (Loss) | (14,215) |
| Loss on Disposal of Assets | (11,476) |
| | <hr/> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (460,750) |
| | <hr/> |
| Change in Net Position | 3,385,066 |
| NET POSITION, JULY 1, 2021 | 116,798,568 |
| | <hr/> |
| NET POSITION, JUNE 30, 2022 | \$ 120,183,634 |
| | <hr/> |

See accompanying notes to the financial statements.

BVU AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

| | |
|---|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Customers and Users | \$ 56,348,096 |
| Receipts of Customer Deposits | (5,084) |
| Payments to Suppliers | (44,045,501) |
| Payments to Employees | <u>(6,167,409)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>6,130,102</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from Sale of Equipment | 23,379 |
| Acquisition and Construction of Capital Assets | (6,358,711) |
| Proceeds from Debt | 307,395 |
| Principal Paid on Capital Debt | (526,470) |
| Interest Paid on Capital Debt | <u>(37,472)</u> |
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(6,591,879)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Capital Contribution to Joint Sewerage System | (275,000) |
| Interest and Dividends Received | <u>27,988</u> |
| NET CASH USED FOR INVESTING ACTIVITIES | <u>(247,012)</u> |
| Net Decrease in Cash and Cash Equivalents | (708,789) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>30,034,946</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 29,326,157</u></u> |
| RECONCILIATION TO THE STATEMENT OF NET POSITION | |
| Cash and Cash Equivalents | \$ 16,249,171 |
| Restricted Cash - Customer Deposits | 1,824,250 |
| Cash - Reserves | <u>11,252,736</u> |
| | <u><u>\$ 29,326,157</u></u> |

(Continued)

BVU AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

| | |
|---|----------------------------|
| RECONCILIATION OF OPERATING INCOME TO NET | |
| CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating Income | \$ 3,845,816 |
| Adjustments to Reconcile Operating Income | |
| to Net Cash Provided by Operating Activities: | |
| Depreciation Expense | 3,985,854 |
| (Increase) Decrease in Assets | |
| Net Accounts Receivable | (942,707) |
| Notes Receivable | 23,783 |
| Other Receivables | 560,756 |
| Lease Receivables | (3,387,161) |
| Due from Other Governmental Entities | 190,361 |
| Prepays | 179,674 |
| Inventories | (87,416) |
| Other Current Assets | (445) |
| Net Pension Asset | (2,126,856) |
| (Increase) Decrease in Deferred Outflows of Resources | 369,552 |
| Increase (Decrease) in Liabilities | |
| Accounts Payable and Accrued Liabilities | (108,257) |
| Accrued Payroll and Related Liabilities | 10,631 |
| Customer Security Deposits | (5,084) |
| Due to Other Governmental Entities | 17,888 |
| Unearned Revenue | 677 |
| Net OPEB Liabilities | (211,744) |
| Compensated Absences | 34,493 |
| Increase (Decrease) in Deferred Inflows of Resources | 3,780,287 |
| | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ 6,130,102</u></u> |

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Joint Venture

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

BVUA has a receivable of \$132,379 from the Joint Sewerage System as of June 30, 2022. Condensed financial information for the Joint Sewerage System as of June 30, 2022 is as follows:

| | |
|--------------------------|----------------------|
| Revenues | \$ 3,837,475 |
| Expenses | (4,135,771) |
| Change in Net Position | (298,296) |
| Net Position - Beginning | 15,468,500 |
| Net Position - Ending | <u>\$ 15,170,204</u> |
| | |
| Assets | \$ 16,028,436 |
| Liabilities | (858,232) |
| Net Position | <u>\$ 15,170,204</u> |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting

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

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

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

C. Joint Administration

BVUA utilizes a joint administrative department for the Electric, Water, and Wastewater operations, which includes accounting, administration, billings, and collections. The shared administration, customer service, and other general expenses are allocated monthly based on the number of customers serviced by each division, operating revenues of each division, and plant in service of each division. For the year ended June 30, 2022, the expenses of this department were allocated 64.82% to the electric system, 19.14% to the water system, and 16.04% to the wastewater system.

D. Cash and Cash Equivalents

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

E. Investments

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Accounts Receivable

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

G. Allowance for Uncollectible Accounts

BVUA provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection data and specific account analysis. It is reasonably possible that the estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$226,573 at June 30, 2022.

H. Inventories

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

I. Capital Assets

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

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

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

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

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

K. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. BVUA has items which are required to be reported as deferred inflows for the year ended June 30, 2022 which include the pension and OPEB changes in experience, proportions, and assumptions and deferred amounts related to leases.

L. Pension

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. OPEB - Group Life Insurance

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

N. Leases

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

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

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

O. Estimates

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

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

Custodial Credit Risk

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

At year-end, BVUA had \$3,000 of cash on hand, which has been included in cash and cash equivalents. BVUA's carrying amount of deposits, including restricted cash, was \$29,323,157. The entire bank balance was collateralized in accordance with the Virginia Security for Public Deposits Act or covered by the Federal Deposit Insurance Corporation (FDIC).

Investments

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

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

| | |
|------------------------|-----------------------------|
| Investments | \$ 16,595,981 |
| Investments - Reserves | 8,869,696 |
| Restricted Investments | <u>569,288</u> |
| Total Investments | <u><u>\$ 26,034,965</u></u> |

Restricted Assets

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 - NOTES RECEIVABLE

BVUA had a program whereby qualifying homeowners could obtain interest-bearing loans to pay for energy conservation measures in their homes. The customer repays the loan over a period of up to ten years at a stated interest rate of up to 9.25%. Payments are made with the customers' regular monthly bills. Loans are secured by the related real property. The balance of the energy conservation loans as of June 30, 2022 was \$38,597. Beginning in September 2015, TVA began administering all new loans. BVUA continues to administer the loans that were in place as of this date.

NOTE 4 - DUE TO OTHER GOVERNMENTAL ENTITIES

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

Electric Utility Taxes

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

Water Utility Taxes

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

In Lieu of Tax Payments (Electric Division)

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

Third Party Trash Collection Billing Agent

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 - DUE TO OTHER GOVERNMENTAL ENTITIES (CONTINUED)

The following are the total taxes and fees payable to each entity at June 30, 2022:

| | |
|--|------------------------------|
| City of Bristol, Virginia | \$ 766,391 |
| State Corporation Commission | 61,962 |
| Washington County, Virginia | 53,133 |
| Scott County, Virginia | 3,182 |
| Other Governmental Entities | <u>740</u> |
| Total Due to Other Governmental Entities | <u><u>\$ 885,408</u></u> |

NOTE 5 - LESSOR AGREEMENTS

BVUA implemented GASB Statement No. 87, *Leases*, which enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in BVUA's fiscal year 2022 financial statements and had no effect on the beginning net position since the initial deferred inflows equal the initial amount of the lease receivable.

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

Rent is payable monthly in advance of the first day of every month at \$27,766 monthly. The rent will increase on an annual basis by 2.50%. BVUA recognized \$364,902 as lease revenue and \$7,355 as lease interest revenue for the year ended June 30, 2022.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

| | Beginning Balance | Increases | Decreases | Adjustments | Ending Balance |
|---|----------------------|-------------|-------------|-------------|-------------------|
| Capital Assets, Not Depreciated | | | | | |
| Land | \$ 1,448,176 | 383,898 | - | - | 1,832,074 |
| Construction in Progress | 10,062,838 | 6,346,849 | (3,331,646) | - | 13,078,041 |
| Total Capital Assets, Not Depreciated | 11,511,014 | 6,730,747 | (3,331,646) | - | 14,910,115 |
| Capital Assets, Being Depreciated | | | | | |
| Distribution System | 57,177,434 | 1,666,286 | (253,484) | - | 58,590,236 |
| General Plant | 46,665,639 | 778,505 | - | - | 47,444,144 |
| Buildings | 10,794,098 | 5,766 | - | - | 10,799,864 |
| Equipment, Furniture and Fixtures | 6,644,281 | 326,762 | (11,737) | - | 6,959,306 |
| Transportation Equipment | 5,034,607 | 160,519 | (14,282) | - | 5,180,844 |
| Total Capital Assets, Being Depreciated | 126,316,059 | 2,937,838 | (279,503) | - | 128,974,394 |
| Less Accumulated Depreciation For | | | | | |
| Distribution System | (33,191,574) | (1,796,924) | 218,629 | - | (34,769,869) |
| General Plant | (29,430,262) | (1,122,084) | - | - | (30,552,346) |
| Buildings | (4,539,824) | (287,102) | - | - | (4,826,926) |
| Equipment, Furniture and Fixtures | (5,803,845) | (367,038) | 33,519 | (4,344) | (6,141,708) |
| Transportation Equipment | (3,468,957) | (412,706) | 14,272 | 4,344 | (3,863,047) |
| Total Accumulated Depreciation | (76,434,462) | (3,985,854) | 266,420 | - | (80,153,896) |
| Total Capital Assets Being Depreciated, Net | 49,881,597 | (1,048,016) | (13,083) | - | 48,820,498 |
| Capital Assets, Net | \$ 61,392,611 | 5,682,731 | (3,344,729) | - | 63,730,613 |

BVUA received contributions in aid of construction of \$339,349 for fiscal year 2022. This amount is reported as a reduction in costs of the related assets. Idle property in the amount of \$24,175 was held at June 30, 2022.

Depreciation expense for the year ended June 30, 2022 was \$3,985,854.

NOTE 7 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2022 are as follows:

| | Beginning Balance | Additions | Reductions | Loan Forgiveness | Ending Balance | Due Within One Year |
|--------------------------------|----------------------|-----------|------------|---------------------|-------------------|------------------------|
| VRA Loans: | | | | | | |
| Bristol View Connector | \$ 626,631 | - | (69,907) | - | 556,724 | 72,161 |
| Hassan Heights Water Tank | 571,742 | - | (63,784) | - | 507,958 | 65,840 |
| Little Creek Interceptor | 6,511,972 | 307,395 | (392,779) | - | 6,426,588 | 392,779 |
| Sewer System Evaluation Survey | - | 225,000 | - | (225,000) | - | - |
| Compensated Absences | 1,027,934 | 431,537 | (397,044) | - | 1,062,427 | 407,415 |
| Totals | \$ 8,738,279 | 963,932 | (923,514) | (225,000) | 8,553,697 | 938,195 |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

Virginia Resources Authority Loans Payable

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

The Bristol View Connector Revolving Loan Fund (RLF) loan was issued in the amount of \$1,289,511, of which \$556,724 was outstanding as of June 30, 2022. The Hassan Heights Water Tank RLF loan was issued in the amount of \$1,176,557, of which \$507,958 was outstanding as of June 30, 2022. Each note has a 20-year term and a 3.20% interest rate with principal and interest payments through April 2029.

In January 2020, the Little Creek Interceptor Revolving Loan Fund loan was issued in the amount of \$7,855,589, of which \$7,015,757 was drawn as of June 30, 2022. There is \$839,832 that is still available to draw. The note has a 20-year term and a 0.00% interest rate with principal payments beginning in April 2021 and maturing October 2040. The following debt service requirements reflect only the amount drawn as of June 30, 2022.

In March 2021, BVUA was approved for a \$225,000 loan from the Virginia Water Facilities RLF relating to a Sewer System Evaluation Survey of BVUA Authority's Basin 1568 collection system. The full amount of this loan was drawn upon during the year ended June 30, 2022 for the project. This loan was treated as a principal forgiveness loan by the RLF with the debt also being forgiven during the year ended June 30, 2022. Due to the debt forgiveness, there was no interest expense or accrued interest associated with this debt.

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

| Year Ended June 30 | VRA - Bristol View | | VRA - Hassan Heights | | VRA - Little Creek | |
|-----------------------|--------------------|---------------|----------------------|---------------|--------------------|----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 72,161 | 17,242 | 65,840 | 15,732 | 392,779 | - |
| 2024 | 74,489 | 14,915 | 67,964 | 13,608 | 392,779 | - |
| 2025 | 76,892 | 12,512 | 70,157 | 11,416 | 392,779 | - |
| 2026 | 79,372 | 10,032 | 72,419 | 9,153 | 392,779 | - |
| 2027 | 81,932 | 7,472 | 74,755 | 6,817 | 392,779 | - |
| 2028-2032 | 171,878 | 6,930 | 156,823 | 6,323 | 1,963,897 | - |
| 2033-2037 | - | - | - | - | 1,963,897 | - |
| 2038-2040 | - | - | - | - | 534,899 | - |
| | <u>\$ 556,724</u> | <u>69,103</u> | <u>507,958</u> | <u>63,049</u> | <u>6,426,588</u> | <u>-</u> |

Details of long-term indebtedness are as follows:

| | Interest Rates | Issue Date | Final Maturity Date | Original Issue | Amount Outstanding |
|--|----------------|------------|---------------------|----------------|---------------------|
| VRA RLF Loan - Bristol View Connector | 3.20% | 09-08 | 04-29 | \$ 1,289,511 | \$ 556,724 |
| VRA RLF Loan - Hassan Heights Water Tank | 3.20% | 09-08 | 04-29 | 1,176,557 | 507,958 |
| VRA RLF Loan - Little Creek Interceptor | 0.00% | 01-20 | 10-40 | 7,855,589 | 6,426,588 |
| | | | | | <u>\$ 7,491,270</u> |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN

Plan Description

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

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

| PLAN 1 | PLAN 2 | HYBRID RETIREMENT PLAN |
|--|--|--|
| About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula. | About Plan 2 Same as Plan 1. | About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2020 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 | 37 |
| Inactive members: | |
| Vested inactive members | 42 |
| Non-vested inactive members | 29 |
| Inactive members active elsewhere in VRS | <u>4</u> |
| Total inactive members | 75 |
| Active members | <u>64</u> |
| Total Covered Employees | <u><u>176</u></u> |

Contributions

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

BVUA's contractually required employer contribution rate for the year ended June 30, 2022 was 1.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from BVUA were \$38,943 and \$94,527 for the years ended June 30, 2022 and June 30, 2021, respectively.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Net Pension Asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with the GASB Statement No. 68, less that employer's fiduciary net position. For BVUA, the net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in BVUA's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

All 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 male; 105% of rates for females set forward 3 years

Post-Disablement:

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

Beneficiaries and Survivors:

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality Improvement:

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

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

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

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

Long-Term Expected Rate of Return

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return (Continued)

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------------|-------------------|--|--|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP - Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | 100.00% | | 4.89% |
| | | Inflation | 2.50% |
| | | *Expected arithmetic nominal return | 7.39% |

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for the state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate contribution rate. For the year ended June 30, 2021, 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, 2017 actuarial valuations, whichever was greater. From July 1, 2021 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.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

Changes in Net Pension Asset

| | Increase (Decrease) | | |
|---|-------------------------|-------------------|--------------------|
| | Plan Fiduciary Net | | |
| | Total Pension Liability | Position | Net Pension Asset |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2020 | \$ 8,060,591 | 10,954,178 | (2,893,587) |
| Changes for the Year: | | | |
| Service Cost | 424,451 | - | 424,451 |
| Interest | 535,052 | - | 535,052 |
| Changes of Assumptions | 256,622 | - | 256,622 |
| Differences Between Expected and Actual Experience | (53,401) | - | (53,401) |
| Contributions - Employer | - | 93,038 | (93,038) |
| Contributions - Employees | - | 178,426 | (178,426) |
| Net Investment Income | - | 3,025,156 | (3,025,156) |
| Benefit Payments, Including Refunds of Employee Contributions | (267,788) | (267,788) | - |
| Administrative Expense | - | (7,327) | 7,327 |
| Other Changes | - | 287 | (287) |
| Net Changes | 894,936 | 3,021,792 | (2,126,856) |
| Balance at June 30, 2021 | \$ 8,955,527 | 13,975,970 | (5,020,443) |

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

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

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|--------------------------|---------------------------|----------------------------------|---------------------------|
| BVUA's Net Pension Asset | \$ (3,639,278) | (5,020,443) | (6,133,332) |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2022, BVUA recognized negative pension expense of \$(801,752). At June 30, 2022, BVUA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 84,321 | 815,037 |
| Changes of assumptions | 355,602 | 73,084 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,516,015 |
| Employer contributions subsequent to the measurement date | 38,943 | - |
| Total | <u>\$ 478,866</u> | <u>2,404,136</u> |

\$38,943 reported as deferred outflows of resources related to pension resulting from BVUA's contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset in the fiscal year ending June 30, 2023.

