BEDFORD WATER

ADOPTED ANNUAL OPERATING AND CAPITAL IMPROVEMENT BUDGET

FISCAL YEAR 2027

July 1, 2026- June 30, 2027

TABLE OF

SECTION I : Budget Overview

Budget Letter 4
Facts at a Glance 9
Bedford Water Leadership 11
Distinguished Budget Presentation Award 12
Strategic Goals and Strategies 13

SECTION II : Financial Structure, Policy and Process

Fund Descriptions, Fund Structure, Basis of Budgeting and Accounting, Financial Policies 16
Budget Process 19

SECTION III : Budget Summaries

Financial Summary 21
Operating Budget Highlights 22
Water and Sewer Rates 23
Rate FAQ's 24
Revenue and Expense Summary 25
Revenue Highlights 26
Change in Net Position 27
Long-range Financial Plans 28

CONTENTS

SECTION IV : Operating Budgets

Operating Budget 29
Personnel Budget 30
Administrative Budget 33
Engineering, Maintenance and Operations Budget 37
System Budget 38
Debt Financing 42

SECTION V : Capital Improvement Program

Capital Improvement Budget 43
Capital Improvement Projects 44

SECTION VI : Budget Appendices and Supplemental Information

Departmental Staffing 47
Supplemental Information - Revenue by Source 49
Supplemental Information - Expense by Function 50
Supplemental Information - Changes in Net Position 51
Glossary 52
Vision and Mission Statement and Guiding Principles 54

Board of Directors
Bedford Regional Water Authority (Bedford Water)
Bedford, Virginia

August 5, 2026

Dear Board Members:

The Bedford Regional Water Authority (Bedford Water) mission “To provide high quality water and wastewater services to the community” is reflected throughout the following budget document. The proposed Fiscal Year 2027 Budget totals $22,999,862 in revenues and $20,579,862 in operating expenses, debt service and capital improvement projects and reflects this commitment.

Bedford Water follows an annual budget process that aligns its strategic plan and long-term capital improvement programs. In preparing the annual budget, Bedford Water develops revenue and expenditure projections on historic performance, while also considering operational needs, current economic trends, regulatory requirements, local market conditions, development activity and environmental factors.

The recommended budget for the upcoming fiscal year reflects Bedford Water’s commitment to long-term planning, financial stability and responsible rate setting. We recognize that capital projects, strategic priorities, and service delivery extend beyond a single fiscal year and require ongoing planning, investment and dedication. Bedford Water completed a rate equalization process in FY 2024 following the 2013 consolidation of the City of Bedford water and sewer departments and the former Public Service Authority. However, the original rate equalization model did not anticipate the prolonged period of elevated inflation and significant economic cost fluctuations experienced in recent years. As a result, rates were adjusted in FY 2025 to address these increased operating and capital costs

As part of the FY 2027 budget development process, Bedford Water utilized its asset management system to evaluate and project the replacement costs of critical infrastructure throughout the system. This budget supports continued financial stability and infrastructure reliability while incorporating measured and predictable rate adjustments. It also maintains an intentional operating surplus that will be reinvested in the water and wastewater systems to help address future capital needs, preserve service reliability, and ensure the long-term sustainability of our infrastructure.

The 2024-2028 Strategic Plan celebrates the Bedford Water’s 10th anniversary and past accomplishments and recognizes what must be accomplished in the future. In order to make this strategic plan comprehensive and inclusive, Bedford Water sought input from a variety of stakeholders. To gather relevant input from stakeholders, we invited our customers to complete a survey, organized a roundtable meeting with both elected and appointed officials, and solicited input from all Bedford Water employees.

We engaged a consultant to ensure that we did everything possible to guarantee that communications during the development process of the plan were open, transparent, and easily accessible to the public.

The result is a well-developed plan that provides the structure necessary to make informed decisions, determine strategic goals, develop actions needed to meet the established mission and vision statements, identify opportunities for improvement and enhance the skills and talents that already make Bedford Water exceptional.

Planning Pipelines established in the plan include:

- Infrastructure
- Community
- Workforce

Bedford Water's Capital Improvement Program (CIP) provides a structured approach to maintaining, upgrading, and expanding water and wastewater infrastructure to ensure reliable service, regulatory compliance, and long-term sustainability. Capital projects identified for FY 2027 focus on system reliability, regulatory compliance, operational efficiency, and long-term planning through targeted investments in infrastructure, system controls, equipment, data management, and lead service line inventory development.

Water and wastewater services are essential to protecting public health, supporting economic growth, and preserving the environment. Providing these services requires significant investment in infrastructure, regulatory compliance, system maintenance, and daily operations.

For a typical residential customer using 4,000 gallons of water per month, the proposed rates will result in an average monthly increase of approximately $5.00 for water service and $5.00 for sewer service (for customers who receive sewer service). These rate adjustments are part of a planned and proactive approach to financial management rather than a reaction to short-term challenges.

The additional revenue supports routine operating expenses, debt service obligations, and the replacement of aging infrastructure. By implementing measured and predictable rate adjustments, BRWA can continue to maintain reliable service, meet regulatory requirements, and invest in the long-term sustainability of its water and wastewater systems. This strategy helps minimize the need for larger, more sudden rate increases in the future while keeping the impact on customers gradual and manageable.

VISION

Clean Water
Healthy Environment
Thriving Community

MISSION

To provide high quality water and wastewater services to the community.

VALUES

Collaboration
Adaptability
Results
Enthusiasm
Safety

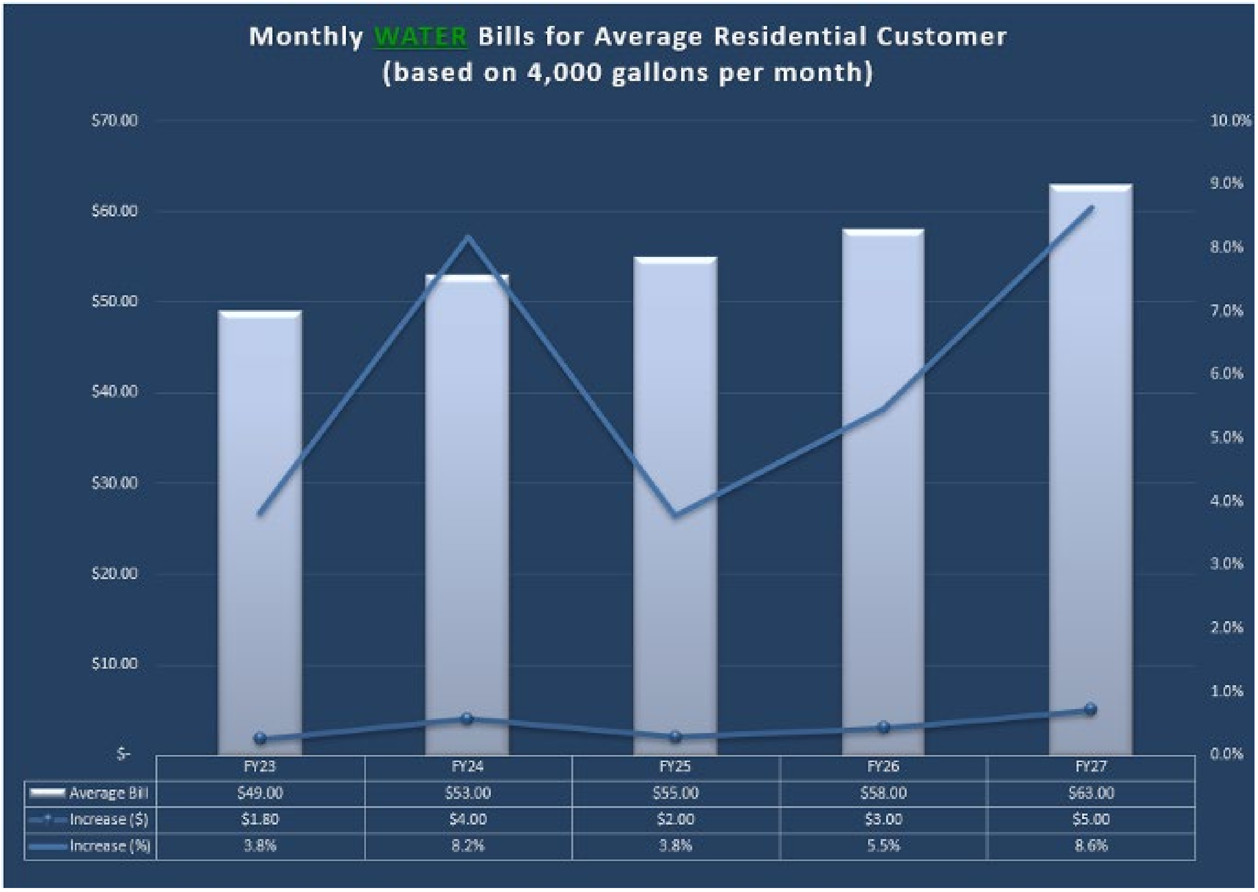
Existing Customer Fees	Water FY 2026	Water FY 2027	Sewer FY 2025	Sewer FY 2026
B. Volume Charges (per 1000 gallons)				
Residential and Commercial	$6.75	$7.50	$8.75	$9.50
Industrial	$6.00	$7.00	$8.00	$9.00
B. Base Charges (per Month) Based on meter size				
5/8"	$31.00	$33.00	$31.00	$33.00
3/4"	$44.00	$47.00	$44.00	$47.00
1"	$72.00	$76.00	$72.00	$76.00
1-1/2"	$124.00	$132.00	$124.00	$132.00
2"	$199.00	$212.00	$199.00	$212.00
3"	$372.00	$396.00	$372.00	$396.00
4"	$620.00	$660.00	$620.00	$660.00
6"	$1,240.00	$1,320.00	$1,240.00	$1,320.00
8"	$2,015.00	$2,145.00	$2,015.00	$2,145.00
10"	$3,410.00	$3,630.00	$3,410.00	$3,630.00
B. Base Charges for Special Service Areas (per Month) Based on Meter				
Cedar Rock 5/8"	$31.00	$33.00	$74.00	$78.00
Paradise Point 5/8"	$43.00	$47.00	n/a	n/a
Mariners Landing 5/8"	$31.00	$33.00	$39.00	$41.00
Mariners Landing 1"	$72.00	$76.00	$90.00	$95.00