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

| <u>Year ended June 30</u> | |
|---------------------------|--------------|
| 2023 | \$ (767,705) |
| 2024 | (472,668) |
| 2025 | (292,471) |
| 2026 | (431,369) |

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Plan

Plan Description

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

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

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

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2020 actuarial valuation date, the following employees were covered by benefit terms:

| | |
|--|-----------|
| Active employees | 55 |
| Inactive employees or beneficiaries currently receiving benefits | 16 |
| | <u>71</u> |

Net OPEB Liability

BVUA's net OPEB liability of \$1,055,100 is based on a measurement date of July 1, 2021 and the corresponding measurement period of July 1, 2020 to July 1, 2021. The measurement of the total OPEB liability is based on a valuation date of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------|--|
| Discount Rate | 1.92% (represents the Municipal GO AA 20-year yield curve rates) |
| Salary Scale | 3.00% |
| Healthcare Cost Trend Rates | (1.09%) for fiscal year end 2021, then 5.50% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 4.50% |
| Mortality | RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Plan (Continued)

Changes in the Net OPEB Liability

Changes in the net OPEB Liability were as follows:

| | Increase (Decrease) | | |
|--|-----------------------------|---------------------------|---------------------------|
| | Total OPEB Liability | Plan Fiduciary Net | Net OPEB Liability |
| | (a) | Position (b) | (a-b) |
| Balance at 7/1/2021 | \$ 1,154,500 | - | 1,154,500 |
| Changes for the year: | | | |
| Service Cost | 10,400 | - | 10,400 |
| Interest | 26,900 | - | 26,900 |
| Differences Between Expected and Actual Experience | (32,800) | - | (32,800) |
| Assumption Changes | 29,300 | - | 29,300 |
| Contributions - Employer | - | 133,200 | (133,200) |
| Benefit Payments | (133,200) | (133,200) | - |
| Net Changes | (99,400) | - | (99,400) |
| Balance at 6/30/2022* | \$ 1,055,100 | - | 1,055,100 |

*Measurement date is July 1, 2021

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

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

| | 1.00% Decrease | Current Discount | 1.00% Increase |
|--------------------|-----------------------|-------------------------|-----------------------|
| | (0.92%) | Rate (1.92%) | (2.92%) |
| Net OPEB Liability | \$ 1,113,200 | 1,055,100 | 1,001,200 |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Plan (Continued)

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

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

| | 1.00% Decrease (4.50% to 3.50%) | Current Trend Rate (5.50% to 4.50%) | 1.00% Increase (6.50% to 5.50%) |
|--------------------|--|--|--|
| Net OPEB Liability | \$ 1,018,300 | 1,055,100 | 1,097,500 |

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

For the year ended June 30, 2022, BVUA recognized negative OPEB expense of \$(519,200). At June 30, 2022, BVUA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ - | 803,700 |
| Changes of Assumptions | 65,101 | 24,000 |
| Employer Contributions Subsequent to the Measurement Date | 83,219 | - |
| Total | <u>\$ 148,320</u> | <u>827,700</u> |

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

| <u>Year ended June 30</u> | |
|---------------------------|--------------|
| 2023 | \$ (560,500) |
| 2024 | (201,300) |
| 2025 | (799) |

**BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Employer Plan – Group Life Insurance Plan

Plan Description

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

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

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

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

**BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Plan Description (Continued)

Benefit Amounts

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

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

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$50,266 and \$49,514 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of \$208,405 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01790% as compared to 0.01922% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense (gain) of \$(56,754). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences Between Expected and Actual Experience | \$ 23,769 | 1,588 |
| Net Difference Between Projected and Actual Earnings on GLI OPEB | | |
| Program Investments | - | 49,742 |
| Change in Assumptions | 11,489 | 28,514 |
| Change in Proportion | - | 209,221 |
| Employer Contributions Subsequent to the Measurement Date | <u>50,266</u> | <u>-</u> |
| Total | <u><u>\$ 85,524</u></u> | <u><u>289,065</u></u> |

\$50,266 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, 2023. 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> | |
|---------------------------|-------------|
| 2023 | \$ (75,558) |
| 2024 | (69,166) |
| 2025 | (61,233) |
| 2026 | (39,803) |
| 2027 | (8,047) |

**BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

| | |
|---|---|
| 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.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

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

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2021, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

| | |
|-----------------------------------|---------------------|
| Total GLI OPEB Liability | \$ 3,577,346 |
| Plan Fiduciary Net Position | (2,413,074) |
| Employers' Net GLI OPEB Liability | <u>\$ 1,164,272</u> |

| | |
|--|--------|
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 67.45% |
|--|--------|

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------------|-------------------|--|--|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP - Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | 100.00% | | 4.89% |
| | | Inflation | 2.50% |
| | | * Expected arithmetic nominal return | 7.39% |

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 19, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.11%, including expected inflation of 2.5%.

Discount Rate

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Discount Rate (Continued)

Through the fiscal year ending June 30, 2021, 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, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Employer's Proportionate Share of the GLI Program Net OPEB Liability | \$ 304,487 | 208,405 | 130,814 |

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The aggregate OPEB amounts for both plans are as follows as of June 30, 2022:

| | OPEB - Medical | OPEB - GLI | Total |
|-------------------------------|----------------|------------|-------------|
| OPEB Liability | \$ (1,055,100) | (208,405) | (1,263,505) |
| Deferred Outflow of Resources | 148,320 | 85,524 | 233,844 |
| Deferred Inflow of Resources | (827,700) | (289,065) | (1,116,765) |
| OPEB Expense (Gain) | (519,200) | (56,754) | (575,954) |

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - SERVICE CONTRACTS

In September 2006, BVUA entered into an agreement with the Tennessee Valley Authority (TVA) for the purchase of wholesale electric power. The original contract period was for January 1, 2008 through December 31, 2027; however, on September 30, 2019, BVUA signed an updated contract with TVA which extended the duration of this service contract through September 2039. For the year ended June 30, 2022, \$35,548,130 was expensed under this contract. Of this total, \$18,700 is included in billing and collections.

NOTE 11 - RISK MANAGEMENT

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

Workmens' Compensation Insurance

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

General Liability and Other

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

Healthcare

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

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

NOTE 12 - INTERDIVISION TRANSACTIONS

Interdivision Receivables and Payables

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

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 - INTERDIVISION TRANSACTIONS (CONTINUED)

Interdivision Receivables and Payables (Continued)

The amounts due between the individual divisions as of June 30, 2022 are as follows:

| <u>Receivable Division</u> | <u>Payable Division</u> | <u>Amount</u> |
|----------------------------|-------------------------|---------------|
| Electric | OptiNet | \$ 130,094 |
| OptiNet | Electric | 132,685 |
| OptiNet | Water | 26,297 |
| OptiNet | Wastewater | 22,806 |

During the year ended June 30, 2022, charges for services revenue of \$181,839 and \$1,055 were received by the Electric and Water divisions, respectively. These revenues were paid by the following divisions: Electric - \$164,379, Water - \$15,102, and Wastewater - \$3,413.

The Electric division received rent from property of \$127,871 from: Water - \$69,478 and Wastewater - \$58,393 for the year ended June 30, 2022.

Interdivision Notes Payable

During the year ended June 30, 2016, a note payable from OptiNet to Electric was re-established in the amount of \$13,741,288, which included \$4,643,549 of accrued interest, through a prior period adjustment. This note was removed in fiscal year 2007 by former management based on their understanding at the time of Virginia's law related to the allowance of cross-subsidization of the internet division. However, based on the audit conducted by the Virginia Auditor of Public Accounts, as required by legislation of the Virginia General Assembly, and their report issued in October 2016, cross-subsidization was allowed only for internet services, but not telephone and cable television. As a result the Electric - OptiNet interdivision borrowing related to telephone and cable television was not allowed to be removed and therefore was re-established between the Electric division and OptiNet by a promissory note with 2.70% interest. The total receivable, including accrued interest, is \$15,514,398. Principal and interest payments of \$147,669 per month began in January 2021 with a maturity date of December 2030. The balance as of June 30, 2022 was \$13,327,978. This amount is eliminated in the basic financial statements.

An intercompany loan agreement was entered into in August 2018 between the Water division and Wastewater division for an amount up to \$2,500,000 with an interest rate of 2.30% and maturity date of 20 years from the effective date. In November 2018, \$1,700,000 was borrowed and the balance is \$1,437,766 as of June 30, 2022. This amount is eliminated in the basic financial statements.

Total interest expense for the intercompany notes payable was \$414,265 for the year ended June 30, 2022. This amount is eliminated in the basic financial statements.

BVU AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

BVUA has entered into construction contracts for sewer improvement projects which were not completed at fiscal year-end. At June 30, 2022, remaining construction commitments are \$491,777.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

See Independent Auditors' Report.

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

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

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

See Independent Auditors' Report.

BVU AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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

All Others - Non-Hazardous Duty:

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

See Independent Auditors' Report.

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

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

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

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

See Independent Auditors' Report.

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

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

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

Notes to Schedule

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

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

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

See Independent Auditors' Report.

BVU AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY
GROUP LIFE INSURANCE PROGRAM
For the Measurement Dates of June 30, 2017 through 2021

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

Schedule is intended to show information for 10 years. Since 2021 is the fifth year for this presentation, there are only five years available. However, additional years will be included as they become available.

See Independent Auditors' Report.

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

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

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

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

Notes to Schedule

Changes of Benefit Terms

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

Changes of Assumptions

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

Non-Largest Ten Locality Employers - General Employees

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

See Independent Auditors' Report.

COMBINING FINANCIAL SCHEDULES

BVU AUTHORITY
COMBINING SCHEDULE OF NET POSITION
June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|------------------------|--------------------|
| ASSETS | | | | | | | |
| Current Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 656,875 | 1,477,105 | 6,038,580 | 8,076,611 | 16,249,171 | - | 16,249,171 |
| Investments | - | - | - | 16,595,981 | 16,595,981 | - | 16,595,981 |
| Accounts Receivable, Net of Allowance | 6,005,633 | 304,769 | 410,402 | - | 6,720,804 | - | 6,720,804 |
| Notes Receivable | 27,992 | - | - | - | 27,992 | - | 27,992 |
| Other Receivables | 163,386 | - | - | - | 163,386 | - | 163,386 |
| Due from Other Governmental Entities | - | - | 132,379 | - | 132,379 | - | 132,379 |
| Internal Balances | 130,094 | - | - | 181,788 | 311,882 | (311,882) | - |
| Prepays | 219,508 | 26,039 | - | - | 245,547 | - | 245,547 |
| Inventories | 736,321 | 316,984 | 48,352 | - | 1,101,657 | - | 1,101,657 |
| Other Current Assets | - | 3,358 | 6,488 | - | 9,846 | - | 9,846 |
| Total Current Assets | 7,939,809 | 2,128,255 | 6,636,201 | 24,854,380 | 41,558,645 | (311,882) | 41,246,763 |
| Noncurrent Assets | | | | | | | |
| Restricted Cash - Customer Deposits | 1,824,250 | - | - | - | 1,824,250 | - | 1,824,250 |
| Cash - Reserves | 8,082,308 | 2,157,390 | 1,013,038 | - | 11,252,736 | - | 11,252,736 |
| Investments - Reserves | 6,105,662 | 694,600 | 2,069,434 | - | 8,869,696 | - | 8,869,696 |
| Restricted Investments | - | 172,667 | 396,621 | - | 569,288 | - | 569,288 |
| Notes Receivable | 13,338,583 | - | 1,437,766 | - | 14,776,349 | (14,765,744) | 10,605 |
| Leases Receivable | 3,387,161 | - | - | - | 3,387,161 | - | 3,387,161 |
| Investment in Joint Sewerage System | - | - | 7,149,102 | - | 7,149,102 | - | 7,149,102 |
| Net Pension Asset | 2,140,215 | 554,256 | 495,017 | 1,830,955 | 5,020,443 | - | 5,020,443 |
| Capital Assets, Net | 36,558,725 | 13,249,808 | 13,922,080 | - | 63,730,613 | - | 63,730,613 |
| Total Noncurrent Assets | 71,436,904 | 16,828,721 | 26,483,058 | 1,830,955 | 116,579,638 | (14,765,744) | 101,813,894 |
| TOTAL ASSETS | 79,376,713 | 18,956,976 | 33,119,259 | 26,685,335 | 158,138,283 | (15,077,626) | 143,060,657 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred Outflows Related to OPEB | 143,587 | 41,868 | 35,530 | 12,859 | 233,844 | - | 233,844 |
| Deferred Outflows Related to Pension | 141,869 | 30,137 | 29,873 | 276,987 | 478,866 | - | 478,866 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 285,456 | 72,005 | 65,403 | 289,846 | 712,710 | - | 712,710 |

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF NET POSITION
June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|--|------------------|------------------|------------------|-------------------|-------------------|------------------------|-------------------|
| LIABILITIES | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts Payable and Accrued Liabilities | 3,899,626 | 80,951 | 125,691 | 6,992 | 4,113,260 | - | 4,113,260 |
| Accrued Interest Payable | - | 8,518 | - | - | 8,518 | - | 8,518 |
| Accrued Payroll and Related Liabilities | 30,270 | 8,986 | 5,749 | - | 45,005 | - | 45,005 |
| Customer Security Deposits | 1,824,250 | - | - | - | 1,824,250 | - | 1,824,250 |
| Due to Other Governmental Entities | 869,909 | 15,499 | - | - | 885,408 | - | 885,408 |
| Internal Balances | 132,685 | 26,297 | 22,806 | 130,094 | 311,882 | (311,882) | - |
| Unearned Revenue | 27,766 | - | - | - | 27,766 | - | 27,766 |
| Notes Payable | - | 138,001 | 392,779 | - | 530,780 | - | 530,780 |
| Compensated Absences | 268,414 | 76,639 | 62,362 | - | 407,415 | - | 407,415 |
| Total Current Liabilities | 7,052,920 | 354,891 | 609,387 | 137,086 | 8,154,284 | (311,882) | 7,842,402 |
| Noncurrent Liabilities | | | | | | | |
| Notes Payable | - | 2,364,447 | 6,033,809 | 13,327,978 | 21,726,234 | (14,765,744) | 6,960,490 |
| Compensated Absences | 429,670 | 138,797 | 86,545 | - | 655,012 | - | 655,012 |
| Net OPEB Liabilities | 783,300 | 195,375 | 186,895 | 97,935 | 1,263,505 | - | 1,263,505 |
| Total Noncurrent Liabilities | 1,212,970 | 2,698,619 | 6,307,249 | 13,425,913 | 23,644,751 | (14,765,744) | 8,879,007 |
| TOTAL LIABILITIES | 8,265,890 | 3,053,510 | 6,916,636 | 13,562,999 | 31,799,035 | (15,077,626) | 16,721,409 |

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF NET POSITION
June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|-------------------------------------|---------------|------------|------------|----------------|-------------|------------------------|-------------------|
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred Inflows Related to OPEB | 659,743 | 190,335 | 161,265 | 105,422 | 1,116,765 | - | 1,116,765 |
| Deferred Inflows Related to Pension | 953,970 | 239,532 | 217,299 | 993,335 | 2,404,136 | - | 2,404,136 |
| Deferred Inflows Related to Leases | 3,347,423 | - | - | - | 3,347,423 | - | 3,347,423 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 4,961,136 | 429,867 | 378,564 | 1,098,757 | 6,868,324 | - | 6,868,324 |
| NET POSITION | | | | | | | |
| Net Investment in Capital Assets | 36,558,725 | 12,185,126 | 7,495,492 | - | 56,239,343 | - | 56,239,343 |
| Restricted - Net Pension Asset | 2,140,215 | 554,256 | 495,017 | 1,830,955 | 5,020,443 | - | 5,020,443 |
| Unrestricted | 27,736,203 | 2,806,222 | 17,898,953 | 10,482,470 | 58,923,848 | - | 58,923,848 |
| TOTAL NET POSITION | \$ 66,435,143 | 15,545,604 | 25,889,462 | 12,313,425 | 120,183,634 | - | 120,183,634 |

See Independent Auditors' Report.

BVU AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|---------------------------------------|-------------------|------------------|------------------|------------------|-------------------|------------------------|-------------------|
| OPERATING REVENUES | | | | | | | |
| Charges for Services | \$ 45,213,187 | 3,766,482 | 5,237,055 | - | 54,216,724 | (182,894) | 54,033,830 |
| Rent from Property | 862,725 | 99,955 | - | - | 962,680 | (127,871) | 834,809 |
| Forfeited Discounts and Penalties | 346,716 | 31,187 | 34,578 | - | 412,481 | - | 412,481 |
| Connections and Transfers | 494,368 | 30,702 | 11,727 | - | 536,797 | - | 536,797 |
| Lease Revenue | 364,902 | - | - | - | 364,902 | - | 364,902 |
| Other | 248,402 | - | 106,298 | - | 354,700 | - | 354,700 |
| TOTAL OPERATING REVENUES | 47,530,300 | 3,928,326 | 5,389,658 | - | 56,848,284 | (310,765) | 56,537,519 |
| OPERATING EXPENSES | | | | | | | |
| Electric Wholesale Power | 35,529,430 | - | - | - | 35,529,430 | - | 35,529,430 |
| Electric Operations and Maintenance | 4,608,624 | - | - | - | 4,608,624 | (23,454) | 4,585,170 |
| Water Operations and Maintenance | - | 1,278,555 | - | - | 1,278,555 | (15,102) | 1,263,453 |
| Wastewater Operations and Maintenance | - | - | 1,929,916 | - | 1,929,916 | (3,413) | 1,926,503 |
| Billing and Collection | 1,639,816 | 261,054 | 234,410 | - | 2,135,280 | - | 2,135,280 |
| General and Administrative | 2,546,394 | 754,044 | 571,255 | (336,884) | 3,534,809 | (268,796) | 3,266,013 |
| Depreciation | 2,675,280 | 850,236 | 460,338 | - | 3,985,854 | - | 3,985,854 |
| TOTAL OPERATING EXPENSES | 46,999,544 | 3,143,889 | 3,195,919 | (336,884) | 53,002,468 | (310,765) | 52,691,703 |
| Operating Income | 530,756 | 784,437 | 2,193,739 | 336,884 | 3,845,816 | - | 3,845,816 |

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|---|----------------------|-------------------|-------------------|-------------------|--------------------|------------------------|--------------------|
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Interest Income | 399,185 | - | 33,971 | 6,601 | 439,757 | (414,265) | 25,492 |
| Interest Expense | (168) | (70,206) | - | (380,294) | (450,668) | 414,265 | (36,403) |
| Loss on Investment in JSS | - | - | (424,148) | - | (424,148) | - | (424,148) |
| Investment Income (Loss) | (37,806) | (13,648) | (6,833) | 44,072 | (14,215) | - | (14,215) |
| Gain (Loss) on Disposal of Assets | (15,726) | - | 4,250 | - | (11,476) | - | (11,476) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>345,485</u> | <u>(83,854)</u> | <u>(392,760)</u> | <u>(329,621)</u> | <u>(460,750)</u> | <u>-</u> | <u>(460,750)</u> |
| Change in Net Position | 876,241 | 700,583 | 1,800,979 | 7,263 | 3,385,066 | - | 3,385,066 |
| NET POSITION, JULY 1, 2021 | <u>65,558,902</u> | <u>14,845,021</u> | <u>24,088,483</u> | <u>12,306,162</u> | <u>116,798,568</u> | <u>-</u> | <u>116,798,568</u> |
| NET POSITION, JUNE 30, 2022 | <u>\$ 66,435,143</u> | <u>15,545,604</u> | <u>25,889,462</u> | <u>12,313,425</u> | <u>120,183,634</u> | <u>-</u> | <u>120,183,634</u> |

See Independent Auditors' Report.

BVU AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|---|--------------------|------------------|--------------------|--------------------|--------------------|------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from Customers and Users | \$ 47,513,412 | 3,879,388 | 5,262,323 | 3,737 | 56,658,860 | (310,764) | 56,348,096 |
| Receipt (Payment) of Customer Deposits | (5,084) | - | - | - | (5,084) | - | (5,084) |
| Payments to Suppliers | (40,930,258) | (1,289,518) | (2,473,373) | 336,884 | (44,356,265) | 310,764 | (44,045,501) |
| Payments to Employees | (3,888,726) | (1,163,276) | (761,103) | (354,304) | (6,167,409) | - | (6,167,409) |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | 2,689,344 | 1,426,594 | 2,027,847 | (13,683) | 6,130,102 | - | 6,130,102 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Proceeds from Sale of Equipment | 19,129 | - | 4,250 | - | 23,379 | - | 23,379 |
| Acquisition and Construction of Capital Assets | (4,826,689) | (333,714) | (1,198,308) | - | (6,358,711) | - | (6,358,711) |
| Payments Received on Notes Receivable | 1,391,739 | - | 72,153 | - | 1,463,892 | (1,463,892) | - |
| Proceeds from Debt | - | - | 307,395 | - | 307,395 | - | 307,395 |
| Principal Paid on Capital Debt | - | (205,843) | (392,780) | (1,391,739) | (1,990,362) | 1,463,892 | (526,470) |
| Interest Paid on Capital Debt | (168) | (71,275) | - | (380,294) | (451,737) | 414,265 | (37,472) |
| NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES | (3,415,989) | (610,832) | (1,207,290) | (1,772,033) | (7,006,144) | 414,265 | (6,591,879) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Capital Contribution to Joint Sewerage System | - | - | (275,000) | - | (275,000) | - | (275,000) |
| Interest and Dividends Received | 400,802 | 477 | 34,373 | 6,601 | 442,253 | (414,265) | 27,988 |
| NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES | 400,802 | 477 | (240,627) | 6,601 | 167,253 | (414,265) | (247,012) |

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|--|----------------------|------------------|------------------|------------------|-------------------|------------------------|-------------------|
| Net Increase (Decrease) in Cash and Cash Equivalents | (325,843) | 816,239 | 579,930 | (1,779,115) | (708,789) | - | (708,789) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 10,889,276 | 2,818,256 | 6,471,688 | 9,855,726 | 30,034,946 | - | 30,034,946 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 10,563,433</u> | <u>3,634,495</u> | <u>7,051,618</u> | <u>8,076,611</u> | <u>29,326,157</u> | <u>-</u> | <u>29,326,157</u> |
| RECONCILIATION TO THE STATEMENT OF NET POSITION | | | | | | | |
| Cash and Cash Equivalents | \$ 656,875 | 1,477,105 | 6,038,580 | 8,076,611 | 16,249,171 | - | 16,249,171 |
| Restricted Cash - Customer Deposits | 1,824,250 | - | - | - | 1,824,250 | - | 1,824,250 |
| Cash - Reserves | 8,082,308 | 2,157,390 | 1,013,038 | - | 11,252,736 | - | 11,252,736 |
| | <u>\$ 10,563,433</u> | <u>3,634,495</u> | <u>7,051,618</u> | <u>8,076,611</u> | <u>29,326,157</u> | <u>-</u> | <u>29,326,157</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | | | | |
| Operating Income | \$ 530,756 | 784,437 | 2,193,739 | 336,884 | 3,845,816 | - | 3,845,816 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | | | |
| Depreciation Expense | 2,675,280 | 850,236 | 460,338 | - | 3,985,854 | - | 3,985,854 |
| (Increase) Decrease in Assets | | | | | | | |
| Net Accounts Receivable | (829,645) | (23,417) | (89,645) | - | (942,707) | - | (942,707) |
| Notes Receivable | 23,783 | - | - | - | 23,783 | - | 23,783 |
| Other Receivables | 560,756 | - | - | - | 560,756 | - | 560,756 |
| Lease Receivables | (3,387,161) | - | - | - | (3,387,161) | - | (3,387,161) |
| Due from Other Governmental Entities | - | - | 190,361 | - | 190,361 | - | 190,361 |
| Internal Balances | 275,478 | 13,265 | 11,847 | (1) | 300,589 | (300,589) | - |
| Prepays | 99,137 | 43,114 | 37,423 | - | 179,674 | - | 179,674 |
| Inventories | (71,917) | (26,113) | 10,614 | - | (87,416) | - | (87,416) |
| Other Current Assets | - | 1,156 | (1,601) | - | (445) | - | (445) |
| Net Pension Asset | (906,619) | (234,863) | (209,710) | (775,664) | (2,126,856) | - | (2,126,856) |

(Continued)

BVU AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2022

| | Electric | Water | Wastewater | BVU OptiNet | Totals | Eliminating Entries | Combined Total |
|---|---------------------|------------------|------------------|-----------------|------------------|------------------------|-------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH | | | | | | | |
| PROVIDED BY (USED FOR) OPERATING ACTIVITIES (CONTINUED) | | | | | | | |
| (Increase) Decrease in Deferred Outflows of Resources | 249,241 | 74,480 | 63,769 | (17,938) | 369,552 | - | 369,552 |
| Increase (Decrease) in Liabilities | | | | | | | |
| Accounts Payable and Accrued Liabilities | 220,273 | 30,548 | (359,078) | - | (108,257) | - | (108,257) |
| Accrued Payroll and Related Liabilities | 6,453 | 2,346 | 1,832 | - | 10,631 | - | 10,631 |
| Customer Security Deposits | (5,084) | - | - | - | (5,084) | - | (5,084) |
| Due to Other Governmental Entities | 16,912 | 976 | - | - | 17,888 | - | 17,888 |
| Internal Balances | (25,111) | (40,918) | (238,298) | 3,738 | (300,589) | 300,589 | - |
| Unearned Revenue | 677 | - | - | - | 677 | - | 677 |
| Net OPEB Liabilities | (112,355) | (31,423) | (27,016) | (40,950) | (211,744) | - | (211,744) |
| Compensated Absences | 26,984 | 5,468 | 2,041 | - | 34,493 | - | 34,493 |
| Increase (Decrease) in Deferred Inflows of Resources | 3,341,506 | (22,698) | (18,769) | 480,248 | 3,780,287 | - | 3,780,287 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 2,689,344</u> | <u>1,426,594</u> | <u>2,027,847</u> | <u>(13,683)</u> | <u>6,130,102</u> | <u>-</u> | <u>6,130,102</u> |

See Independent Auditors' Report.

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION (Unaudited)

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

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

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

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

Table 1

| | Fiscal Year | | | | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Net Investment in Capital Assets | 111,466,768 | 112,939,156 | 113,129,629 | 118,453,883 | 110,940,595 | 99,827,738 | 55,064,481 | 55,156,898 | 53,682,266 | 56,239,343 |
| Restricted | - | - | - | 1,730,000 | 1,615,000 | 2,167,000 | 2,237,452 | 1,629,402 | 2,893,587 | 5,020,443 |
| Unrestricted | 21,491,920 | 24,859,969 | 28,443,885 | 29,837,005 | 38,257,839 | 50,456,001 | 53,159,536 | 56,434,904 | 60,222,715 | 58,923,848 |
| Total net position | 132,958,688 | 137,799,125 | 141,573,514 | 150,020,888 | 150,813,434 | 152,450,739 | 110,461,469 | 113,221,204 | 116,798,568 | 120,183,634 |

Source: Internal records

See Independent Auditors' Report.