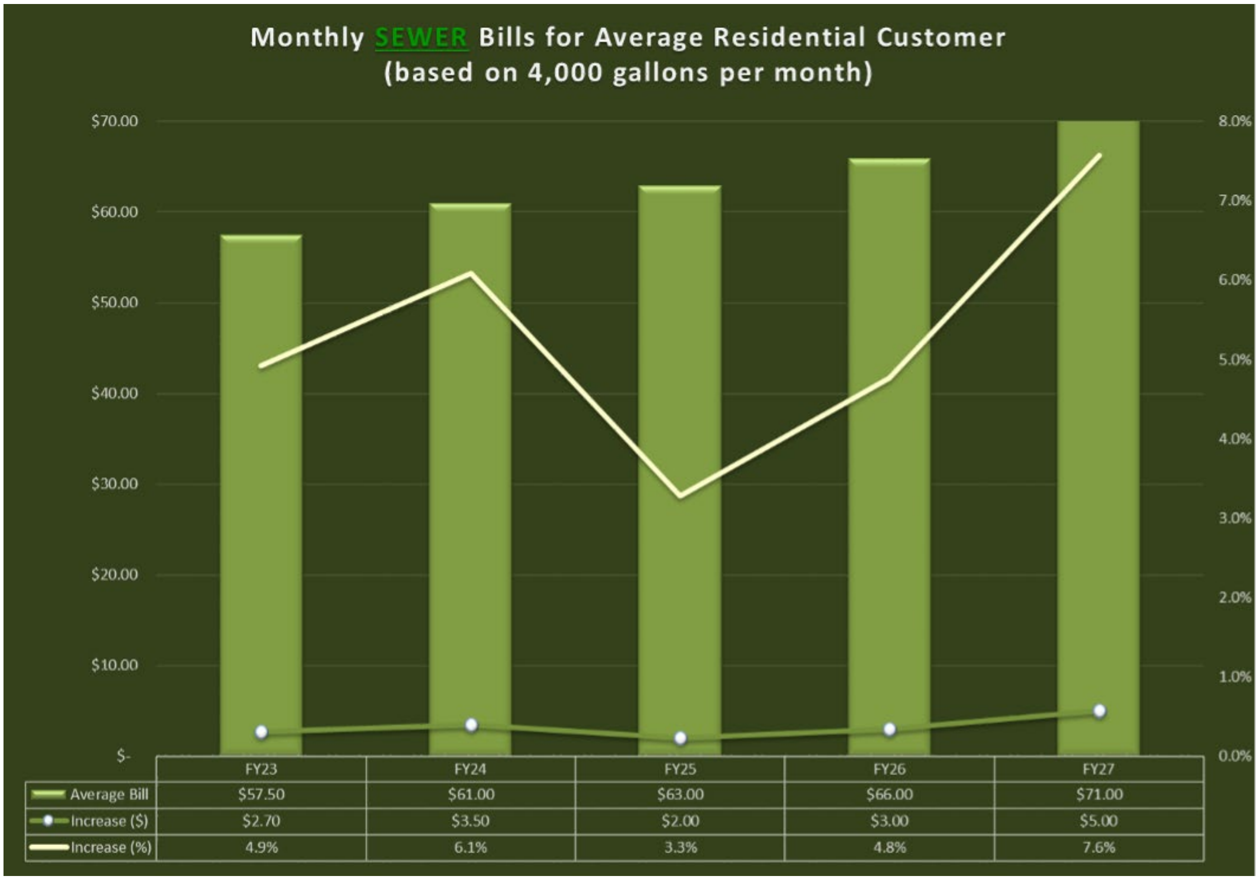
Customers are charged for water and/or sewer service based on their customer classification and the volume of metered water used. Customer classifications include residential, commercial, industrial, and bulk fill accounts. In addition to usage-based charges, all active accounts are assessed a base charge for each service provided, including water, sewer, and irrigation services.

The base charge is designed to recover a portion of the fixed administrative, operational, and infrastructure costs associated with providing these essential services and is not dependent on the volume of water consumed. Base charges for meter sizes ranging from 5/8-inch to 10-inch are structured in accordance with American Water Works Association (AWWA) standard meter size equivalents. These charges incorporate the Equivalent Residential Connection (ERC) methodology, ensuring a consistent and equitable allocation of fixed service costs among customers.

On July 1, 2013, the Bedford Regional Water Authority (BRWA), operating as Bedford Water, was formed through the consolidation of the former City of Bedford Water and Sewer Department and the Bedford County Public Service Authority. This consolidation established a regional approach to planning, operating, and investing in water and wastewater infrastructure, enhancing the Authority's ability to meet the current and future needs of the communities it serves.

As part of the consolidation, Bedford Water implemented a ten-year rate equalization plan to establish consistent rates across the service area. In recognition of the financial hardships experienced by customers during the COVID-19 pandemic, rates were not increased in FY 2021. The FY 2027 budget, effective July 1, 2026, includes measured rate adjustments that support ongoing system maintenance, regulatory compliance, infrastructure improvements, and strategic investments throughout the service area. These adjustments help ensure the long-term sustainability, reliability, and financial stability of the water and wastewater systems.


Monthly WATER Bills for Average Residential Customer
(based on 4,000 gallons per month)
$70.00
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$-
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
FY23 FY24 FY25 FY26 FY27
Average Bill $49.00 $53.00 $55.00 $58.00 $63.00
Increase ($) $1.80 $4.00 $2.00 $3.00 $5.00
Increase (%) 3.8% 8.2% 3.8% 5.5% 8.6%


Monthly SEWER Bills for Average Residential Customer
(based on 4,000 gallons per month)
$70.00
$60.00
$50.00
$40.00
$30.00
$20.00
$10.00
$-
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
FY23 FY24 FY25 FY26 FY27
Average Bill $57.50 $61.00 $63.00 $66.00 $71.00
Increase ($) $2.70 $3.50 $2.00 $3.00 $5.00
Increase (%) 4.9% 6.1% 3.3% 4.8% 7.6%

We are pleased to present Bedford Water's Fiscal Year 2027 Operating Budget and Capital Improvement Program for the period of July 1, 2026, through June 30, 2027. The FY 2027 budget continues our commitment to addressing aging infrastructure, advancing strategic initiatives, and ensuring the reliable delivery of water and wastewater services throughout our community.
Total FY 2027 operating expenses are budgeted at $15,923,099, compared to $14,291,657 in FY 2026. This represents an increase of $1,631,442, or 11.4%, over the previous fiscal year. These investments support essential operations, regulatory compliance, infrastructure maintenance, and the long-term sustainability of our water and wastewater systems.

We would like to express our sincere appreciation to Bedford Water's Leadership Team and staff for their valuable contributions throughout the FY 2027 budget development process. Their dedication, expertise, and collaboration help ensure we continue to provide safe, reliable, and high-quality service to our customers.

We appreciate your understanding and support as we work together to provide dependable water and wastewater to the Bedford Community. If you have any questions or concerns about this budget or our initiatives, please contact us at 540.586.7679 or through the "Contact Us" section of our website at www.brwa.com. Thank you for being a valued customer. We remain committed to responsible stewardship of our resources, strategic investment in our infrastructure, and delivering reliable, high-quality service for generations to come.

Sincerely,

Jill Underwood
Director of Finance

HISTORY:

The Bedford Regional Water Authority ("Authority") was created pursuant to the Water and Sewer Authorities Act Chapter 28, Title 15.1 Code of Virginia 1950, as amended. In accordance with the Reversion Agreement executed in August, 2012, the Authority was created by the Bedford County Board of Supervisors by resolution dated November 14, 2012 and the Bedford City Council by resolution dated November 27,2012.

Bedford Water currently serves more than 15,800 customers, maintaining over 400 miles of water lines and 160 miles of sewer lines.

EMPLOYEES:

Over 80 dedicated employees work within 9 different operating departments within Bedford Water: Administration (including Information Systems, Human Resources and Safety), Customer Service, Engineering, Finance, Maintenance and Operations (water and wastewater).

DRINKING WATER QUALITY:

Having successful partnerships with both Lynchburg Water Resources and the Western Virginia Water Authority (WVWA), Bedford Water is capable of providing water to residents and businesses over a vast area. These relationships provide access to millions of gallons of treated drinking water to be distributed over a large geographical area. In conjunction with these partners, Bedford Water utilizes five surface water sources and multiple wells to provide drinking water throughout the service area. Having such an abundant supply of water bolsters the community's defense against drought and other emergencies, thus protecting both public health and the environment. Additional testing information can be found in our annual drinking water quality report at www.brwa.com.

AGE OF PIPES:

Bedford Water has a variety of ages, types and conditions of pipes and facilities.

WATER DISTRIBUTION SYSTEM:

Bedford Water delivers water through 405 miles of waterlines, 3 water pumping stations and 15 water storage tanks and 5 water treatment plants.

SEWER COLLECTION SYSTEM:

Over 161 miles of sewer line, 32 sewer pumping stations, and 5 wastewater treatment plants comprise the sewer collection systems for businesses and residences in the service area.

FINANCIAL PERFORMANCE:

Bedford Water's financial performance remains strong and sustainable. Through the strategic use of various funding sources, including replacement reserve funds, grants, debt financing, and operating revenues, Bedford Water is able to effectively fund critical capital improvement projects while maintaining financial stability. This diversified funding approach enables BW to address aging infrastructure, support system growth, and invest in long-term asset renewal without placing undue financial burden on customers.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bedford Water for its annual financial report for the fiscal year ended June 30, 2025. This was the eleventh year that Bedford Water has received this prestigious award; its predecessor, the Bedford County Public Service Authority, received this award for eighteen consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only.

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Bedford Regional Water Authority for its Annual Budget for the fiscal year beginning July 1, 2025. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CUSTOMER SERVICE:

Bedford Water communicates important customer information through a variety of channels, including bill inserts, the Annual Water Quality Report, our website at www.brwa.com, and our social media platforms on Facebook and Instagram. These resources provide customers with updates on water quality, service enhancements, projects, conservation initiatives, and other important utility information.

To ensure timely response to urgent situations, Bedford Water maintains an after-hours emergency phone system that routes calls directly to on-call personnel. This system allows staff to respond promptly to emergencies and other issues requiring immediate attention.

Customers may contact Bedford Water by calling 540-586-7679, Option 4, or by submitting an inquiry through the Contact Us page on our website at www.brwa.com.

GOVERNANCE:

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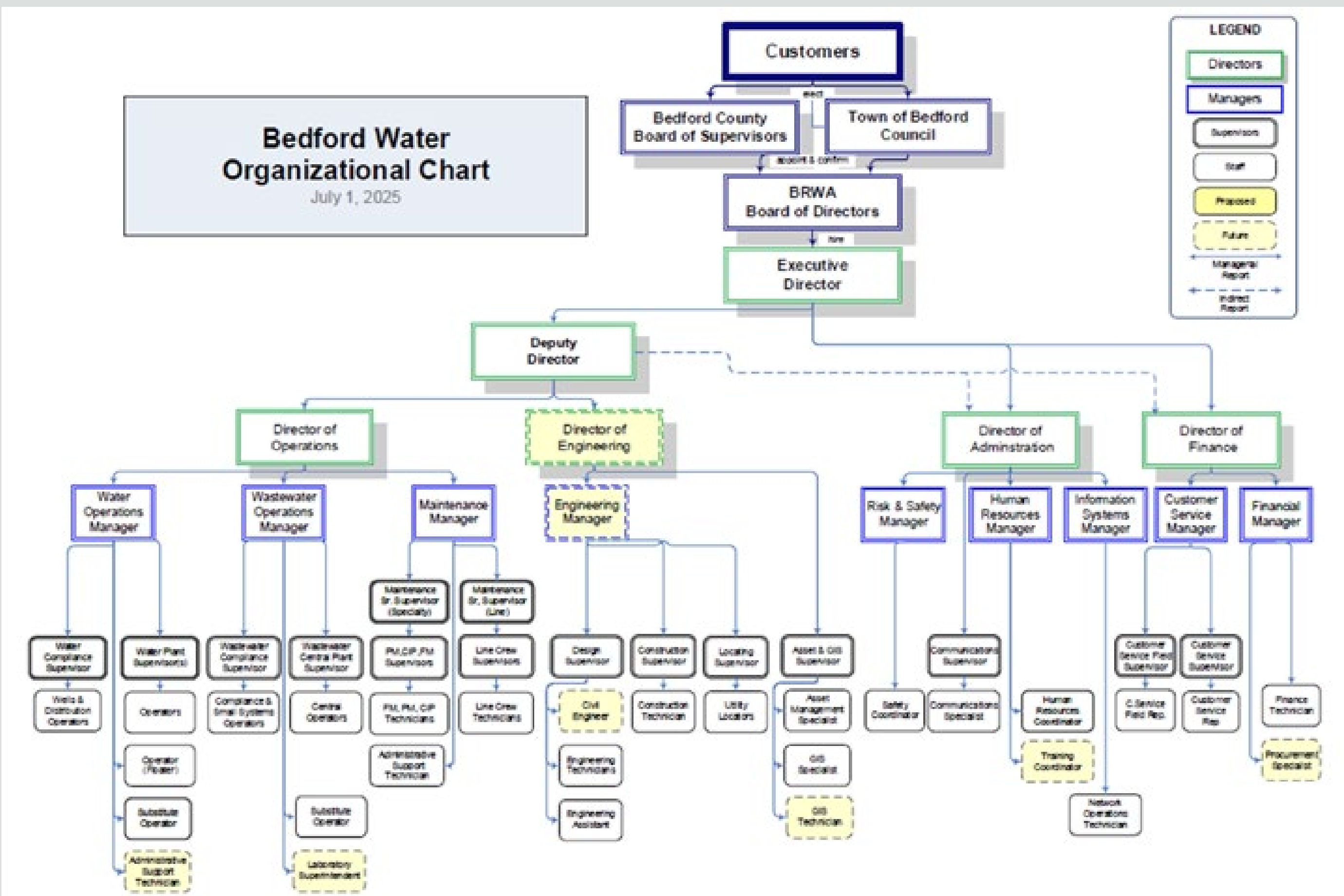


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Bedford Regional Water Authority
Virginia

For the Fiscal Year Beginning

July 01, 2025

Christopher P. Morrill
Executive Director

STRATEGIC GOALS AND STRATEGIES:

The 2024-2028 Strategic Plan celebrates Bedford Water's 10th anniversary and past accomplishments and recognizes what must be accomplished in the future. In order to make this strategic plan comprehensive and inclusive, Bedford Water sought input from a variety of stakeholders. To gather relevant input from stakeholders, we invited our customers to complete a survey, organized a roundtable meeting with both elected and appointed officials, and solicited input from all employees.

We engaged a consultant to ensure that we did everything possible to guarantee that communications during the development process of the plan were open, transparent, and easily accessible to the public. The result is a well-developed plan that provides the structure necessary to make informed decisions, determine strategic goals, develop actions needed to meet the established mission and vision statements, identify opportunities for improvement and enhance the skills and talents that already make Bedford Water exceptional.

At the beginning of FY 2026, we added Safety to our core values, expanding CARE to CARES and emphasizing our commitment to maintaining a strong culture of workplace safety.

According to the data collected from our surveys, roundtables and employee input, our stakeholders agree- water is the most valuable resource to our economy, to our health and to our sense of community.

We built a strategic plan to define how we intend to achieve our vision for the future and to identify the goals and objectives we believe are necessary to ensure that we meet the water and sewage needs of the communities we serve.

To do that, we must understand the people of the communities that we serve, their needs and wishes, and all elements- internal and external- that support or challenge our progress. Those questions are best answered directly from the people about and for whom this plan was written: our customers, staff, and the broader community of partners and future customers. A successful plan is one where all stakeholders not only understand, but work with us to ensure its completion. To that end, we:

Built understanding through surveys, focus groups and roundtables;

Built alignment through common creation of vision, mission, and values;

Built direction by bringing our vision to life and creating measurable goals;

Built action through thoughtful, immersive, and milestone driven plans, and;

Built support by integrating the plan elements into the budget and sharing with stakeholders.

According to the data collected from our surveys, roundtables, and employee input, our stakeholders agree- water is the most valuable resource:

- to our economy;
- to our health; and
- to our sense of community.

This plan is designed to support community and economic growth by preserving and conserving a safe and adequate water supply, including the infrastructure necessary to distribute this valuable resource.

We care for our community by caring for its water resources. That includes ensuring the very best quality in water and wastewater treatment. We are committed to providing excellent care of water resources, ensuring we never let up on our commitment to zero pollutants. Ensuring this resource remains available and viable for future generations requires deliberate planning and intentional support from our community.

PLANNING PIPELINES

Infrastructure

Infrastructure refers to resources that support the basic operations of our organization, providing essential support to our care of Bedford's water and the people who rely on it. Infrastructure is often unseen and, as such, is at risk of receiving inadequate attention. The two essential areas of infrastructure focus for the plan are the water piping system and technology resources, two powerful levers in ensuring optimal safety, productivity, and quality of care..

Pipe systems - there is an urgent need to replace outdated pipes. Traditional funding methods cannot accomplish this alone. In addition to impacting customers, this funding gap has implications for our region's economic development. Therefore, several entities must cooperate and collaborate with Bedford Water. The importance of this issue is widely acknowledged, but the challenges of establishing and implementing a plan require a dedicated team of stakeholders. Establishing a team of stakeholders to support Bedford Water as it addresses challenges and implements plans for current and future endeavors. This workgroup will address project funding and financing options for current and future projects.

Technology - Bedford Water has the hardware to support its work in the field and in the office. However, fully accessing, utilizing, and integrating data across departments is challenging. The goal is to leverage technology to automate processes, increase data access, and strengthen data integration across departments.

Community

Water is a human endeavor. When we care for it well. We have confidence in the quality and safety of our water and enjoy it as part of a thriving community. To that end, we recognize that our relationship with the people we serve is essential to our work. Connecting more meaningfully with our community- including our partners, neighbors, customers, future employees, and the general public- will ensure a broader understanding, respect, and care of our water resources.

> The community, specifically customers, rate their experience with Bedford Water positively. Partnering with our community to care for water resources can enhance this relationship. Public interest and the lack of awareness concerning water and water resources are obstacles. This can be accomplished through educating and engaging community members about the conservation, preservation, and use of Bedford's water resources.

Workforce

Our staff dedicate their days and nights to caring for our water resources, customers, and community. Just as we must ensure modernized piping and technology infrastructure, we must ensure that our workforce is organized and built for current and future needs and aligned within our strategic plan. We will focus on recruitment, retention, training and licensing, and employee engagement. These efforts will have a powerful impact on our culture, which is the basis for quality, productivity, and adaptability.

> Bedford Water takes pride in its employees' engagement and dedication. Contributing to the environment and community gives employees a sense of belonging. However, current needs exceed resources for staffing and training. While collaboration and communication have improved, opportunities exist to fine-tune a culture of connection between departments to ensure a seamless customer experience. To accomplish this, we will align staffing with the future needs of the communities served by Bedford Water and provide adequate training to ensure sustainable employee recruitment and retention.