BVU AUTHORITY
CHANGES IN NET POSITION
Last Ten Fiscal Years

Table 2

| | Fiscal Year | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021* | 2022** |
| OPERATING REVENUES | | | | | | | | | | |
| Charges for services | 78,906,953 | 79,998,232 | 79,548,565 | 84,275,758 | 84,021,323 | 82,580,342 | 56,997,844 | 50,672,016 | 50,231,585 | 54,033,830 |
| Management and consulting fees | 875,555 | 902,050 | 142,219 | 153,441 | 167,873 | - | - | - | - | - |
| OptiNet backhaul fees | - | - | - | - | - | 173,502 | 15,462 | - | - | - |
| Rent from property | 374,824 | 372,342 | 359,748 | 363,302 | 365,037 | 366,219 | 879,364 | 1,160,266 | 1,119,289 | 834,809 |
| Forfeited discounts and penalties | 640,933 | 569,876 | 521,319 | 528,163 | 556,020 | 557,976 | 440,329 | 288,101 | 68,992 | 412,481 |
| Connections and transfers | 260,738 | 264,568 | 238,495 | 244,972 | 268,764 | 241,541 | 284,344 | 281,836 | 244,825 | 536,797 |
| Income from CPC Operations | - | 1,754,793 | 2,019,780 | - | - | - | - | - | - | 364,902 |
| Other | 1,499,930 | 208,849 | 422,767 | 273,926 | 344,704 | 347,972 | 163,763 | 302,398 | 427,664 | 354,700 |
| TOTAL OPERATING REVENUES | 82,558,933 | 84,070,710 | 83,252,893 | 85,839,562 | 85,723,721 | 84,267,552 | 58,781,106 | 52,704,617 | 52,092,355 | 56,537,519 |
| OPERATING EXPENSES | | | | | | | | | | |
| Electric Wholesale Power | 40,637,375 | 40,717,621 | 40,695,776 | 38,583,259 | 41,410,889 | 37,848,680 | 36,927,142 | 33,496,989 | 32,410,046 | 35,529,430 |
| Electric Operations and Maintenance | - | - | - | - | - | - | - | - | 4,033,610 | 4,585,170 |
| Water Operations and Maintenance | - | - | - | - | - | - | - | - | 1,058,798 | 1,263,453 |
| Wastewater Operations and Maintenance | - | - | - | - | - | - | - | - | 1,673,049 | 1,926,503 |
| Power and Pumping | 1,482,728 | 1,520,399 | 1,505,748 | 1,706,911 | 1,624,118 | 1,738,854 | 1,790,223 | 1,658,581 | - | - |
| Purification and collection system | 791,314 | 709,984 | 690,180 | 676,057 | 702,955 | 706,056 | 701,762 | 676,980 | - | - |
| Transmission and distribution | 2,235,785 | 2,348,990 | 2,229,767 | 2,139,208 | 2,061,893 | 2,185,113 | 3,411,866 | 3,743,868 | - | - |
| Telephone, broadband, and CATV | 7,891,406 | 8,398,670 | 9,070,919 | 11,639,364 | 10,185,055 | 11,479,223 | 1,106,421 | - | - | - |
| Billing and collection | 4,465,970 | 5,219,137 | 5,132,043 | 5,985,459 | 5,180,156 | 4,758,234 | 2,443,130 | 2,120,431 | 2,161,535 | 2,135,280 |
| Sales promotion | 488,356 | 499,935 | 389,409 | 145,453 | - | - | - | - | - | - |
| Administrative and general | 9,645,178 | 9,907,878 | 9,095,690 | 9,126,869 | 8,364,721 | 7,678,109 | 5,230,293 | 4,593,911 | 2,929,048 | 3,266,013 |
| Depreciation | 8,501,561 | 9,527,739 | 11,176,532 | 13,096,513 | 13,150,430 | 12,507,809 | 4,523,409 | 3,921,049 | 4,045,918 | 3,985,854 |
| Distribution of CPC operations | - | - | - | 438,580 | 445,630 | 482,470 | 42,581 | - | - | - |
| TOTAL OPERATING EXPENSES | 76,139,673 | 78,850,353 | 79,986,064 | 83,537,673 | 83,125,847 | 79,384,548 | 56,176,827 | 50,211,809 | 48,312,004 | 52,691,703 |
| OPERATING INCOME | 6,419,260 | 5,220,357 | 3,266,829 | 2,301,889 | 2,597,874 | 4,883,004 | 2,604,279 | 2,492,808 | 3,780,351 | 3,845,816 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | | | |
| Amortization | (280,469) | (245,127) | (245,127) | (245,127) | (245,127) | (245,127) | (2,788,816) | - | - | - |
| Interest income | 90,252 | 86,004 | 91,563 | 56,193 | 46,587 | 34,062 | 277,147 | 567,009 | 55,590 | 25,492 |
| Interest expense | (1,407,375) | (1,610,286) | (1,519,855) | (1,412,327) | (1,485,679) | (1,431,411) | (2,095,445) | (46,404) | (40,605) | (36,403) |
| Loss on investment in Joint Sewer System | - | - | - | - | - | (228,311) | (394,178) | (179,931) | (286,569) | (424,148) |
| Loss on sale of OptiNet | - | - | - | - | - | - | (39,988,630) | - | - | - |
| Investment Income (Loss) | - | - | - | - | - | - | - | - | - | (14,215) |
| Gain (loss) on disposal of assets | (148,301) | 34,065 | (49,335) | 87,639 | (121,109) | (150,266) | 386,104 | (73,747) | 68,597 | (11,476) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (1,745,893) | (1,735,344) | (1,722,754) | (1,513,622) | (1,805,328) | (2,021,053) | (44,603,818) | 266,927 | (202,987) | (460,750) |
| INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 4,673,367 | 3,485,013 | 1,544,075 | 788,267 | 792,546 | 2,861,951 | (41,999,539) | 2,759,735 | 3,577,364 | 3,385,066 |
| Capital contributions | 6,450,943 | 2,076,268 | 381,314 | - | - | - | - | - | - | - |
| CHANGE IN NET POSITION | 11,124,310 | 5,561,281 | 1,925,389 | 788,267 | 792,546 | 2,861,951 | (41,999,539) | 2,759,735 | 3,577,364 | 3,385,066 |

Source: Internal records

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

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

See Independent Auditors' Report.

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

Table 3

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Electric Services | 54,784,861 | 52,400,666 | 52,778,132 | 52,558,707 | 52,047,845 | 51,218,637 | 46,957,893 | 42,288,130 | 41,800,128 | 45,030,293 |
| Water Services | 3,153,864 | 3,498,356 | 3,684,813 | 3,587,519 | 3,254,408 | 3,417,689 | 3,462,139 | 3,578,690 | 3,631,161 | 3,766,482 |
| Wastewater Services | 3,237,100 | 3,514,978 | 4,252,002 | 4,279,216 | 4,101,543 | 4,681,347 | 4,609,702 | 4,805,196 | 4,800,296 | 5,237,055 |
| OptiNet Services | 15,010,554 | 16,179,533 | 16,933,367 | 19,572,790 | 20,144,769 | 19,529,752 | 1,810,419 | - | - | - |
| CPC Services | - | - | - | - | - | 5,428,333 | 157,691 | - | - | - |
| Management and consulting fees | 800,342 | 782,109 | - | - | - | - | - | - | - | - |
| OptiNet backhaul fees | 75,213 | 119,941 | 142,219 | 153,441 | 167,873 | 173,502 | 15,462 | - | - | - |
| Rent from property | 374,824 | 372,342 | 359,748 | 363,302 | 365,037 | 366,219 | 879,364 | 1,160,266 | 1,119,289 | 834,809 |
| Forfeited discounts and penalties | 640,933 | 569,876 | 521,319 | 528,163 | 556,020 | 557,976 | 440,329 | 288,101 | 68,992 | 412,481 |
| Connections and transfers | 260,738 | 264,568 | 238,495 | 244,972 | 268,764 | 241,541 | 284,344 | 281,836 | 244,825 | 536,797 |
| Lease Revenue | - | - | - | - | - | - | - | - | - | 364,902 |
| Income from CPC Operations | 1,258,639 | 1,754,793 | 2,019,780 | - | - | - | - | - | - | - |
| Other | 1,499,930 | 208,849 | 422,767 | 273,926 | 344,704 | 347,972 | 163,763 | 302,398 | 427,664 | 248,402 |
| Interest Income | 90,252 | 86,004 | 91,563 | 56,193 | 46,587 | 34,062 | 277,147 | 567,009 | 55,590 | 106,298 |
| Capital Grants and Contributions | 6,450,943 | 2,076,268 | 381,314 | - | - | - | - | - | - | - |
| Total Revenues by Source | 87,638,193 | 81,828,283 | 81,825,519 | 81,618,229 | 81,297,550 | 85,997,030 | 59,058,253 | 53,271,626 | 52,147,945 | 56,537,519 |

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

Source: Internal records

See Independent Auditors' Report.

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

Table 4

| Electric | 2022 Rank | 2013 Rank |
|---|------------------|------------------|
| Universal Fibers Systems, LLC (**481) | 1 | 1 |
| Strongwell (**104) | 2 | 4 |
| Snack Alliance (**403) | 3 | - |
| Snack Alliance (**402) | 4 | - |
| Aerus, LLC (**482) | 5 | 6 |
| Wal-Mart Stores East Inc (**503) | 6 | 5 |
| KVAT Food Stores 821 (**073) | 7 | 10 |
| Sam's Wholesale (**108) | 8 | 8 |
| Green Valley Poultry (**553) | 9 | - |
| City of Bristol, VA (**407) | 10 | - |
| Bristol Compressors International (**483) | - | 2 |
| Ball Metal Beverage (**409) | - | 3 |
| Sandvik Management, LLC (**480) | - | 7 |
| Hirschfeld Industries Birge, LLC (**583) | - | 9 |

| Water | 2022 Rank | 2013 Rank |
|---|------------------|------------------|
| Snack Alliance (**402) | 1 | 2 |
| American Merchant, Inc (**206) | 2 | - |
| Cheddar's Franchise, LLC 2151 (**132) | 3 | - |
| Ridgecrest Town Apts, LLC (**730) | 4 | 10 |
| City of Bristol, VA (**001) | 5 | 6 |
| City of Bristol, VA (**465) | 6 | - |
| Hulsing Hotels Virginia, Inc (**285) | 7 | 4 |
| Bristol Housing Authority (**379) | 8 | - |
| Carriage Hills Condos (**231) | 9 | - |
| Cabela's Wholesael, Inc. (**981) | 10 | - |
| Washington County Service Authority (**573) | - | 1 |
| Strongwell (**104) | - | 3 |
| United Parcel Service (**303) | - | 5 |
| VI College (**073) | - | 7 |
| Washington County Service Authority (**590) | - | 8 |
| Bristol Courtyard by Marriot (**672) | - | 9 |

Source: Internal billing records.

(Continued)

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

Table 4

| Wastewater | 2022 Rank | 2013 Rank |
|---|------------------|------------------|
| City of Bristol, VA (**219) | 1 | 1 |
| Snack Alliance (**402) | 2 | 2 |
| Washington County Service Authority (**520) | 3 | - |
| Universal Fibers Systems, LLC (**587) | 4 | 4 |
| Washington County Service Authority (**580) | 5 | 7 |
| Washington County Service Authority (**581) | 6 | 9 |
| American Merchant, Inc (**206) | 7 | - |
| Cheddar's Franchise, LLC 2151 (**132) | 8 | - |
| Ridgecrest Town Apts., LLC (**730) | 9 | - |
| City of Bristol, VA (**001) | 10 | - |
| Bristol Compressors International (**582) | - | 3 |
| Washington County Service Authority (**520) | - | 5 |
| Washington County Service Authority (**551) | - | 6 |
| Washington County Service Authority (**530) | - | 8 |
| Strongwell (**104) | | 10 |

Source: Internal billing records.

See Independent Auditors' Report.

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Table 5 | | | | | | | | | | |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Fiscal Year | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| Residential-Schedule RS (Rate Class 22) | | | | | | | | | | | |
| Customer Charge | \$ 10.10 | \$ 10.10 | \$ 10.10 | \$ 10.60 | \$ 12.20 | \$ 18.00 | \$ 18.00 | \$ 18.00 | \$ 18.00 | \$ 18.00 | \$ 20.00 |
| TVA Hydro-Allocation Credit | \$ - | \$ - | \$ - | \$ - | \$ (1.60) | \$ (1.60) | \$ (1.60) | \$ (1.60) | \$ (1.60) | \$ (1.60) | \$ (1.60) |
| Energy Charge: | | | | | | | | | | | |
| Summer (Jun, Jul, Aug, and Sep) | \$ 0.07588 | \$ 0.07745 | \$ 0.07904 | \$ 0.08534 | \$ 0.08690 | \$ 0.07868 | \$ 0.07894 | \$ 0.07283 | \$ 0.07113 | \$ 0.06817 | \$ 0.06817 |
| Winter (Dec, Jan, Feb, and Mar) | \$ 0.07305 | \$ 0.07454 | \$ 0.07606 | \$ 0.08226 | \$ 0.08374 | \$ 0.07545 | \$ 0.07562 | \$ 0.06958 | \$ 0.06796 | \$ 0.06500 | \$ 0.06500 |
| Transition (Apr, May, Oct, and Nov) | \$ 0.07129 | \$ 0.07274 | \$ 0.07421 | \$ 0.08035 | \$ 0.08179 | \$ 0.07345 | \$ 0.07357 | \$ 0.06758 | \$ 0.06601 | \$ 0.06305 | \$ 0.06305 |
| General Power-Schedule GSA1 (Rate Class 40) | | | | | | | | | | | |
| (demand up to 50 kW and usage up to 15,000 kWh) | | | | | | | | | | | |
| Customer Charge | \$ 15.20 | \$ 15.20 | \$ 15.20 | \$ 15.84 | \$ 15.84 | \$ 18.00 | \$ 18.00 | \$ 18.00 | \$ 18.00 | \$ 18.00 | \$ 20.00 |
| Energy Charge: | | | | | | | | | | | |
| Summer (Jun, Jul, Aug, and Sep) | \$ 0.08728 | \$ 0.08897 | \$ 0.09069 | \$ 0.09765 | \$ 0.09933 | \$ 0.09387 | \$ 0.09458 | \$ 0.08774 | \$ 0.08590 | \$ 0.08308 | \$ 0.08308 |
| Winter (Dec, Jan, Feb, and Mar) | \$ 0.08446 | \$ 0.08608 | \$ 0.08773 | \$ 0.09460 | \$ 0.09621 | \$ 0.09068 | \$ 0.09131 | \$ 0.08453 | \$ 0.08277 | \$ 0.07995 | \$ 0.07995 |
| Transition (Apr, May, Oct, and Nov) | \$ 0.08270 | \$ 0.08427 | \$ 0.08587 | \$ 0.09268 | \$ 0.09424 | \$ 0.08866 | \$ 0.08923 | \$ 0.08250 | \$ 0.08079 | \$ 0.07797 | \$ 0.07797 |
| General Power-Schedule GSA2 (Rate Class 50) | | | | | | | | | | | |
| (demand of 50 kW to 1,000 kW or demand of less than 50 kW but usage in excess of 15,000 kWh) | | | | | | | | | | | |
| Customer Charge | \$ 60.00 | \$ 60.00 | \$ 60.00 | \$ 62.54 | \$ 62.54 | \$ 75.00 | \$ 75.00 | \$ 75.00 | \$ 75.00 | \$ 75.00 | \$ 75.00 |
| Demand Charge: | | | | | | | | | | | |
| First 50 kW | | | | | | | | | | | |
| Excess of 50 kW | | | | | | | | | | | |
| Summer | \$ 14.06 | \$ 14.37 | \$ 14.69 | \$ 15.70 | \$ 16.01 | \$ 16.32 | \$ 16.37 | \$ 15.41 | \$ 15.07 | \$ 15.07 | \$ 15.07 |
| Winter | \$ 13.21 | \$ 13.50 | \$ 13.79 | \$ 14.77 | \$ 15.06 | \$ 15.35 | \$ 15.38 | \$ 14.44 | \$ 14.13 | \$ 14.13 | \$ 14.13 |
| Transition | \$ 13.21 | \$ 13.50 | \$ 13.79 | \$ 14.77 | \$ 15.06 | \$ 15.35 | \$ 15.38 | \$ 14.44 | \$ 14.13 | \$ 14.13 | \$ 14.13 |
| Energy Charge: | | | | | | | | | | | |
| First 15,000 kWh | | | | | | | | | | | |
| Summer | \$ 0.08484 | \$ 0.08653 | \$ 0.08825 | \$ 0.09510 | \$ 0.09678 | \$ 0.09341 | \$ 0.09413 | \$ 0.08773 | \$ 0.08589 | \$ 0.08584 | \$ 0.08584 |
| Winter | \$ 0.08202 | \$ 0.08364 | \$ 0.08529 | \$ 0.09204 | \$ 0.09365 | \$ 0.09020 | \$ 0.09083 | \$ 0.08450 | \$ 0.08274 | \$ 0.08269 | \$ 0.08269 |
| Transition | \$ 0.08025 | \$ 0.08182 | \$ 0.08342 | \$ 0.09012 | \$ 0.09168 | \$ 0.08819 | \$ 0.08876 | \$ 0.08247 | \$ 0.08076 | \$ 0.08071 | \$ 0.08071 |
| Additional kWh | | | | | | | | | | | |
| Summer | \$ 0.04072 | \$ 0.04149 | \$ 0.04227 | \$ 0.04598 | \$ 0.04675 | \$ 0.04246 | \$ 0.04305 | \$ 0.03983 | \$ 0.03899 | \$ 0.03894 | \$ 0.03894 |
| Winter | \$ 0.03790 | \$ 0.03860 | \$ 0.03931 | \$ 0.04293 | \$ 0.04362 | \$ 0.03925 | \$ 0.03976 | \$ 0.03661 | \$ 0.03585 | \$ 0.03580 | \$ 0.03580 |
| Transition | \$ 0.03669 | \$ 0.03735 | \$ 0.03803 | \$ 0.04161 | \$ 0.04227 | \$ 0.03787 | \$ 0.03834 | \$ 0.03523 | \$ 0.03451 | \$ 0.03444 | \$ 0.03444 |