One of the most significant insights we gained while developing the strategic plan was that we are building this plan from a place of great strength. One substantial and recurring theme gleaned from administering surveys, organizing focus groups, and attending roundtables was that we do what we set out to do daily; provide quality service to everyone. Fortunately, we have already built strong relationships among our staff and community. These relationships have helped us craft a plan about making something new, pushing ourselves further, and creatively adapting to local needs. The plan us not about significant shifts in direction, instead it is about building upon our current strengths

Additional information related to the strategic plan can be found on our website at www.brwa.com.

Fund Structure

Bedford Water operates and reports as a single enterprise fund, meaning that all departments are included in a single accounting and reporting entity. An enterprise fund is a proprietary fund type used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing goods or services to customers on a continuing basis be financed or recovered primarily through user charges. Costs related to the expansion of system capacity should be funded with new and or future customers who cause the need for such additional capacity through capital recovery fees and connection fees, thus "growth pays for growth".

Basis of Accounting and Budgeting

Bedford Water follows the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Bedford Water distinguishes between operating and non operating activities. Operating revenues and expenses result from providing services and delivering goods as part of the Authority's primary operations. The principal operating revenues are charges to customers for water and related services. Operating expenses include the costs associated with providing those services, administrative expenses, and depreciation of capital assets. Revenues and expenses that do not meet these criteria are classified as non operating. When both restricted and unrestricted resources are available for use, Bedford Water's policy is to utilize restricted resources first, followed by unrestricted resources as needed.

The annual budget is also prepared using the accrual basis of accounting. As a result, the basis of accounting and the basis of budgeting are consistent, recognizing revenues when earned and expenses when incurred.

Financial Policies

Bedford Water has developed and adopted Comprehensive Financial Management Policies, as part of its Operating Policy Manual. A financial management policy that is adopted, adhered to, and regularly reviewed is recognized as the foundation of sound financial management. An effective financial management policy should:

- Contribute significantly to the ability to prepare for and insulate itself from financial crisis by being able to better manage stressful financial internal and external events. Promote long-term financial stability by establishing clear and consistent guidelines.
- Promote long-term financial stability by establishing clear and consistent guidelines.
- Direct attention to the total financial picture of Bedford Water rather than a signle issue area.

Bedford Water's Financial Management Policy includes the following areas, and was adopted in October, 2022.

Operating Budget Policies

- Bedford Water will budget for all current operating expenditures to be paid for with operating revenues.
- Bedford Water will maintain operating reserves, to help maintain the operations and maintenance functions that would otherwise have to be deferred, require debt issuance, or require rate increases.
- Bedford Water staff should, not only during the preparation of the budget but in budget execution, use due care and promote cost savings and operating efficiencies at all times especially during periods of revenue shortfall.
- In preparing its annual budget, Bedford Water will base its revenue and expenditure projections on historic performance, while also taking into consideration operational needs, current trends, events, and developments in regulatory, local markets, building developments and environmental activities.
- Capital recovery charges will not be regularly used to finance continuing operations, but instead will be used for funding expansion and replacement of system infrastructure or adding to reserves.

Capital Budget Policies

- Bedford Water will prepare and update annually for adoption a Capital Improvement Plan (CIP) that is developed for a ten-year planning period.
- The first year of the five-year CIP planning period will be the most current capital budget.
- Bedford Water will maintain all assets at a level adequate to protect the capital investment, meet permitted regulatory requirements, and to minimize future maintenance and replacement costs.

Reserve Policies

Bedford Water has implemented best management practices for the control of its financial accounts; this includes those reserves be accumulated to provide for contingencies and planned/ unplanned major expenses. The reserves, when combined with unrestricted cash and investments, are to maintain a Days Cash on Hand floor of 180 days. Bedford Water has established various types of reserves for its systems:

- Capital Reserve Account- The Board has required that Bedford Water maintain a capital reserve account to be prepared in the event of a major unplanned expense, such as a catastrophic failure of one or more critical asset(s).
- Economic Development Account- to support the County and the Town of Bedford with Economic Development Projects. This can include partnering with the County and/or Town to share the cost of providing water and/or sewer service for the purpose of attracting and retaining businesses in the County and/or Town. The Board of Directors must approve the use of funds from this account, on a case-by-case basis. The primary source of funding for this account is from Bedford Water's portion of the co-location leases from cellular and broadband providers on the water storage tanks.

- Replacement Reserve Accounts- accounts have been established for various asset replacements, including: Vehicles and equipment, Information and Operational Equipment, Meters, Water and sewer line replacements, Tank Rehabilitation, and Water and Sewer Facilities (plants and pump stations).

Revenue and Expenditure Policies

- A diversified and stable revenue system will be maintained to shelter services from short-term fluctuations.
- Rate studies are to be conducted to ensure that all rates will continue to support direct and indirect costs of operations, administration, maintenance, debt service, depreciation/amortization of capital assets, and system development. These studies are to be performed formally on a periodic basis by an outside firm that specializes in utility rates. Annually, staff will analyze projections by the consultant and adjust as necessary during the budgetary and rate process.
- Bedford Water shall develop and maintain a comprehensive list of various fees and charges. Fees will be set at levels sufficient to cover the entire cost of service.
- Operating expenditures are to be funded with on-going revenues to the extent possible.

Debt Policy

- Bedford Water will utilize a balanced approach to capital funding utilizing debt financing, CIP planned current- year revenues (pay-as-you-go), and planned capital reserve fund transfers from reserves.
- Bedford Water will analyze all sources of debt financing when it has been determined that there is a need for debt.
- When Bedford Water finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected average useful life of the project(s) being financed..
- When assessing capital project funding approaches and the issuance of debt, Bedford Water will conduct a series of financial analyses to demonstrate its financial ability to incur such debt under its current rate structure, and to determine if, when and to what degree rate structures need to be adjusted in the event that the current rate structure is not able to accommodate new additional debt.
- Review its current debt structure periodically as interest rates fluctuate and optional bond redemption rates arise for refunding opportunities.
- Remain in compliance with all debt covenants as they are provided. Bedford Water shall maintain net revenues, such that they are equal to 1.25x of annual debt service.

Other Financial Policies include:

- Purchasing
- Purchasing Cards (P-Cards)
- Disposal of Surplus Property
- Grant Administration

The complete Operating Policy Manual is available on our website using the following link: Policies - Bedford Water.

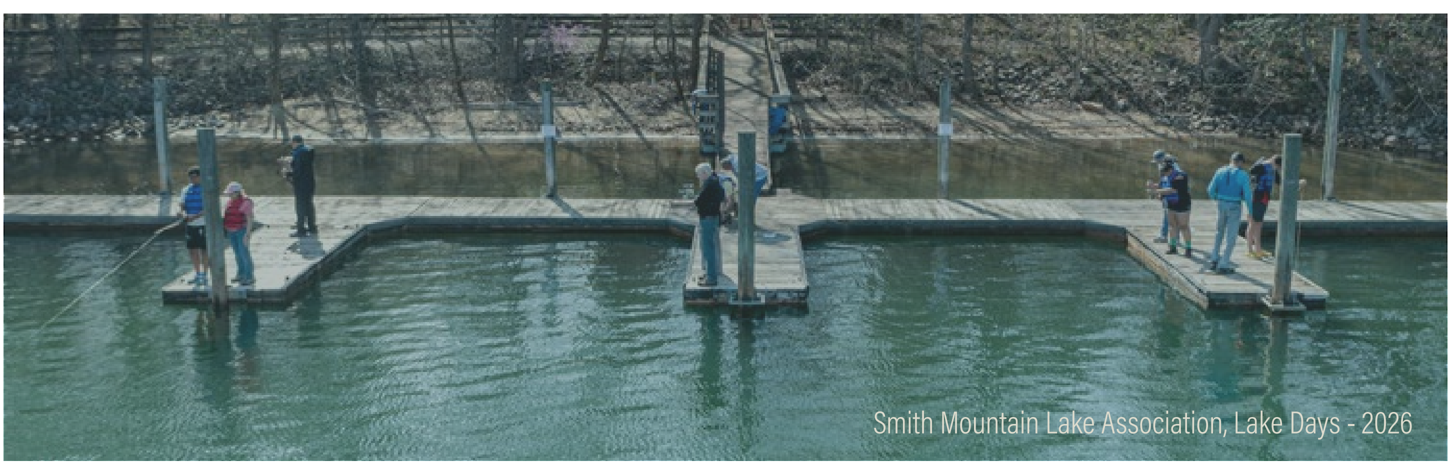
Budget Process

Bedford Water must adopt its budget prior to July 1st of each year. Development of the budget is driven by the strategic plan, organization goals and objectives, external factors such as growth, development, and water consumption trends. The Finance Committee of the Board, along with staff participate in the development of the Budget prior to the presentation to the Board at a public board meeting. There is a public comment period during every Board meeting and all budget materials are available on the website prior to each meeting. If a rate increase is proposed, a separate rate hearing is held, in addition to the regularly scheduled Board meetings and public comment period.

The Engineering department develops the Capital Improvement Budget (CIP) using the strategic plan and organizational goals as well as any developments that may impact infrastructure needs. Departmental managers also submit any requests for projects that may be needed for the facilities that they manage. Project costs are estimated based on asset management assumptions at the time of budget development. Once the CIP is completed, it is presented to the Finance Committee, and then the Board, as part of the operating budget presentation in April of each year. During the preparation of the operational and CIP budgets, the funding amounts for the replacement capital accounts are established.

During this same time, the Finance Department, along with departmental managers, are developing the overall operating budget. The team meets with individual departments to develop operating expenses using trend, usage data, and inflation factors to determine any increase/decrease in expenses. In addition, discussions of any new personnel requirements are developed to ensure appropriate budgetary coverage. For purposes of revenue development, the team reviews historical and current year trend analysis, such as customer growth, consumption analysis, and the rate study model to develop the revenue budget.

The CIP, revenue and expense budgets are combined and presented to the Board in April each year. Following this presentation, any amendments by the Board are made and the final budget is adopted in May.


Smith Mountain Lake Association, Lake Days - 2026

Analysis & Planning (January-February)

- Analyze Year-to-Date Financial Performance
- Develop Current Year Financial Projections
- Review Strategic Plan and Organizational Priorities
- Review and Update Capital Improvement Plan

Budget Development (March)

- Develop Draft Operating Budget
- Develop Draft Capital Budget
- Perform Rate Development Analysis

Review & Governance (March - April)

- Meet with Finance Committee (several meetings during this timeframe)
- Review Budget Assumptions
- Refine Proposed Rates
- Evaluate Capital Funding Strategy
- Present Proposed Budget to Board

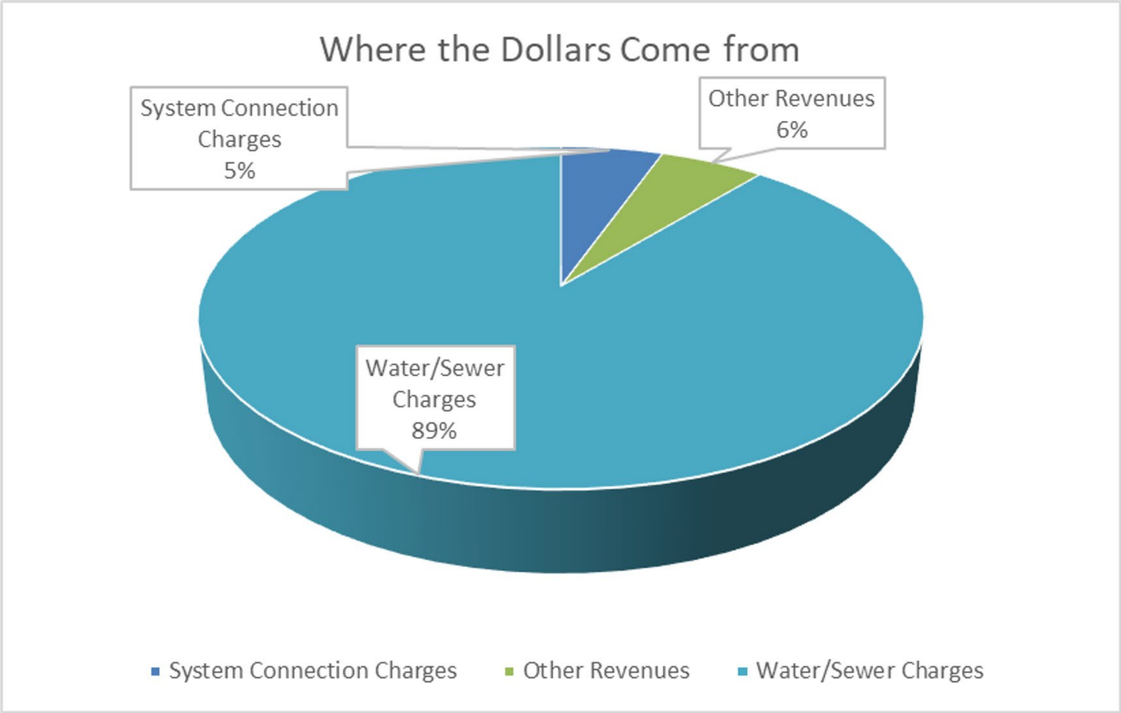
Approval & Adoption (May)

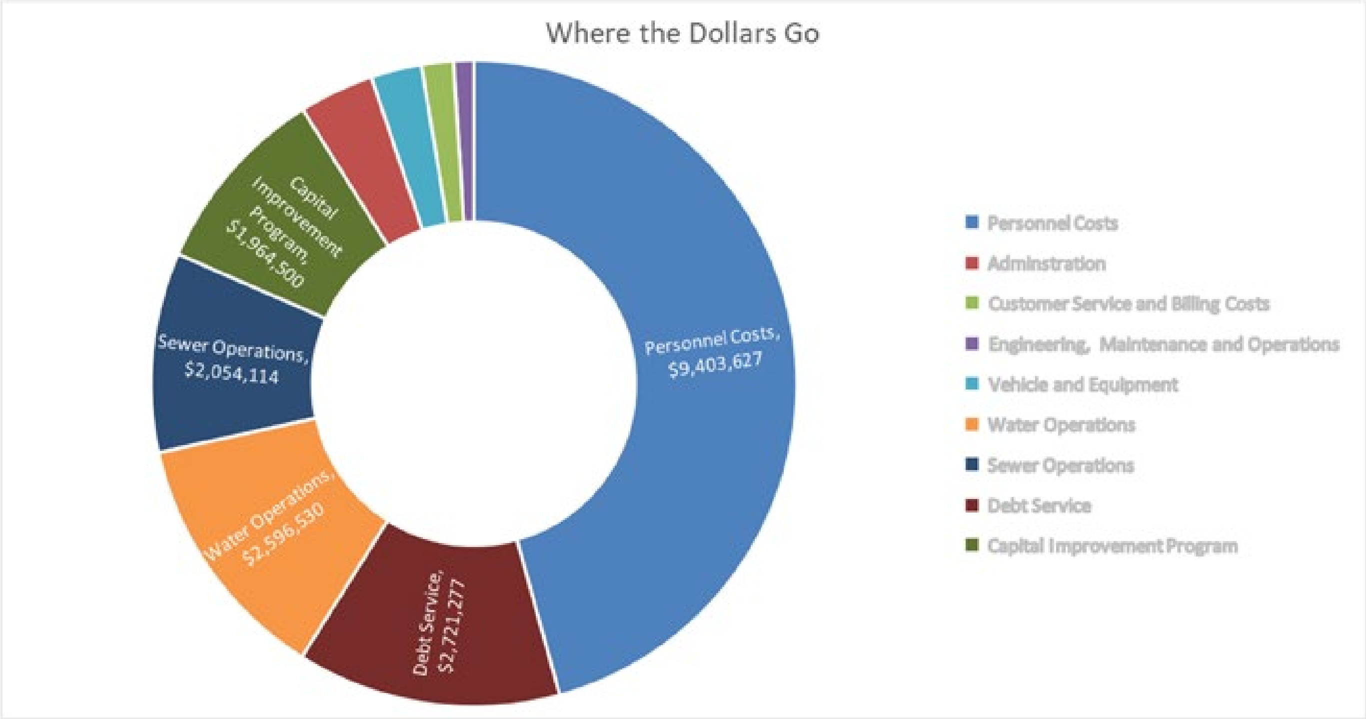
- Conduct public hearing on proposed rates
- Receive public input
- Adopt Budget and Rates

Performance Monitoring (Ongoing)

- Monthly Budget-to-Actual Reviews
- Monitor Capital Project Performance
- Evaluate Financial and Operational metrics

Bedford Water's Fiscal Year Total Operating and Non-Operating Budget is $22,999,862:





FY 2026 OPERATING BUDGET HIGHLIGHTS

Operating Expenses:

- FY 2027 Operating Budget Expenses total $18,644,376.
- FY 2026 Operating Budget Expenses total $18,563,235.

Personnel Costs comprise 50% of total Operating Expenses, totaling $9,403,627.

- This category includes salaries, payroll taxes, retirement, health insurance, training and education and safety expenses.
- FY 2026 personnel costs totaled $8,729,404 or 47% of total operating expenses.
- Increase of $674,223.

Department Operating Budgets:

- FY 2027 $1,830,828
- FY 2026 $1,518,099

Water and Sewer System Operating Costs:

- FY 2027: $4,650,644
- FY 2026: $4,043,153

Debt Service (Principal and Interest) Expense:

- FY 2027: $2,721,277
- FY 2026: $4,272,579

Top Budget Priorities:

- Maintain financial stability
- Fully fund operations and regulatory obligations
- Reinvest in aging infrastructure
- Preserve strong reserves for the future

Top Operating Initiatives:

- Employee recruitment and retention
- Add Positions:
    - Two Preventative Maintenance Technicians for Lead Service Line potholing
    - Water Operator
    - Wastewater Compliance Specialist
    - Overlap for Asset Management (attrition)
- Major emphasis is preventative maintenance and infrastructure reinvestment

Other Initiatives:

- Funding ongoing work in:
  - Water line replacements
  - Sewer line replacements
  - Facility maintenance at plants, pump stations and tanks
  - Vehicle, equipment and computer replacements
- Look towards future capital needs and rates necessary to fund these initiatives

Water and Sewer Rates - Fiscal Year 2027 Approved:

The adopted monthly user water and sewer rate increase is driven by the following factors:

- Continue funding replacement reserve accounts for infrastructure replacements and improvements.
- Bedford Water's service area has a higher population density than its neighboring localities, thus requiring a higher rate than its neighbors.
- The geographical area for Bedford Water is inefficient and makes it more expensive to service than its local counterparts.
- There are critical replacement needs for various systems that must be addressed.