(Continued)

SVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | | | | | | | | | | | | Table 5 | | | | | | | | | | |
|---|----|---------|----|---------|----|---------|----|---------|----|---------|----|-------------|------|---------|------|---------|------|---------|------|---------|------|--|
| | | | | | | | | | | | | Fiscal Year | | | | | | | | | | |
| | | | | | | | | | | | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| General Power-Schedule GSA3 (Rate Class 54) (demand of greater than 1,000 kW but less than 2,500 kW) | | | | | | | | | | | | | | | | | | | | | | |
| Customer Charge | \$ | 230.00 | \$ | 230.00 | \$ | 230.00 | \$ | 239.73 | \$ | 239.73 | \$ | 239.73 | \$ | 239.73 | \$ | 239.73 | \$ | 239.73 | \$ | 239.73 | | |
| Demand Charge: | | | | | | | | | | | | | | | | | | | | | | |
| First 1,000 kW | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 14.72 | \$ | 15.04 | \$ | 15.37 | \$ | 16.42 | \$ | 16.74 | \$ | 17.06 | \$ | 17.12 | \$ | 16.12 | \$ | 15.77 | \$ | 15.77 | | |
| Winter | \$ | 13.86 | \$ | 14.16 | \$ | 14.47 | \$ | 15.49 | \$ | 15.79 | \$ | 16.09 | \$ | 16.12 | \$ | 15.15 | \$ | 14.82 | \$ | 14.82 | | |
| Transition | \$ | 13.86 | \$ | 14.16 | \$ | 14.47 | \$ | 15.49 | \$ | 15.79 | \$ | 16.09 | \$ | 16.12 | \$ | 15.15 | \$ | 14.82 | \$ | 14.82 | | |
| Excess of 1,000 kW | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 15.08 | \$ | 15.46 | \$ | 15.85 | \$ | 17.01 | \$ | 17.39 | \$ | 17.77 | \$ | 17.83 | \$ | 16.73 | \$ | 16.31 | \$ | 16.31 | | |
| Winter | \$ | 14.22 | \$ | 14.58 | \$ | 14.95 | \$ | 16.07 | \$ | 16.43 | \$ | 16.79 | \$ | 16.82 | \$ | 15.74 | \$ | 15.35 | \$ | 15.35 | | |
| Transition | \$ | 14.22 | \$ | 14.58 | \$ | 14.95 | \$ | 16.07 | \$ | 16.43 | \$ | 16.79 | \$ | 16.82 | \$ | 15.74 | \$ | 15.35 | \$ | 15.35 | | |
| Energy Charge: | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 0.04072 | \$ | 0.04149 | \$ | 0.04227 | \$ | 0.04598 | \$ | 0.04675 | \$ | 0.04752 | \$ | 0.04812 | \$ | 0.04469 | \$ | 0.04385 | \$ | 0.04384 | | |
| Winter | \$ | 0.03790 | \$ | 0.03860 | \$ | 0.03931 | \$ | 0.04293 | \$ | 0.04362 | \$ | 0.04431 | \$ | 0.04483 | \$ | 0.04147 | \$ | 0.04071 | \$ | 0.04070 | | |
| Transition | \$ | 0.03669 | \$ | 0.03735 | \$ | 0.03803 | \$ | 0.04161 | \$ | 0.04227 | \$ | 0.04293 | \$ | 0.04341 | \$ | 0.04009 | \$ | 0.03937 | \$ | 0.03936 | | |
| General Power-Schedule GSA3 (Rate Class 55) (demand of greater than 2,500 kW but less than 5,000 kW) | | | | | | | | | | | | | | | | | | | | | | |
| Customer Charge | \$ | 230.00 | \$ | 230.00 | \$ | 230.00 | \$ | 239.73 | \$ | 239.73 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Demand Charge: | | | | | | | | | | | | | | | | | | | | | | |
| First 1,000 kW | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 14.72 | \$ | 15.04 | \$ | 15.37 | \$ | 16.42 | \$ | 16.74 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Winter | \$ | 13.86 | \$ | 14.16 | \$ | 14.47 | \$ | 15.49 | \$ | 15.79 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Transition | \$ | 13.86 | \$ | 14.16 | \$ | 14.47 | \$ | 15.49 | \$ | 15.79 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Excess of 1,000 kW | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 15.08 | \$ | 15.46 | \$ | 15.85 | \$ | 17.01 | \$ | 17.39 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Winter | \$ | 14.22 | \$ | 14.58 | \$ | 14.95 | \$ | 16.07 | \$ | 16.43 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Transition | \$ | 14.22 | \$ | 14.58 | \$ | 14.95 | \$ | 16.07 | \$ | 16.43 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Additional kW above contract demand | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 15.08 | \$ | 15.46 | \$ | 15.85 | \$ | 17.01 | \$ | 17.39 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Winter | \$ | 14.22 | \$ | 14.58 | \$ | 14.95 | \$ | 16.07 | \$ | 16.43 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Transition | \$ | 14.22 | \$ | 14.58 | \$ | 14.95 | \$ | 16.07 | \$ | 16.43 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Energy Charge: | | | | | | | | | | | | | | | | | | | | | | |
| Summer | \$ | 0.04072 | \$ | 0.04149 | \$ | 0.04227 | \$ | 0.04598 | \$ | 0.04675 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Winter | \$ | 0.03790 | \$ | 0.03860 | \$ | 0.03931 | \$ | 0.04293 | \$ | 0.04362 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |
| Transition | \$ | 0.03669 | \$ | 0.03735 | \$ | 0.03803 | \$ | 0.04161 | \$ | 0.04227 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | | |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Table 5 | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|------|------|------|------|------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Power-Schedule GSB (Rate Class 36) | | | | | | | | | | |
| (demand of greater than 5,000 kW and less than 15,000 kW) | | | | | | | | | | |
| Customer Charge | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Administrative Charge | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Demand Charge (per kW): | | | | | | | | | | |
| Summer | | | | | | | | | | |
| On Peak kW | \$ 17.05 | \$ 17.44 | \$ 17.84 | \$ 10.09 | \$ 10.33 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Off Peak kW | \$ 4.64 | \$ 4.71 | \$ 4.78 | \$ 5.56 | \$ 5.64 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 17.05 | \$ 17.44 | \$ 17.84 | \$ 10.09 | \$ 10.33 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Winter | | | | | | | | | | |
| On Peak kW | \$ 9.97 | \$ 10.18 | \$ 10.39 | \$ 9.20 | \$ 9.42 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Off Peak kW | \$ 4.64 | \$ 4.71 | \$ 4.78 | \$ 5.56 | \$ 5.64 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 9.97 | \$ 10.18 | \$ 10.39 | \$ 9.20 | \$ 9.42 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transition | | | | | | | | | | |
| On Peak Billing kW | \$ 4.64 | \$ 4.71 | \$ 4.78 | \$ 9.20 | \$ 9.42 | \$ - | \$ - | \$ - | \$ - | \$ - |
| On Peak Transition Max kW | \$ - | \$ - | \$ - | \$ 5.56 | \$ 5.64 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 4.64 | \$ 4.71 | \$ 4.78 | \$ 9.20 | \$ 9.42 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Energy Charge (per kWh): | | | | | | | | | | |
| Summer | | | | | | | | | | |
| On Peak kWh | \$ 0.11536 | \$ 0.08039 | \$ 0.08236 | \$ 0.07553 | \$ 0.07722 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Off Peak | | | | | | | | | | |
| First 425/200 hours use of demand | \$ 0.08078 | \$ 0.04490 | \$ 0.04594 | \$ 0.05236 | \$ 0.05350 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Next 195/200 hours use of demand | \$ 0.06216 | \$ 0.02579 | \$ 0.02633 | \$ 0.00930 | \$ 0.00941 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Over 620/400 hours use of demand | \$ 0.04636 | \$ 0.00958 | \$ 0.00970 | \$ 0.00613 | \$ 0.00615 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Winter | | | | | | | | | | |
| On Peak kWh | \$ 0.04788 | \$ 0.04901 | \$ 0.05016 | \$ 0.06495 | \$ 0.06639 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Off Peak | | | | | | | | | | |
| First 425/200 hours use of demand | \$ 0.04388 | \$ 0.04490 | \$ 0.04594 | \$ 0.05442 | \$ 0.05560 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Next 195/200 hours use of demand | \$ 0.02526 | \$ 0.02579 | \$ 0.02633 | \$ 0.00930 | \$ 0.00941 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Over 620/400 hours use of demand | \$ 0.00946 | \$ 0.00958 | \$ 0.00970 | \$ 0.00613 | \$ 0.00615 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transition | | | | | | | | | | |
| On Peak kWh | \$ - | \$ - | \$ - | \$ 0.05206 | \$ 0.05319 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Off Peak | | | | | | | | | | |
| First 425 hours use of demand | \$ 0.04388 | \$ 0.04490 | \$ 0.04594 | \$ 0.05206 | \$ 0.05319 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Next 195 hours use of demand | \$ 0.02526 | \$ 0.02579 | \$ 0.02633 | \$ 0.00930 | \$ 0.00941 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Over 620 hours use of demand | \$ 0.00946 | \$ 0.00958 | \$ 0.00970 | \$ 0.00613 | \$ 0.00615 | \$ - | \$ - | \$ - | \$ - | \$ - |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | | Table 5 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| General Power-Schedule GSB (Rate Class 36) | | | | | | | | | | | |
| (Continued) | | | | | | | | | | | |
| Facility Charge (per kW): (delivery voltage level) | | | | | | | | | | | |
| First 10,000 kW | | | | | | | | | | | |
| <46kV | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Over 10,000 kW | | | | | | | | | | | |
| <46kV | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Reactive Charge (per kVAR): | | | | | | | | | | | |
| Leading (per kVAR) | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Lagging (per kVAR) | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Manufacturing Service Rate-Schedule MSB (Rate Class 26) | | | | | | | | | | | |
| (demand of greater than 5,000 kW and less than 15,000 kW) | | | | | | | | | | | |
| Customer Charge | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | |
| Administrative Charge | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | |
| Demand Charge (per kW): | | | | | | | | | | | |
| Summer | | | | | | | | | | | |
| On Peak kW | \$ 16.40 | \$ 16.79 | \$ 17.19 | \$ 9.50 | \$ 9.72 | \$ 9.95 | \$ 10.22 | \$ 10.22 | \$ 10.22 | \$ 10.22 | |
| Off Peak kW | \$ 3.98 | \$ 4.05 | \$ 4.12 | \$ 2.15 | \$ 2.17 | \$ 2.19 | \$ 2.27 | \$ 2.27 | \$ 2.27 | \$ 2.27 | |
| Additional kW above contract demand | \$ 16.40 | \$ 16.79 | \$ 17.19 | \$ 9.50 | \$ 9.72 | \$ 9.95 | \$ 10.22 | \$ 10.22 | \$ 10.22 | \$ 10.22 | |
| Winter | | | | | | | | | | | |
| On Peak kW | \$ 9.32 | \$ 9.53 | \$ 9.74 | \$ 8.60 | \$ 8.80 | \$ 9.01 | \$ 9.25 | \$ 9.25 | \$ 9.25 | \$ 9.25 | |
| Off Peak kW | \$ 3.98 | \$ 4.05 | \$ 4.12 | \$ 2.15 | \$ 2.17 | \$ 2.19 | \$ 2.27 | \$ 2.27 | \$ 2.27 | \$ 2.27 | |
| Additional kW above contract demand | \$ 9.32 | \$ 9.53 | \$ 9.74 | \$ 8.60 | \$ 8.80 | \$ 9.01 | \$ 9.25 | \$ 9.25 | \$ 9.25 | \$ 9.25 | |
| Transition | | | | | | | | | | | |
| Billing kW | \$ 3.98 | \$ 4.05 | \$ 4.12 | \$ 8.60 | \$ 8.80 | \$ 9.01 | \$ 9.25 | \$ 9.25 | \$ 9.25 | \$ 9.25 | |
| Transition Max kW | \$ - | \$ - | \$ - | \$ 2.15 | \$ 2.17 | \$ 2.19 | \$ 2.27 | \$ 2.27 | \$ 2.27 | \$ 2.27 | |
| Additional kW above contract demand | \$ 3.98 | \$ 4.05 | \$ 4.12 | \$ 8.60 | \$ 8.80 | \$ 9.01 | \$ 9.25 | \$ 9.25 | \$ 9.25 | \$ 9.25 | |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Table 5 | | | | | | | | | |
|--|--------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Manufacturing Service Rate-Schedule MSB (Rate Class 26) (Continued) | | | | | | | | | | |
| Energy Charge (per kWh): | | | | | | | | | | |
| Summer | | | | | | | | | | |
| On Peak kWh | \$ 0.06128 | \$ 0.06276 | \$ 0.06427 | \$ 0.05758 | \$ 0.05885 | \$ 0.06011 | \$ 0.06173 | \$ 0.06173 | \$ 0.06173 | \$ 0.06173 |
| Off Peak | | | | | | | | | | |
| First 425/200 hours use of demand | \$ 0.02707 | \$ 0.02765 | \$ 0.02824 | \$ 0.03443 | \$ 0.03514 | \$ 0.03585 | \$ 0.03679 | \$ 0.03679 | \$ 0.03679 | \$ 0.03679 |
| Next 195/200 hours use of demand | \$ 0.00845 | \$ 0.00854 | \$ 0.00863 | \$ 0.00690 | \$ 0.00694 | \$ 0.00698 | \$ 0.00717 | \$ 0.00717 | \$ 0.00717 | \$ 0.00717 |
| Over 620/400 hours use of demand | \$ (0.00734) | \$ (0.00767) | \$ (0.00800) | \$ 0.00454 | \$ 0.00453 | \$ 0.00452 | \$ 0.00464 | \$ 0.00464 | \$ 0.00464 | \$ 0.00464 |
| Winter | | | | | | | | | | |
| On Peak kWh | \$ 0.03133 | \$ 0.03202 | \$ 0.03272 | \$ 0.04703 | \$ 0.04803 | \$ 0.04905 | \$ 0.05035 | \$ 0.05035 | \$ 0.05035 | \$ 0.05035 |
| Off Peak | | | | | | | | | | |
| First 425/200 hours use of demand | \$ 0.02707 | \$ 0.02765 | \$ 0.02824 | \$ 0.03649 | \$ 0.03725 | \$ 0.03801 | \$ 0.03902 | \$ 0.03902 | \$ 0.03902 | \$ 0.03902 |
| Next 195/200 hours use of demand | \$ 0.00845 | \$ 0.00854 | \$ 0.00863 | \$ 0.00690 | \$ 0.00694 | \$ 0.00698 | \$ 0.00717 | \$ 0.00717 | \$ 0.00717 | \$ 0.00717 |
| Over 620/400 hours use of demand | \$ (0.00734) | \$ (0.00767) | \$ (0.00800) | \$ 0.00454 | \$ 0.00453 | \$ 0.00452 | \$ 0.00464 | \$ 0.00464 | \$ 0.00464 | \$ 0.00464 |
| Transition | | | | | | | | | | |
| On Peak kWh | \$ - | \$ - | \$ - | \$ 0.03730 | \$ 0.03807 | \$ 0.03885 | \$ 0.03988 | \$ 0.03988 | \$ 0.03988 | \$ 0.03988 |
| Off Peak | | | | | | | | | | |
| First 425/200 hours use of demand | \$ 0.02707 | \$ 0.02765 | \$ 0.02824 | \$ 0.03730 | \$ 0.03807 | \$ 0.03885 | \$ 0.03988 | \$ 0.03988 | \$ 0.03988 | \$ 0.03988 |
| Next 195/200 hours use of demand | \$ 0.00845 | \$ 0.00854 | \$ 0.00863 | \$ 0.00690 | \$ 0.00694 | \$ 0.00698 | \$ 0.00717 | \$ 0.00717 | \$ 0.00717 | \$ 0.00717 |
| Over 620/400 hours use of demand | \$ (0.00734) | \$ (0.00767) | \$ (0.00800) | \$ 0.00454 | \$ 0.00453 | \$ 0.00452 | \$ 0.00464 | \$ 0.00464 | \$ 0.00464 | \$ 0.00464 |
| Facility Charge (per kW):(delivery voltage level) | | | | | | | | | | |
| First 10,000 kW | | | | | | | | | | |
| <46kV | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Over 10,000 kW | | | | | | | | | | |
| <46kV | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reactive Charge (per kVAR): | | | | | | | | | | |
| Leading (per kVAR) | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 |
| Lagging (per kVAR) | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Table 5 | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|------|------|------|------|------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Seasonal General Service Rate-Schedule SGSB (Rate Class 56) | | | | | | | | | | |
| (demand of greater than 5,000 kW and less than 15,000 kW) | | | | | | | | | | |
| Customer Charge | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Administrative Charge | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Demand Charge (per kW): | | | | | | | | | | |
| Summer | | | | | | | | | | |
| Billing kW | \$ 22.23 | \$ 22.76 | \$ 23.30 | \$ 20.07 | \$ 20.50 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 22.23 | \$ 22.76 | \$ 23.30 | \$ 20.07 | \$ 20.50 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Winter | | | | | | | | | | |
| Billing kW | \$ 15.92 | \$ 16.28 | \$ 16.65 | \$ 17.01 | \$ 17.37 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 15.92 | \$ 16.28 | \$ 16.65 | \$ 17.01 | \$ 17.37 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transition | | | | | | | | | | |
| Billing kW | \$ 11.18 | \$ 11.42 | \$ 11.66 | \$ 13.95 | \$ 14.24 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 11.18 | \$ 11.42 | \$ 11.66 | \$ 13.95 | \$ 14.24 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Energy Charge (per kWh): | | | | | | | | | | |
| Summer | \$ 0.03148 | \$ 0.03217 | \$ 0.03288 | \$ 0.03351 | \$ 0.03420 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Winter | \$ 0.02738 | \$ 0.02797 | \$ 0.02857 | \$ 0.02911 | \$ 0.02968 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transition | \$ 0.02647 | \$ 0.02703 | \$ 0.02760 | \$ 0.02189 | \$ 0.02866 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Facility Charge (per kW): | | | | | | | | | | |
| (delivery voltage level) | | | | | | | | | | |
| First 10,000 kW | | | | | | | | | | |
| <46kV | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ - | \$ - | \$ - | \$ - | \$ - |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Over 10,000 kW | | | | | | | | | | |
| <46kV | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ - | \$ - | \$ - | \$ - | \$ - |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reactive Charge (per kVAR): | | | | | | | | | | |
| Leading (per kVAR) | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lagging (per kVAR) | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ - | \$ - | \$ - | \$ - | \$ - |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Table 5 | | | | | | | | | |
|---|-------------|-------------|-------------|------|------|------|------|------|------|------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Seasonal Manufacturing Service Rate-Schedule | | | | | | | | | | |
| SMSB (Rate Class 02) | | | | | | | | | | |
| (demand of greater than 5,000 kW and less than 15,000 kW) | | | | | | | | | | |
| Customer Charge | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Administrative Charge | \$ 350.00 | \$ 350.00 | \$ 350.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Demand Charge (per kW): | | | | | | | | | | |
| Summer | | | | | | | | | | |
| Billing kW | \$ 18.69 | \$ 19.14 | \$ 19.60 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 18.69 | \$ 19.14 | \$ 19.60 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Winter | | | | | | | | | | |
| Billing kW | \$ 12.38 | \$ 12.67 | \$ 12.96 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 12.38 | \$ 12.67 | \$ 12.96 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transition | | | | | | | | | | |
| Billing kW | \$ 7.63 | \$ 7.79 | \$ 7.95 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Additional kW above contract demand | \$ 7.63 | \$ 7.79 | \$ 7.95 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Energy Charge (per kWh): | | | | | | | | | | |
| Summer | \$ 0.02178 | \$ 0.02222 | \$ 0.02267 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Winter | \$ 0.01715 | \$ 0.01747 | \$ 0.01779 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transition | \$ 0.01607 | \$ 0.01636 | \$ 0.01666 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Facility Charge (per kW): | | | | | | | | | | |
| (delivery voltage level) | | | | | | | | | | |
| First 10,000 kW | | | | | | | | | | |
| <46kV | \$ 0.93 | \$ 0.93 | \$ 0.93 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Over 10,000 kW | | | | | | | | | | |
| <46kV | \$ 0.73 | \$ 0.73 | \$ 0.73 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 46kV - 161 kV | \$ 0.36 | \$ 0.36 | \$ 0.36 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| > 161 kV | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reactive Charge (per kVAR): | | | | | | | | | | |
| Leading (per kVAR) | \$ 1.14 | \$ 1.14 | \$ 1.14 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lagging (per kVAR) | \$ 1.46 | \$ 1.46 | \$ 1.46 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | | Table 5 |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| Outdoor Lighting (Schedule LS - Part A) | | | | | | | | | | | |
| (street/park lighting, traffic signals, and athletic field lighting) | | | | | | | | | | | |
| Customer Charge | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 |
| Energy Charge: | | | | | | | | | | | |
| Summer | \$ 0.07746 | \$ 0.07819 | \$ 0.07894 | \$ 0.08415 | \$ 0.08488 | \$ 0.85610 | \$ 0.08318 | \$ 0.08125 | \$ 0.08045 | \$ 0.08045 | \$ 0.08045 |
| Winter | \$ 0.07464 | \$ 0.07530 | \$ 0.07597 | \$ 0.08107 | \$ 0.08173 | \$ 0.08239 | \$ 0.07988 | \$ 0.07801 | \$ 0.07729 | \$ 0.07729 | \$ 0.07729 |
| Transition | \$ 0.07288 | \$ 0.07349 | \$ 0.07411 | \$ 0.07916 | \$ 0.07977 | \$ 0.08038 | \$ 0.07781 | \$ 0.07600 | \$ 0.07533 | \$ 0.07533 | \$ 0.07533 |
| Facility Charge (per month) | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% | 1.20% |
| Outdoor Lighting (Schedule LS - Part B) | | | | | | | | | | | |
| (outdoor lighting for individual customers) | | | | | | | | | | | |
| Energy Charge (per kWh): | | | | | | | | | | | |
| Summer | \$ 0.07746 | \$ 0.07819 | \$ 0.07894 | \$ 0.08415 | \$ 0.08488 | \$ 0.85610 | \$ 0.08318 | \$ 0.08125 | \$ 0.08045 | \$ 0.08045 | \$ 0.08045 |
| Winter | \$ 0.07464 | \$ 0.07530 | \$ 0.07597 | \$ 0.08107 | \$ 0.08173 | \$ 0.08239 | \$ 0.07988 | \$ 0.07801 | \$ 0.07729 | \$ 0.07729 | \$ 0.07729 |
| Transition | \$ 0.07288 | \$ 0.07349 | \$ 0.07411 | \$ 0.07916 | \$ 0.07977 | \$ 0.08038 | \$ 0.07781 | \$ 0.07600 | \$ 0.07533 | \$ 0.07533 | \$ 0.07533 |
| Facility Charge (per month): | | | | | | | | | | | |
| Mercury Vapor/Incandescent (175 Watts) | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 | \$ 1.72 |
| Mercury Vapor/Incandescent (400 Watts) | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.46 |
| Mercury Vapor Flood (400 Watts) | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 | \$ 3.96 |
| Mercury Vapor Flood (1,000 Watts) | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 | \$ 3.31 |
| High Pressure Sodium (100 Watts) | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 |
| High Pressure Sodium (150 Watts) | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 | \$ 4.89 |
| High Pressure Sodium (200 Watts) | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 | \$ 4.59 |
| High Pressure Sodium (400 Watts) | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 | \$ 4.30 |
| High Pressure Sodium Flood (400 Watts) | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 | \$ 6.14 |
| High Pressure Sodium Flood (1,000 Watts) | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 | \$ 4.75 |
| Metal Halide Flood (400 Watts) | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 |
| Metal Halide Flood (1,000 Watts) | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 | \$ 6.33 |
| LED (100 Watts) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 | \$ 3.53 |
| Pole Rental Charge (per month): | | | | | | | | | | | |
| Wood | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 |
| Post Top | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 |
| Aluminum | \$ 12.50 | \$ 12.50 | \$ 12.50 | \$ 12.50 | \$ 12.50 | \$ 12.00 | \$ 12.00 | \$ 12.00 | \$ 12.00 | \$ 12.00 | \$ 12.00 |
| Installation Charge (one time fee): | | | | | | | | | | | |
| Existing Pole | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 |
| New Pole | \$ 150.00 | \$ 150.00 | \$ 150.00 | \$ 150.00 | \$ 150.00 | \$ 150.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 | \$ 250.00 |