Bedford Water Monthly Water and Sewer User Rates

	Water		Sewer	
Existing Customer Fees	**FY 2026**	**FY 2027**	**FY 2025**	**FY 2026**
B. Volume Charges (per 1000 gallons)				
Residential and Commercial	$6.75	$7.50	$8.75	$9.50
Industrial	$6.00	$7.00	$8.00	$9.00
B. Base Charges (per Month) Based on meter size				
5/8"	$31.00	$33.00	$31.00	$33.00
3/4"	$44.00	$47.00	$44.00	$47.00
1"	$72.00	$76.00	$72.00	$76.00
1-1/2"	$124.00	$132.00	$124.00	$132.00
2"	$199.00	$212.00	$199.00	$212.00
3"	$372.00	$396.00	$372.00	$396.00
4"	$620.00	$660.00	$620.00	$660.00
6"	$1,240.00	$1,320.00	$1,240.00	$1,320.00
8"	$2,015.00	$2,145.00	$2,015.00	$2,145.00
10"	$3,410.00	$3,630.00	$3,410.00	$3,630.00
B. Base Charges for Special Service Areas (per Month) Based on Meter				
Cedar Rock 5/8"	$31.00	$33.00	$74.00	$78.00
Paradise Point 5/8"	$43.00	$47.00	n/a	n/a
Mariners Landing 5/8"	$31.00	$33.00	$39.00	$41.00
Mariners Landing 1"	$72.00	$76.00	$90.00	$95.00

Sample Monthly Combined Water and Sewer Bill

For average residential user

Combined Water and Sewer	Meter Size	Monthly Usage (gallons)	Current Bill	Recommended FY 2026 bill	Monthly Change
Average Residential User- based on 4,000 gallons	5/8"	4,000	$ 124.00	$ 134.00	$ 10.00

Why does Bedford Water need a rate increase?

While Bedford Water has been able to maintain its high level of service, costs associated with providing these services have increased and must be supported by sustainable rate increases.

Bedford Water maintains 405 miles of waterline. We have identified priorities related to the water system that include: identifying lead service lines, operational efficiencies, service continuity and water line replacements.

Bedford Water maintains 161 miles of sewer line. We have identified priorities related to the sewer system that include: system capacity and operational efficiencies, inflow and infiltration issues, aging facilities and sewer line replacements.

In March 2026, the American Water Works Association (AWWA) released Beyond the Replacement Era: Balancing Compounding Infrastructure Needs with Household Affordability, highlighting the growing challenges water utilities face in balancing infrastructure needs with customer affordability. Bedford Water seeks to balance the need for reliable infrastructure investment with customer affordability through long-term financial planning, proactive asset management, operational efficiency, pursuit of external funding opportunities, and equitable rate design. Consistent with industry best practices, Bedford Water evaluates affordability in the context of maintaining safe, reliable service while minimizing impacts on customers' ability to meet other essential household needs.

Operating expenses have increased 11.4% for FY 2027, as compared to FY 2026.

How much will my bill increase?

The average residential customer will see an increase in their monthly bill of $5.00 for water and $5.00 for sewer.

Why are there different rates for some systems?

In recent years, Bedford Water has been approached and asked to take over various private water and sewer systems within its service area. These systems either have unique operating needs and or capital improvement needs that necessitate a monthly base rate that is more than the standard rate. These rates are calculated upon the transfer of the system and routinely to make sure the rate is still adequate.

Why is Capital Planning causing rates to increase?

Over $75million in capital improvement needs have been identified to support system reliability and future growth, excluding numerous replacement projects or purchases to be managed through separate reserve funding as well as larger projects underway with alternate funding sources.

Who pays for growth?

Bedford Water has a philosophy that "growth pays for growth". Costs related to the expansion of system capacity should be funded with new/future customers who cause the need for such capacity through capital recovery and connection fees.

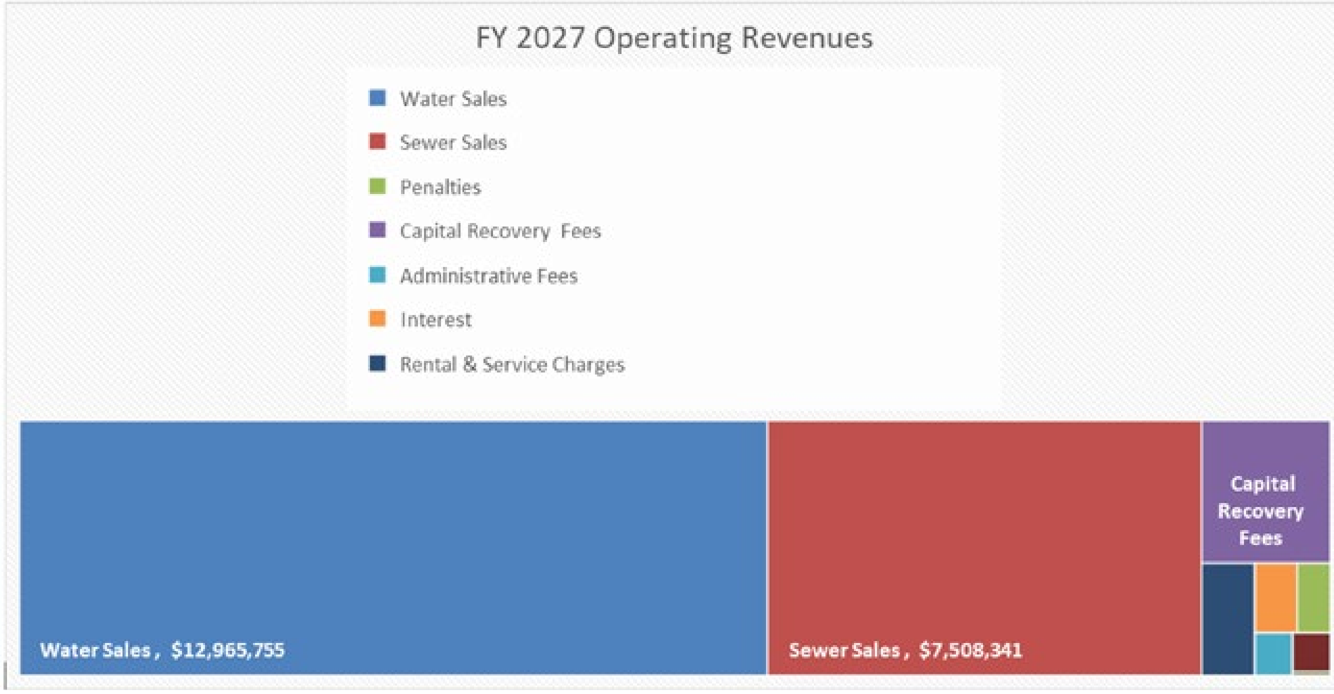
FY 2027 Revenue and Expense Summary

Revenue Sources	FY 2025 Actuals	FY 2026 Budget	FY 2027 Budget
Revenue from Operations	$ 20,854,092	$ 21,086,201	$ 22,702,922
Other Non Operating Sources			
Other Revenue & Support	$ 2,233,330	$ 273,532	$ 296,940
Total Revenue	**$ 23,087,421**	**$ 21,359,733**	**$ 22,999,862**
Expenditure Categories			
Direct Operating Expenses	$ 13,787,390	$ 14,283,101	$ 15,923,099
Debt Service			
Debt Expenditures	$ 3,661,595	$ 4,272,579	$ 2,721,277
Replacement Reserve Capital Setasides	$ 2,132,000	$ 2,132,000	$ 2,420,000

FY 2027 Revenues

Revenue Sources	FY 2025 Actuals	FY 2026 Budget	FY 2027 Budget
Water Sales	$ 10,968,088	$ 11,415,256	$ 12,965,755
Sewer Sales	$ 6,300,045	$ 6,629,948	$ 7,508,341
Penalties	$ 209,193	$ 131,000	$ 155,500
Capital Recovery Fees	$ 1,089,700	$ 1,200,000	$ 1,248,000
Administrative Fees	$ 177,213	$ 110,500	$ 110,500
Interest	$ 526,276	$ 120,000	$ 200,000
Rental & Service Charges	$ 478,368	$ 369,498	$ 404,826
Contract Operations	$ 89,994	$ 100,000	$ 100,000
Misc	$ 15,214	$ 10,000	$ 10,000
Bedford County CIP Contribution For Debt & Other Contributions	$ 1,000,000	$ 1,000,000	$ -
Revenue from Operations	$ 20,854,092	$ 21,086,201	$ 22,702,922
Other Non Operating Sources			
Line Dedications	$ 1,769,557	$ 200,000	$ 200,000
Prepay Redemptions	$ 406,500	$ 20,000	$ 20,000
Customer Line Contributions	$ 3,500	$ -	$ -
Contributions from Outside Agencies			
County portion- cellular tower rental	$ 53,773	$ 53,532	$ 76,940
Other Revenue & Support	$ 2,233,330	$ 273,532	$ 296,940
Total Revenue	**$ 23,087,421**	**$ 21,359,733**	**$ 22,999,862**

Revenue Highlights - FY 2027



Water Sales - include all monthly base and commodity charges for all customer classes

Sewer Sales - include all monthly base and commodity charges for all customer classes

Capital Recovery Charges - Capital Recovery Fees are charged by Bedford Water to help offset the capital costs and debt service incurred to build and maintain capacity in the entire water and/or sewer systems such that it is possible to serve the customer's actual and/ or future demands. Capital Recovery Fees are charged based on the size of the water meter. These charges are harder to project, due to the timing of project development.

Capital Recovery Fees – See Rate Information Policy		
5/8"	$6,000	$7,000
3/4"	$9,000	$10,000
1"	$14,000	$16,000
1-1/2"	$24,000	$28,000
2"	$39,000	$45,000
3"	$72,000	$84,000
4"	$120,000	$140,000
6"	$240,000	$280,000
8"	$390,000	$455,000

FY 2027 Changes in Net Position

	FY 2025 Actual	FY 2026 Estimated	FY 2026 Estimated
Beginning Net Position	$ 96,473,158	$ 103,365,774	$ 110,602,747
Change in Net Position	$ 6,892,616	$ 7,237,247	$ 7,599,109
Ending Net Position	$ 103,365,774	$ 110,603,021	$ 118,201,857
Net investment in capital assets	$ 82,841,851	$ 93,006,080	$ 99,395,941
Restricted for debt service	$ 1,805,183	$ 2,001,915	$ 2,139,454
Restricted for capital improvements	$ 1,534,271	$ 1,426,779	$ 1,524,804
Unrestricted	$ 17,184,469	$ 14,167,974	$ 15,140,625
Ending Net Position	$ 103,365,774	$ 110,602,747	$ 118,200,823

Note: This table shows the audited FY 2025 changes in net position and estimates changes for FY 2026 and FY 2027. Net position is dependent upon a variety of factors and is contingent upon contributed capital or capital assets from developers and customers. These contributions can be significant, and estimates related to the timing of the formal dedication of these assets can vary. Please see “Changes in Net Position” in the Budget Appendix for a schedule of historical audited data.

LONG - RANGE FINANCIAL PLANS

Bedford Water uses the following guiding principles in its evaluation of current and future financial sustainability:

- Bedford Water will maintain operating reserves, to help maintain the operations and maintenance functions that would otherwise have to be deferred, require debt issuance, or require rate increases.
- When assessing capital project funding approaches and the issuance of debt, we will conduct a series of financial analyses to demonstrate its financial ability to incur such debt under its current rate structure, and to determine if, when and to what degree rate structures need to be adjusted in the event that the current rate structure is not able to accommodate new additional debt.
- Bedford Water develops and maintains a comprehensive list of various fees and charges. Fees will be at levels sufficient to cover the entire cost of service.
- Growth pays for growth- costs related to the expansion of system capacity should be funded with new/future customers who cause the need for such additional capacity through capital recovery and connection fees.
- Bedford Water has implemented best management practices which dictate that cash/investment reserves be accumulated to provide for contingencies and planned/unplanned major expenses.

The FY 2027 budget supports the above noted principles by:

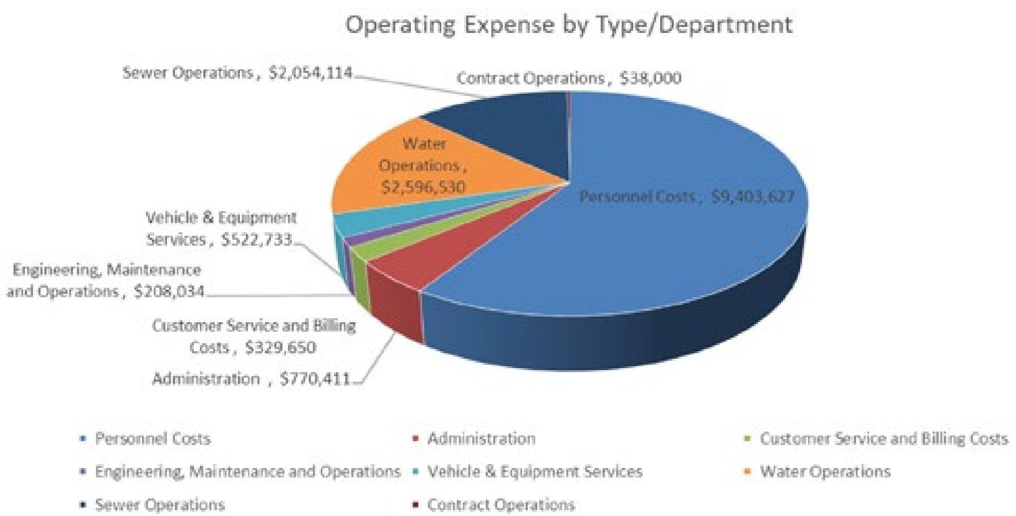
- Bedford Water evaluated both operating and non-operating revenues through a rate model and analysis of current market conditions. The rate model incorporates expected expenses and growth to the customer basis over a period of time to ensure that rates are adequate to cover expenses, debt service and continue to fund the replacement capital accounts.
- In FY 2027, $2,420,000 will be contributed towards Replacement Reserve Capital Set asides. This is an increase of $288,000 over FY 2026 contributions.
- Bedford Water operates under a financial Management framework designed to promote long-term sustainability and fiscal stability. Key principles include:

    - Funding all recurring operating expenses with recurring operating revenues.
    - Maintaining a self-supporting utility enterprise through prudent financial planning and management.
    - Aligning financial resources with strategic priorities and infrastructure needs.
    - Preserving Bedford Water's long-term financial health through responsible budgeting and rate-setting practices.

The Capital Improvement Program (CIP) projects identified for FY 2027 focus on system reliability, regulatory compliance, operational efficiency, and long-term planning through targeted investments in infrastructure, system controls, equipment, data management, and lead service line inventory development.

Bedford Water's Operating Budget is $15,923,099, or a 11.4% increase. The single largest cost of the Operating Budget are personnel costs. As outlined in the 2024-2028 Strategic Plan, one of the pipelines is its Workforce. This budget focuses on Employee recruitment and retention.

The following pages will outline in more detail the Operating Budget for FY 2027.



The Operating Budget is divided into the following areas: Personnel Costs, Administration, Customer Service and Billing, Engineering/Maintenance and Operations, Vehicle and Equipment Services, Water Operations, and Sewer Operations.

Bedford Water operates with a set of budget categories for its system needs: Supplies, Contracted Services, Repairs and Improvements, Communication, Power, Fuel Costs, Property Insurance, Sampling and Testing and Regulatory Fees. Personnel costs are within their own budget category and not allocated throughout the individual categories.

Vehicle Rebranding

Personnel Costs:

- Includes salary, benefits, payroll taxes and other employee development expenses.
- Annually, as part of the budget process, a percentage pool is allocated towards salary increases. All increases are performance based, with individual performance evaluations for each employee.
- Retirement- the employer contribution to the Virginia Retirement System is a percentage of payroll based on an actuarial study. The Rate for Fiscal Year 2027 is 5.37%.
- Health Care – health insurance is provided through The Local Choice, a state health insurance program for Virginia jurisdictions.
- Workers Compensation coverage is provided through the Virginia Risk Sharing Association (VRSA).
- Projected overtime and on call pay are budgeted in this category.
- There are several new positions included in this budget:
    - Two Preventative Maintenance Technicians for Lead Service Line Inventory development
    - Water Operator
    - Wastewater Compliance Specialist
- Employee Training, Certifications, Clothing and Uniform and Safety (personal protective equipment) are all budgeted within this category.


Spring Fling

Key Initiatives for FY 2027:

- Continue employer contribution rates for health insurance.
- Provide Training and Education for employees, as well as licenses for water and wastewater operators.
- Employee Events - one of the strategic goals is around the workforce and creating a culture that people want to be a part of. Bedford Water provides four annual events for employees to achieve this:

    - **Late winter/early Spring** - "Fireside Chat" where employees receive updates on what is going on at Bedford Water while sitting around a fire pit, roasting marshmallows if they desire. The idea for this event comes from the radio addresses that President Franklin D. Roosevelt gave during the Great Depression and World War II, to update the American people.


Falll Festival

- **Spring** - Bedford Water hosts an annual Spring Fling each year, typically in May. Employees enjoy a catered lunch and fun team activities. There is a brief discussion of current happenings, but the focus is on gathering together as a team, outside of the normal work environment.

- **Fall** - Bedford Water hosts an annual Fall Festival, in September or October. This is a similar event to the Spring Fling, where the focus is food and fun team events.

- **Winter** - Bedford Water hosts an annual Winter Luncheon, in December. The focus of this event is recognition of employees, through service awards and peer awards for various categories. This is the nicest event of the year and is all about the employees, to show appreciation for their hard work and dedication.

- Training, Education and Professional Licenses are an integral part of Bedford Water and funding is provided annually to achieve this.
- Bedford Water's Safety team provides safety training classes each year to reduce workplace accidents. Individual departments also conduct informal "5-minute Toolbox Talks" to reinforce commitment to safety culture


Fireside Chat

Account #	Description	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Adopted Budget	Adopted as % of FY 2026
Salaries					
4000-0010	Salaries	$ 5,336,000	$ 5,850,583	$ 6,346,161	8.5%
4000-0019	On call Stipend	$ 48,002	$ 80,600	$ 82,760	2.7%
4000-0020	Overtime	$ 275,409	$ 461,767	$ 478,391	3.6%
4000-4006	Salaries Total	$ 5,659,411	$ 6,392,950	$ 6,907,312	8.0%
Employee Benefits & Related Expenses					
4100-0030	Payroll Taxes	$ 416,422	$ 482,895	$ 522,078	8.1%
4100-0040	VRS Retirement & Life	$ 266,477	$ 360,518	$ 402,844	11.7%
4100-0041	VRS Hybrid Disability	$ 13,317	$ 16,273	$ 18,912	16.2%
4100-0045	Unemployment Payments	$ 413		$ 1,500	
4100-0050	Health Insurance	$ 859,505	$ 1,088,505	$ 1,132,431	4.0%
4100-0055	Flexible Benefits Account	$ 2,021	$ 2,500	$ 2,500	0.0%
4100-0060	Workers Compensation Ins.	$ 37,031	$ 55,178	$ 54,747	-0.8%
4100-0065	Employee Testing & Background Check	$ 10,050	$ 8,605	$ 11,125	29.3%
4100-0070	Mileage Reimbursements	$ -	$ -		
4100-0075	Meetings	$ 4,322	$ 23,820	$ 5,400	-77.3%
4100-0080	Professional Dues	$ 9,281	$ 14,111	$ 13,222	-6.3%
4100-0085	Training & Education	$ 70,536	$ 102,493	$ 134,054	30.8%
4100-0086	Continuing education	$ 23,955	$ -		
4100-0090	Whistle Blower Hotline	$ 661	$ 500	$ 500	0.0%
4100-0095	Employee Referral Program	$ -	$ 500	$ 500	0.0%
4100-0101	Adminstration Clothing & Uniforms	$ 39,147	$ 77,298	$ 1,930	-97.5%
4100-0104	Customer Service Clothing & Uniforms			$ 2,550	
4100-0105	Engineering Clothing & Uniforms			$ 6,645	
4100-0106	Wastewater Clothing & Uniforms			$ 12,647	
4100-0107	Water Clothing & Uniforms			$ 13,522	
4100-0108	Maintenance Clothing & Uniforms			$ 37,932	
4100-0102	Employee & Incentive Fund	$ 37,301	$ 34,750	$ 37,000	6.5%
4100-0103	Safety	$ 81,066	$ 68,507	$ 84,276	23.0%
4100	Employee Benefits	$ 1,871,506	$ 2,336,454	$ 2,496,315	6.8%

Safety Supplies

Administration Budget for FY 2027

The Administration budget category includes the following: general office expenses, Board of Directors salaries and the Information Technology department. The Finance department also falls into this category.