(Continued)

BVU AUTHORITY
SCHEDULE OF ELECTRIC SYSTEM RATES
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | | Table 5 |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| TVA Fuel Cost Adjustment | | | | | | | | | | | |
| Residential (Schedule RS) | | | | | | | | | | | |
| Energy Charge | | | | | | | | | | | |
| First 1,000 kWh | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |
| Additional kWh | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |
| General Power (Schedule GSA1) | | | | | | | | | | | |
| Energy Charge | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |
| General Power (Schedule GSA2) | | | | | | | | | | | |
| Demand Charge | | | | | | | | | | | |
| First 50 kW | | | | | | | | | | | |
| Excess over 50 kW | | | | | | | | | | | |
| Energy Charge | | | | | | | | | | | |
| First 15,000 kWh | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |
| Additional kWh | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |
| General Power (Schedule GSA3) | | | | | | | | | | | |
| Demand Charge | | | | | | | | | | | |
| First 1,000 kW | | | | | | | | | | | |
| Excess over 1,000 kW | | | | | | | | | | | |
| Energy Charge | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |
| Manufacturing Service Rate (Schedule MSB) | | | | | | | | | | | |
| Demand Charge | | | | | | | | | | | |
| Energy Charge | | | | | | | | | | | |
| First 620 hours of use demand | \$ 0.02416 | \$ 0.02672 | \$ 0.02170 | \$ 0.01780 | \$ 0.01916 | \$ 0.01750 | \$ 0.01666 | \$ 0.01234 | \$ 0.01620 | \$ 0.02625 | |
| Additional kWh | \$ 0.02416 | \$ 0.02672 | \$ 0.02170 | \$ 0.01780 | \$ 0.01916 | \$ 0.01750 | \$ 0.01666 | \$ 0.01234 | \$ 0.01620 | \$ 0.02625 | |
| Outdoor Lighting (Schedule LS - Part A and Part B) | | | | | | | | | | | |
| Energy Charge | \$ 0.02463 | \$ 0.02724 | \$ 0.02212 | \$ 0.01924 | \$ 0.02118 | \$ 0.01970 | \$ 0.01830 | \$ 0.01495 | \$ 0.01815 | \$ 0.02715 | |

See Independent Auditors' Report.

BVU AUTHORITY
SCHEDULE OF WATER SYSTEM RATES
Last Ten Fiscal Years

| | Table 6 | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Monthly Billing | | | | | | | | | | |
| Customer Charge | | | | | | | | | | |
| Residential | 11.53 | 11.53 | 11.53 | 12.11 | 12.11 | 12.11 | 12.11 | 13.11 | 13.11 | 14.11 |
| Non-Residential | 23.34 | 23.34 | 23.34 | 24.51 | 24.51 | 24.51 | 24.51 | 26.51 | 26.51 | 28.51 |
| Usage Charge (per 1,000 gallons) | | | | | | | | | | |
| 0 - 100,000 gallons per month | 3.49 | 3.49 | 3.49 | 3.66 | 3.66 | 3.66 | 3.66 | 3.66 | 3.66 | 3.70 |
| 100,001 - 3,250,000 gallons per month | 2.87 | 2.87 | 2.87 | 3.01 | 3.01 | 3.01 | 3.01 | 3.01 | 3.01 | 3.04 |
| 3,250,001 - over | 1.57 | 1.57 | 1.57 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 3.04 |
| Industry Rate Class (per 1,000 gallons) | | | | | | | | | | |
| 0 - 100,000 gallons per month | 3.32 | 3.32 | 3.32 | 3.49 | 3.49 | 3.49 | 3.49 | 3.49 | 3.49 | 3.50 |
| 100,001 - 3,250,000 gallons per month | 2.73 | 2.73 | 2.73 | 2.87 | 2.87 | 2.87 | 2.87 | 2.87 | 2.87 | 2.85 |
| 3,250,001 - over | 1.49 | 1.49 | 1.49 | 1.56 | 1.56 | 1.56 | 1.56 | 1.56 | 1.56 | 1.75 |
| Meter Service Charge | | | | | | | | | | |
| 1" | 11.20 | 11.20 | 11.20 | 11.76 | 11.76 | 11.76 | 11.76 | 11.76 | 11.76 | 11.76 |
| 1-1/2 " | 26.85 | 26.85 | 26.85 | 28.19 | 28.19 | 28.19 | 28.19 | 28.19 | 28.19 | 28.19 |
| 2" | 44.50 | 44.50 | 44.50 | 46.73 | 46.73 | 46.73 | 46.73 | 46.73 | 46.73 | 46.73 |
| 3" | 106.10 | 106.10 | 106.10 | 111.41 | 111.41 | 111.41 | 111.41 | 111.41 | 111.41 | 111.41 |
| 4" | 168.30 | 168.30 | 168.30 | 176.72 | 176.72 | 176.72 | 176.72 | 176.72 | 176.72 | 176.72 |
| 6" | 247.55 | 247.55 | 247.55 | 259.93 | 259.93 | 259.93 | 259.93 | 259.93 | 259.93 | 259.93 |
| Fire Line Charges | | | | | | | | | | |
| 4" | 35.00 | 35.00 | 35.00 | 36.75 | 36.75 | 36.75 | 36.75 | 36.75 | 36.75 | 36.75 |
| 6" | 70.00 | 70.00 | 70.00 | 73.50 | 73.50 | 73.50 | 73.50 | 73.50 | 73.50 | 73.50 |
| 8" | 106.00 | 106.00 | 106.00 | 111.30 | 111.30 | 111.30 | 111.30 | 111.30 | 111.30 | 111.30 |
| 10" | 141.00 | 141.00 | 141.00 | 148.05 | 148.05 | 148.05 | 148.05 | 148.05 | 148.05 | 148.05 |
| Hydrant Rental | 26.85 | 26.85 | 26.85 | 28.19 | 28.19 | 28.19 | 28.19 | 28.19 | 28.19 | 28.19 |
| Connection Fees/System Fees | | | | | | | | | | |
| Water Meter | | | | | | | | | | |
| 5/8" x 3/4" | 990.00 | 990.00 | 990.00 | 990.00 | 990.00 | 990.00 | 990.00 | 990.00 | 990.00 | 990.00 |
| 1" | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 | 2,500.00 |
| 2" | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 | 4,685.00 |
| 4" | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 | 17,095.00 |
| 6" | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 | 19,480.00 |

(Continued)

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

| | Fiscal Year | | | | | | | | | | Table 6 |
|--------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| Fire Line | | | | | | | | | | | |
| Meter Size | | | | | | | | | | | |
| 4" | 17,095.00 | 17,095.00 | 17,095.00 | 17,950.00 | 17,950.00 | 17,950.00 | 17,950.00 | 17,950.00 | 17,950.00 | 17,950.00 | |
| 6" | 19,480.00 | 19,480.00 | 19,480.00 | 20,454.00 | 20,454.00 | 20,454.00 | 20,454.00 | 20,454.00 | 20,454.00 | 20,454.00 | |
| Non Metered | | | | | | | | | | | |
| 4" line | 8,540.00 | 8,540.00 | 8,540.00 | 8,967.00 | 8,967.00 | 8,967.00 | 8,967.00 | 8,967.00 | 8,967.00 | 8,967.00 | |
| 6" line | 9,735.00 | 9,735.00 | 9,735.00 | 10,222.00 | 10,222.00 | 10,222.00 | 10,222.00 | 10,222.00 | 10,222.00 | 10,222.00 | |

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

Source: Internal Records

See Independent Auditors' Report.

BVU AUTHORITY
SCHEDULE OF WASTEWATER SYSTEM RATES
Last Ten Fiscal Years

| | Table 7 | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Monthly Billing | | | | | | | | | | |
| Customer Charge | | | | | | | | | | |
| Residential | 11.43 | 11.43 | 11.43 | 13.14 | 13.14 | 13.14 | 13.14 | 14.14 | 14.14 | 15.14 |
| Non-Residential | 26.62 | 26.62 | 26.62 | 30.61 | 30.61 | 30.61 | 30.61 | 32.61 | 32.61 | 34.61 |
| Treatment Charge (per 1,000 gallons) | | | | | | | | | | |
| All volumes | 3.25 | 3.25 | 3.25 | 3.74 | 3.74 | 3.74 | 3.74 | 3.74 | 3.74 | 3.78 |
| Industry Rate Class (per 1,000 gallons) | | | | | | | | | | |
| All volumes | 2.87 | 2.87 | 2.87 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.33 |
| Meter Service Charge | | | | | | | | | | |
| 5/8" x 3/4" | - | - | - | - | - | - | - | - | - | - |
| 1" | 13.25 | 13.25 | 13.25 | 15.24 | 15.24 | 15.24 | 15.24 | 15.24 | 15.24 | 15.24 |
| 1-1/2 " | 32.15 | 32.15 | 32.15 | 36.97 | 36.97 | 36.97 | 36.97 | 36.97 | 36.97 | 36.97 |
| 2" | 53.90 | 53.90 | 53.90 | 61.99 | 61.99 | 61.99 | 61.99 | 61.99 | 61.99 | 61.99 |
| 3" | 121.85 | 121.85 | 121.85 | 140.13 | 140.13 | 140.13 | 140.13 | 140.13 | 140.13 | 140.13 |
| 4" | 193.35 | 193.35 | 193.35 | 222.35 | 222.35 | 222.35 | 222.35 | 222.35 | 222.35 | 222.35 |
| 6" | 479.20 | 479.20 | 479.20 | 551.08 | 551.08 | 551.08 | 551.08 | 551.08 | 551.08 | 551.08 |
| Strong Waste Surcharge (per pound) | | | | | | | | | | |
| Biological Oxygen Demand (BOD-5) | | | | | | | | | | |
| 0 - 300 | - | - | - | - | - | - | - | - | - | - |
| 301 - over | 0.06 | 0.06 | 0.06 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 |
| Total Suspended Solids (TSS) | | | | | | | | | | |
| 0 - 300 | - | - | - | - | - | - | - | - | - | - |
| 301 - over | 0.12 | 0.12 | 0.12 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| Connection Fees/System Fees | | | | | | | | | | |
| Line Size | | | | | | | | | | |
| 6" | 1,405.00 | 1,405.00 | 1,405.00 | 1,616.00 | 1,616.00 | 1,616.00 | 1,616.00 | 2,250.00 | 2,250.00 | 2,250.00 |
| All Other | Actual Cost | Actual Cost | Actual Cost | Actual Cost | Actual Cost | Actual Cost | Actual Cost | Actual Cost | Actual Cost | Actual Cost |

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

Source: Internal Records

See Independent Auditors' Report.

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

| | Table 8 | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 2010 Revenue and Refunding Bonds | \$ 42,185,000 | \$ 40,930,000 | \$ 39,610,000 | \$ 38,235,000 | \$ 36,790,000 | \$ 35,275,000 | \$ - | \$ - | \$ - | \$ - |
| Southeast Rural Community Assistance Project (SERCAP) | - | 222,773 | 214,826 | - | - | - | - | - | - | - |
| VRA Revolving Loan Funds - Hassen Heights Water Tank | 1,015,248 | 965,771 | 914,698 | 861,977 | 807,556 | 751,379 | 693,391 | 633,532 | 571,742 | 507,958 |
| VRA Revolving Loan Funds - Bristol View Connector | 1,112,716 | 1,058,489 | 1,002,512 | 944,730 | 885,084 | 823,514 | 759,958 | 694,351 | 626,631 | 556,724 |
| VRA Revolving Loan Funds - Little Creek Interceptor and Sewer Basin Project | - | - | - | - | - | - | - | 1,760,903 | 6,511,972 | 6,426,588 |
| Total Outstanding Debt | <u>\$ 44,312,964</u> | <u>\$ 43,177,033</u> | <u>\$ 41,742,036</u> | <u>\$ 40,041,707</u> | <u>\$ 38,482,640</u> | <u>\$ 36,849,893</u> | <u>\$ 1,453,349</u> | <u>\$ 3,088,786</u> | <u>\$ 7,710,345</u> | <u>\$ 7,491,271</u> |

See Independent Auditors' Report.

BVU AUTHORITY
REVENUE BOND COVERAGE
Last Ten Fiscal Years

Table 9

| Fiscal | Gross | Operating | Net | Debt Service Requirements (3) | | | |
|----------|---------------|--------------|-----------|-------------------------------|-----------|-----------|----------|
| Year | Revenues (1) | Expenses (2) | Available | Principal | Interest | Total | Coverage |
| Electric | | | | | | | |
| 2013 | \$ 54,547,328 | 49,590,926 | 4,956,402 | 440,000 | 666,733 | 1,106,733 | 4.48 |
| 2014 | 54,163,773 | 49,944,002 | 4,219,771 | 460,000 | 645,408 | 1,105,408 | 3.82 |
| 2015 | 53,690,719 | 49,122,216 | 4,568,503 | 480,000 | 624,310 | 1,104,310 | 4.14 |
| 2016 | 53,152,408 | 46,782,178 | 6,370,230 | 505,000 | 600,793 | 1,105,793 | 5.76 |
| 2017 | 53,552,196 | 49,384,256 | 4,167,940 | 530,000 | 576,533 | 1,106,533 | 3.77 |
| 2018 | 52,259,747 | 45,607,913 | 6,651,834 | 560,000 | 549,635 | 1,109,635 | 5.99 |
| 2019 | 49,387,236 | 46,491,770 | 2,895,466 | - | - | - | - |
| 2020 | 44,875,543 | 41,699,522 | 3,176,021 | - | - | - | - |
| 2021 | 43,458,957 | 39,941,634 | 3,517,323 | - | - | - | - |
| 2022 | 47,239,481 | 44,159,885 | 3,079,596 | - | - | - | - |
| Water | | | | | | | |
| 2013 | 3,865,417 | 2,620,737 | 1,244,680 | 180,464 | 190,373 | 370,837 | 3.36 |
| 2014 | 3,768,161 | 2,846,974 | 921,187 | 188,705 | 183,143 | 371,847 | 2.48 |
| 2015 | 3,506,449 | 2,590,455 | 915,994 | 197,050 | 175,836 | 372,886 | 2.46 |
| 2016 | 3,606,976 | 2,561,690 | 1,045,286 | 200,503 | 168,084 | 368,587 | 2.84 |
| 2017 | 3,638,490 | 2,458,512 | 1,179,978 | 209,067 | 160,160 | 369,227 | 3.20 |
| 2018 | 3,647,363 | 2,345,605 | 1,301,758 | 217,747 | 151,658 | 369,404 | 3.52 |
| 2019 | 3,630,730 | 2,526,263 | 1,104,467 | 121,557 | 49,437 | 170,995 | 6.46 |
| 2020 | 3,790,844 | 2,129,017 | 1,661,827 | 125,478 | 45,516 | 170,995 | 9.72 |
| 2021 | 3,764,296 | 1,825,961 | 1,938,335 | 129,512 | 41,464 | 170,976 | 11.34 |
| 2022 | 3,927,271 | 2,209,072 | 1,718,199 | 133,690 | 37,287 | 170,976 | 10.05 |
| Sewer | | | | | | | |
| 2013 | 4,304,153 | 3,005,439 | 1,298,714 | - | - | - | - |
| 2014 | 4,324,296 | 3,038,855 | 1,285,441 | 3,227 | 3,408 | 6,635 | 193.74 |
| 2015 | 4,142,224 | 2,803,659 | 1,338,565 | 7,947 | 7,977 | 15,924 | 84.06 |
| 2016 | 4,728,757 | 3,001,951 | 1,726,806 | - | - | - | - |
| 2017 | 4,667,993 | 2,797,133 | 1,870,860 | - | - | - | - |
| 2018 | 4,640,570 | 3,084,857 | 1,555,713 | - | - | - | - |
| 2019 | 4,733,250 | 2,946,194 | 1,787,056 | - | - | - | - |
| 2020 | 4,910,277 | 2,581,771 | 2,328,506 | - | - | - | - |
| 2021 | 4,887,560 | 2,363,439 | 2,524,121 | 196,390 | - | 196,390 | 12.85 |
| 2022 | 5,389,658 | 2,673,775 | 2,715,883 | 392,779 | - | 392,779 | 6.91 |
| OptiNet | | | | | | | |
| 2013 | 20,840,114 | 13,609,306 | 7,230,808 | 680,000 | 1,028,408 | 1,708,408 | 4.23 |
| 2014 | 22,936,382 | 14,773,808 | 8,162,574 | 710,000 | 995,318 | 1,705,318 | 4.79 |
| 2015 | 23,069,018 | 15,602,283 | 7,466,735 | 750,000 | 962,492 | 1,712,492 | 4.36 |
| 2016 | 24,530,309 | 18,463,163 | 6,067,146 | 780,000 | 925,944 | 1,705,944 | 3.56 |
| 2017 | 24,768,880 | 16,022,255 | 8,746,625 | 820,000 | 888,344 | 1,708,344 | 5.12 |
| 2018 | 24,486,249 | 16,391,298 | 8,094,951 | 855,000 | 846,977 | 1,701,977 | 4.76 |
| 2019 | 1,862,461 | 2,558,343 | (695,882) | - | - | - | - |
| 2020 | 442,801 | 170,906 | 271,895 | - | - | - | - |
| 2021 | 37,131 | 132,887 | (95,756) | - | - | - | - |
| 2022 | 6,601 | (336,884) | 343,485 | - | - | - | - |

(1) Total operating revenues plus interest income.

(2) Total operating expenses plus amortization less depreciation.

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

Source: Internal records

See Independent Auditors' Report.

BVU AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

| | | | | | | | | | | Table 10 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Fiscal Year | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Unemployment Rate | | | | | | | | | | |
| City of Bristol | 7.00% | 6.40% | 5.40% | 5.10% | 4.50% | 3.70% | 3.90% | 9.80% | 5.70% | 3.60% |
| Scott County | 7.00% | 5.90% | 5.20% | 4.90% | 4.00% | 3.20% | 3.20% | 6.40% | 4.30% | 3.20% |
| Washington County | 6.40% | 5.80% | 4.80% | 4.60% | 4.10% | 3.40% | 3.40% | 7.70% | 4.20% | 3.10% |
| Virginia | 5.70% | 5.30% | 4.50% | 4.10% | 3.70% | 3.00% | 2.80% | 8.10% | 4.50% | 2.80% |
| Population | | | | | | | | | | |
| City of Bristol | 17,728 | 17,690 | 17,625 | 17,669 | 17,160 | 16,877 | 17,018 | 17,165 | N/A | N/A |
| Scott County | 23,223 | 23,181 | 22,759 | 22,733 | 22,377 | 22,121 | 21,892 | 21,995 | N/A | N/A |
| Washington County | 55,207 | 54,943 | 54,130 | 53,410 | 53,789 | 53,992 | 53,417 | 53,559 | N/A | N/A |
| Virginia | 8,260,405 | 8,326,289 | 8,382,993 | 8,411,808 | 8,470,020 | 8,517,685 | 8,535,519 | 8,586,967 | 8,655,608 | 8,662,021 |
| Personal Income (Thousands of Dollars) | | | | | | | | | | |
| Washington County + City of Bristol | 2,779,901 | 2,693,897 | 2,686,904 | 2,591,795 | 2,791,654 | 2,899,980 | 2,926,742 | N/A | N/A | N/A |
| Scott County | 654,470 | 667,370 | 690,471 | 695,417 | 714,652 | 727,191 | 745,943 | N/A | N/A | N/A |
| Virginia | 402,064,568 | 420,235,927 | 440,823,733 | 448,683,501 | 466,743,276 | 492,312,666 | 509,201,256 | 545,523,000 | 552,429,000 | 583,240,000 |
| Per Capita Personal Income (Dollars) | | | | | | | | | | |
| Washington County + City of Bristol | 38,518 | 37,523 | 37,650 | 36,420 | 39,221 | 40,912 | 41,513 | N/A | N/A | N/A |
| Scott County | 28,738 | 29,623 | 31,024 | 31,570 | 32,685 | 33,769 | 34,589 | N/A | N/A | N/A |
| Virginia | 48,666 | 50,528 | 52,687 | 53,323 | 55,105 | 57,799 | 59,657 | 61,958 | 61,942 | 67,333 |

Source:

United States Department of Labor, Bureau of Labor Statistics

Weldon Cooper Center for Public Service

Bureau of Economic Analysis

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

See Independent Auditors' Report.

BVU AUTHORITY
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior

Table 11

| | 2022 | | 2013 | |
|------------------------------------|----------------------|-------------|----------------------|-------------|
| <u>City of Bristol</u> | <u>Employees (1)</u> | <u>Rank</u> | <u>Employees (1)</u> | <u>Rank</u> |
| Univeral Fiber Systems | 250 to 499 employees | 1 | - | - |
| Electro Mechanical Corporation | 250 to 499 employees | 2 | 250 to 499 employees | 1 |
| Bristol City Public Schools | 250 to 499 employees | 3 | 250 to 499 employees | 2 |
| City of Bristol | 250 to 499 employees | 4 | 250 to 499 employees | 3 |
| U.P.S. | 250 to 499 employees | 5 | 250 to 499 employees | 8 |
| Highlands Community Services Board | 250 to 499 employees | 6 | 100 to 249 employees | 7 |
| Snack Alliance Inc | 250 to 499 employees | 7 | 100 to 249 employees | 10 |
| Food City (K VA T Food Stores) | 250 to 499 employees | 8 | 250 to 499 employees | 5 |
| Wildcat, LLC | 100 to 249 employees | 9 | 250 to 499 employees | - |
| Strongwell | 100 to 249 employees | 10 | 250 to 499 employees | 6 |
| OfficeMax North America Inc | - | - | 250 to 499 employees | 4 |
| Ball Metal Beverage Conta Corp | - | - | 100 to 249 employees | 9 |

| | 2022 | | 2013 | |
|-----------------------------------|-------------------------|-------------|-------------------------|-------------|
| <u>Washington County</u> | <u>Employees (1)</u> | <u>Rank</u> | <u>Employees (1)</u> | <u>Rank</u> |
| Food City (K VA T Food Stores) | 1000 and over employees | 1 | 1000 and over employees | 2 |
| Washington County Schools | 1000 and over employees | 2 | 1000 and over employees | 1 |
| Utility Trailer Manufacturing | 500 to 999 employees | 3 | 500 to 999 employees | 5 |
| Wal Mart Associates Inc | 500 to 999 employees | 4 | 250 to 499 employees | 7 |
| Mountain States Health Al | 500 to 999 employees | 5 | 250 to 499 employees | 3 |
| Emory and Henry College | 500 to 999 employees | 6 | - | - |
| Washington County | 250 to 499 employees | 7 | 250 to 499 employees | 10 |
| Paramont Manufacturing | 250 to 499 employees | 8 | 250 to 499 employees | - |
| Kearney National, Inc. | 250 to 499 employees | 9 | - | - |
| Commonwealth of Virginia | 250 to 499 employees | 10 | 250 to 499 employees | 8 |
| Bristol Compressors International | - | - | 500 to 999 employees | 4 |
| Univeral Fiber systems | - | - | 250 to 499 employees | 6 |
| Lowes Home Centers, Inc | - | - | 250 to 499 employees | 9 |

| | 2022 | | 2013 | |
|---|----------------------|-------------|----------------------|-------------|
| <u>Scott County</u> | <u>Employees (1)</u> | <u>Rank</u> | <u>Employees (1)</u> | <u>Rank</u> |
| Scott County School Board | 500 to 999 employees | 1 | 500 to 999 employees | 1 |
| Tempur Production | 250 to 499 employees | 2 | 100 to 249 employees | 3 |
| Ttec Healthcare Solutions Inc | 100 to 249 employees | 3 | - | - |
| VFP Inc. | 100 to 249 employees | 4 | 100 to 249 employees | 7 |
| Food City (K VA T Food stores Inc) | 100 to 249 employees | 5 | 100 to 249 employees | 4 |
| County of Scott | 100 to 249 employees | 6 | 100 to 249 employees | 5 |
| Sw Virginia Regional Jail Auth | 100 to 249 employees | 7 | 50 to 99 employees | 9 |
| Joy Technologies | 100 to 249 employees | 8 | 100 to 249 employees | 2 |
| Ridgecrest Manor Nursing & Rehabilitation | 100 to 249 employees | 9 | - | - |
| Frontier Health | 50 to 99 employees | 10 | - | - |
| Videll Healthcare Duffield | - | - | 100 to 249 employees | 6 |
| Mountain Region Personal Care | - | - | 100 to 249 employees | 8 |
| Professional Personnel SE Inc | - | - | 50 to 99 employees | 10 |

Source: Virginia Employment Commission Quarterly Census of Employment and Wages for 1st Qtr 2021 and 2nd Qtr 2012.
Data for 2nd Qtr 2021 was not available at the time this report was prepared.

See Independent Auditors' Report.

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

Table 12

| Fiscal Year | Tri-Cities Airport, Tennessee | | Abingdon, Virginia | |
|------------------------|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Heating Degree Days * | Cooling Degree Days * | Heating Degree Days * | Cooling Degree Days * |
| 2022 | 3692 | 1326 | N/A | N/A |
| 2021 | 3931 | 1260 | 4321 | 1033 |
| 2020 | 3718 | 1313 | 4137 | 1040 |
| 2019 | 3811 | 1459 | 4269 | 1133 |
| 2018 | 4094 | 1277 | 4623 | 902 |
| 2017 | 3347 | 1391 | 3921 | 969 |
| 2016 | 3587 | 1178 | 4224 | 740 |
| 2015 | 4418 | 1149 | 5007 | 715 |
| 2014 | 4449 | 1099 | 4833 | 744 |
| 2013 | 4365 | 1060 | 4359 | 769 |

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

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

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

See Independent Auditors' Report.

BVU AUTHORITY
ELECTRIC SALES INFORMATION
Last Ten Fiscal Years

| | | | | | | | | | | Table 13 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | | | | | | | Fiscal Year |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Purchased Power (kWh) | 558,952,771 | 560,711,607 | 559,840,691 | 539,503,555 | 514,938,200 | 519,494,701 | 492,770,724 | 454,425,227 | 459,835,333 | 469,272,051 |
| Consumption (kWh) | | | | | | | | | | |
| Residential | 203,635,243 | 210,410,023 | 207,969,958 | 191,675,969 | 188,244,626 | 200,775,221 | 198,934,677 | 193,323,865 | 200,052,498 | 198,946,026 |
| Commercial | 38,554,142 | 37,996,296 | 37,231,807 | 34,537,543 | 34,061,091 | 35,451,776 | 35,626,834 | 34,579,213 | 34,690,975 | 36,100,459 |
| Large Commercial and Industrial | 286,503,291 | 284,900,300 | 286,970,054 | 289,730,297 | 269,085,894 | 254,088,620 | 233,433,790 | 201,978,170 | 196,844,541 | 205,794,486 |
| Street and Outdoor Lighting | 5,920,591 | 5,828,021 | 5,717,871 | 5,762,394 | 5,738,744 | 5,673,241 | 5,755,556 | 5,813,774 | 5,808,546 | 5,895,092 |
| Total Consumption | <u>534,613,267</u> | <u>539,134,640</u> | <u>537,889,690</u> | <u>521,706,203</u> | <u>497,130,355</u> | <u>495,988,858</u> | <u>473,750,857</u> | <u>435,695,022</u> | <u>437,396,560</u> | <u>446,736,063</u> |
| Line Losses (kWh) | 24,339,504 | 21,576,967 | 21,951,001 | 17,797,352 | 17,807,845 | 23,505,843 | 19,019,867 | 18,730,205 | 22,438,773 | 22,535,988 |
| Line Losses as a percentage of purchased power | 4.35% | 3.85% | 3.92% | 3.30% | 3.46% | 4.52% | 3.86% | 4.12% | 4.88% | 4.80% |
| Customer Count | | | | | | | | | | |
| Residential | 13,679 | 13,542 | 13,632 | 13,605 | 13,574 | 13,665 | 13,597 | 13,583 | 13,662 | 13,662 |
| Commercial | 2,229 | 2,214 | 2,220 | 2,230 | 2,237 | 2,262 | 2,274 | 2,294 | 2,322 | 2,352 |
| Large Commercial and Industrial | 313 | 323 | 326 | 322 | 308 | 304 | 314 | 310 | 304 | 309 |
| Street and Outdoor Lighting | 133 | 136 | 137 | 138 | 142 | 142 | 144 | 144 | 143 | 144 |
| Total Customer Count | <u>16,354</u> | <u>16,215</u> | <u>16,315</u> | <u>16,295</u> | <u>16,261</u> | <u>16,373</u> | <u>16,329</u> | <u>16,331</u> | <u>16,431</u> | <u>16,467</u> |

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

BVU AUTHORITY
WATER SALES INFORMATION
Last Ten Fiscal Years

| | | | | | | | | | | Table 14 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| Fiscal Year | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Production (000's) | | | | | | | | | | |
| Total gallons pumped | 919,409 | 962,961 | 813,624 | 805,108 | 850,545 | 876,953 | 885,047 | 993,099 | 945,448 | 932,915 |
| Gallons used in operations | 10,883 | 13,482 | 9,514 | 8,161 | 8,248 | 9,133 | 9,707 | 10,680 | 10,239 | 10,311 |
| Gallons Available For Sale | 908,526 | 949,479 | 804,110 | 796,947 | 842,297 | 867,820 | 875,340 | 982,419 | 935,209 | 922,604 |
| Consumption (000's) | | | | | | | | | | |
| Residential | 292,560 | 297,231 | 290,302 | 283,256 | 276,619 | 275,081 | 274,283 | 276,993 | 272,574 | 264,189 |
| Commercial and Industrial | 267,258 | 283,626 | 270,345 | 277,781 | 301,811 | 307,244 | 296,352 | 303,563 | 313,655 | 334,609 |
| Other Water Authorities | 137,868 | 92,400 | - | - | - | - | - | - | - | - |
| Total Consumption | 697,686 | 673,257 | 560,647 | 561,037 | 578,430 | 582,325 | 570,635 | 580,556 | 586,229 | 598,798 |
| Gallons Losses (000's) | 210,840 | 276,222 | 243,463 | 235,910 | 263,867 | 285,495 | 304,705 | 401,863 | 348,980 | 323,806 |
| Losses as a percentage of gallons pumped | 22.93% | 28.68% | 29.92% | 29.30% | 31.02% | 32.56% | 34.43% | 40.47% | 36.91% | 34.71% |
| Customer Count | | | | | | | | | | |
| Residential | 6,847 | 6,788 | 6,845 | 6,832 | 6,827 | 6,862 | 6,830 | 6,815 | 6,838 | 6,858 |
| Commercial and Industrial | 1,080 | 1,055 | 1,059 | 1,056 | 1,049 | 1,039 | 1,060 | 1,059 | 1,066 | 1,075 |
| Other Water Authorities | 2 | - | - | - | - | - | - | - | - | 1 |
| Total Customer Count | 7,929 | 7,843 | 7,904 | 7,888 | 7,876 | 7,901 | 7,890 | 7,874 | 7,904 | 7,934 |

Note: Customer count is as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

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

| | | | | | | | | | | Table 15 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | | | | | | | | |
| | | | | | | | | | | Fiscal Year |
| | | | | | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Gallons Transported (000's) | | | | | | | | | | |
| Residential | 305,306 | 309,184 | 297,356 | 289,329 | 291,908 | 298,172 | 289,392 | 297,891 | 286,494 | 280,086 |
| Commercial and Industrial | 453,209 | 456,611 | 423,265 | 430,416 | 403,663 | 411,638 | 426,992 | 441,985 | 443,867 | 500,018 |
| Total Gallons Transported (000's) | <u>758,515</u> | <u>765,795</u> | <u>720,621</u> | <u>719,745</u> | <u>695,571</u> | <u>709,810</u> | <u>716,384</u> | <u>739,876</u> | <u>730,361</u> | <u>780,104</u> |
| Customer Count | | | | | | | | | | |
| Residential | 6,697 | 6,633 | 6,702 | 6,691 | 6,688 | 6,730 | 6,701 | 6,690 | 6,727 | 6,747 |
| Commercial and Industrial | 1,007 | 983 | 985 | 977 | 967 | 945 | 972 | 977 | 993 | 1,000 |
| Total Customer Count | <u>7,704</u> | <u>7,616</u> | <u>7,687</u> | <u>7,668</u> | <u>7,655</u> | <u>7,675</u> | <u>7,673</u> | <u>7,667</u> | <u>7,720</u> | <u>7,747</u> |

Note: Customer counts are as of June 30.

Source: Internal statistics reports.

See Independent Auditors' Report.

BVU AUTHORITY
DEMAND FOR SERVICES AND CAPITAL INDICATORS
June 30, 2022

Table 16

| Electric System | | |
|---|------------|-----------------|
| Delivery Points From TVA | 2 | |
| Number of Delivery Substations | 9 | |
| Miles of Transmission Lines | 27 | |
| Miles of Overhead Circuit Lines | 577 | |
| Water System | | |
| Daily Capacity of Water Plant | 10,000,000 | Gallons per Day |
| Average Daily Consumption | 1,647,100 | Gallons per Day |
| Number of Water Tanks | 5 | |
| Storage Capacity | 6,800,000 | Gallons |
| Miles of Water Lines | 161 | |
| Sewer System | | |
| Total Daily Capacity of Treatment Plant | 15,000,000 | Gallons per Day |
| BVUA Daily Capacity of Treatment Plant | 6,750,000 | Gallons per Day |
| Average Daily Customer Usage | 2,137,300 | Gallons per Day |
| Miles of Sewer Lines | 141 | |
| Number of Employees | | |
| Full Time | 61 | |
| Part Time | 1 | |
| Total | 62 | |

Source: Internal Records

See Independent Auditors' Report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

To the Board of Directors
BVU Authority
Bristol, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of BVU Authority (BVUA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise BVUA's basic financial statements, and have issued our report thereon dated November 8, 2022. Our report includes a reference to other auditors who audited the financial statements of the Joint Sewerage System, as described in our report on BVUA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 8, 2022

**BVU AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2022**

SECTION I - FINANCIAL STATEMENT AUDIT FINDINGS

None Noted

SECTION II - PRIOR YEAR FINDINGS IMPLEMENTED

None Noted