Long range planning is in this category and includes strategic planning initiatives and third-party salary studies. Bedford Water completes internal salary surveys annually and conducts a formal, third-party compensation study every three years.

Key Initiatives:

- Cornerstone Leadership program for all Directors, Managers and Supervisors.
- An Emerging Leaders program was established to develop internal talent and prepare employees for future leadership opportunities. The program pairs each Emerging Leaders with a mentor who provides guidance, support and professional development throughout the program. By investing in employee growth and leadership development, Bedford Water strengthens succession planning, enhances organizational capacity, and promotes a culture of continuous learning.
- Support the Board of Directors in policy making..
- The Information Technology team supports all Staff and various project implementations.
- Replacement of servers, PCs, field tablets and mobile phones.

As part of the 2024-2028 Strategic Plan:

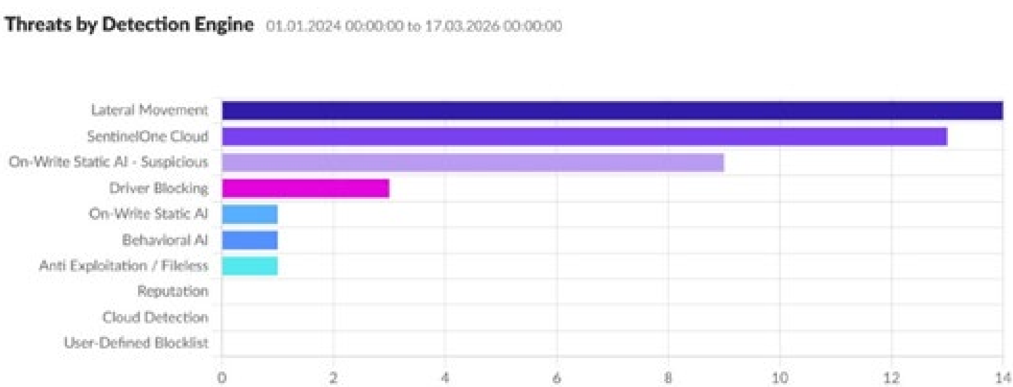
- Leveraging Technology to automate processes, increase data access and strengthen data integration across departments. Leveraging Technology to automate processes, increase data access and strengthen data integration across departments.
- Educate and engage community members about the conservation, preservation, and use of Bedford County's water resources.
- Development of a phased data visualization program. Ensure that Bedford Water is prepared to implement and utilize dashboards.
- Emergency action plan checklists were developed and are in place at facilities that are easily accessible in the event of an incident. Leadership participated in four training sessions where the Emergency Action Plan checklists and emergency scenarios were reviewed.

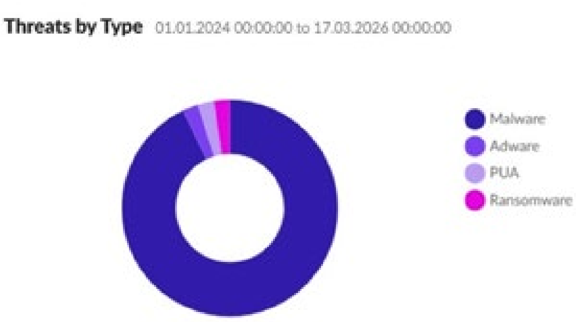
Performance indicators in FY 2026:

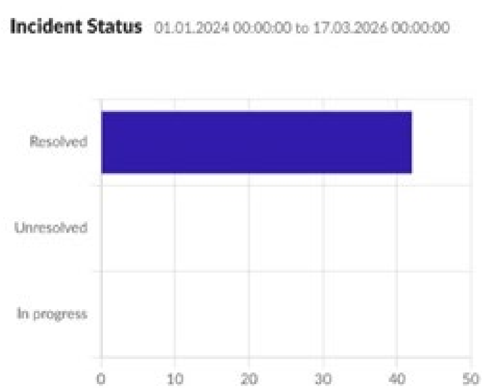
- In March 2026, Bedford Regional Water Authority re-branded to Bedford Water. When the Authority was formed in late 2012, the decision was made by Bedford City (now Town of Bedford) and Bedford County to make the official legal name of the Authority be Bedford Regional Water Authority. In order to create a brand that is easier to remember and easier to recite, the Authority is now known as Bedford Water. The logo was also refreshed to show a more accurate version of the Peaks of Otter and the water looking more like a representation of Smith Mountain Lake. The legal name still remains Bedford Regional Water Authority.

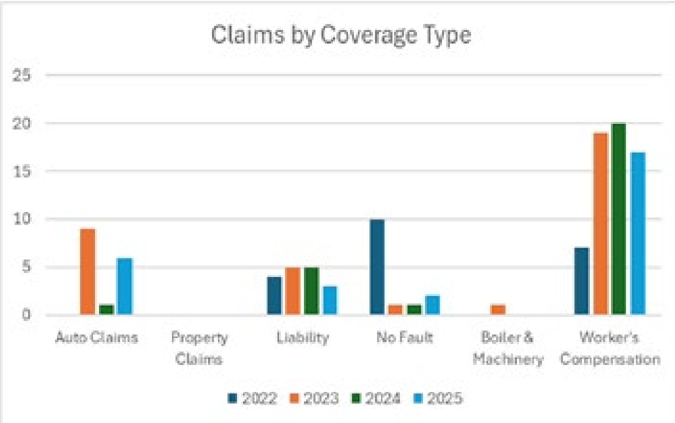
- During the year, 11 media releases were written resulting in 41 media mentions throughout the year.
- Almost 49 gallons of fats, oils, and grease were collected as part of the "Enjoy the Feast, Recycle the Grease" campaign.
- Bedford Water participated in community events and hosted tours, engaging with approximately 8,645 people.

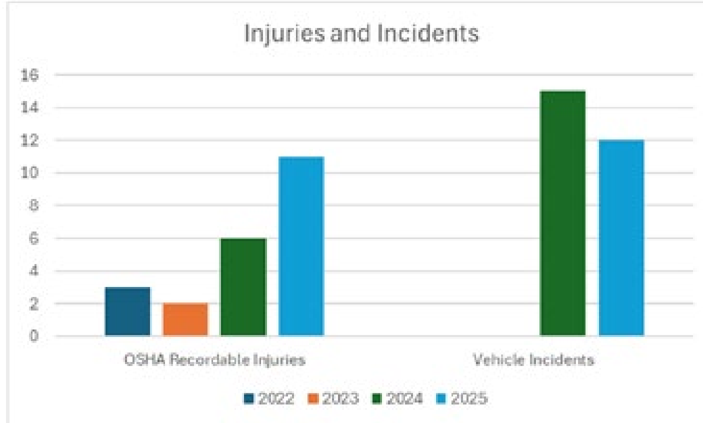
Bedford Water considers cybersecurity a priority and takes steps to prevent exploits due to vulnerabilities at the end-user level. Regular internet and application usage, though benign, can often lead to unexpected exposure to attempts at such exploitation.











Account #	Description		FY 2025 Actuals		FY 2026 Adopted Budget		FY 2027 Adopted Budget	Adopted as % of FY 2026
4010-0075	Board & Committee Meetings	$	545	$	1,000	$	1,000	0.0%
4010-0085	Long Range Planning	$	-	$	37,500	$	37,500	0.0%
4010-0100	Supplies	$	4,933	$	8,000	$	8,000	0.0%
4010-0103	Public Outreach Expenses	$	12,601	$	14,000	$	16,225	15.9%
4010-0110	Building Maintenance Expense	$	73,485	$	52,000	$	74,600	43.5%
4010-0115	Document Shredding Services							
4010-0130	Postage & Shipping Expense	$	7,089	$	8,500	$	8,500	0.0%
4010-0140	Commercial Phone Charges	$	13,421	$	14,400	$	14,400	0.0%
4010-0142	Cellular Phone Service	$	26,000	$	20,480	$	24,000	17.2%
4010-0150	Building Power & Utilities	$	23,955	$	24,000	$	30,000	25.0%
4010-0155	Building Fuel Costs	$	6,498	$	6,000	$	6,000	0.0%
4010-0160	Employee Bond	$	508	$	748	$	823	10.0%
4010-0161	Building Insurance	$	4,300	$	3,328	$	3,661	10.0%
4010-0170	Advertising	$	18,033	$	20,000	$	30,000	50.0%
4010-0175	Bank Service Charges	$	5,504	$	16,800	$	12,000	-28.6%
4010-0200	Accounting Services	$	34,530	$	50,000	$	50,000	0.0%
4010-0220	Legal Expenses	$	26,853	$	18,000	$	22,000	22.2%
4010-0400	Board of Directors Fees	$	28,500	$	28,500	$	29,783	4.5%
4010-0401	Board of Directors Mileage	$	648	$	588	$	696	18.4%
4010	General Office	$	287,402	$	323,844	$	369,188	14.0%
4120-0100	Information Systems Supplies	$	15,306	$	8,000	$	8,000	0.0%
4120-0110	Network Contracted Services	$	97,741	$	71,660	$	103,400	44.3%
4120-0115	Continuing Software Support	$	226,812	$	205,245	$	266,213	29.7%
4120-0145	Internet & WAN Communications	$	17,319	$	18,570	$	21,450	15.5%
4120	Network Costs	$	357,178	$	303,475	$	399,063	31.5%
4130-0100	Administration Supplies	$	1,764	$	2,160	$	2,160	0.0%

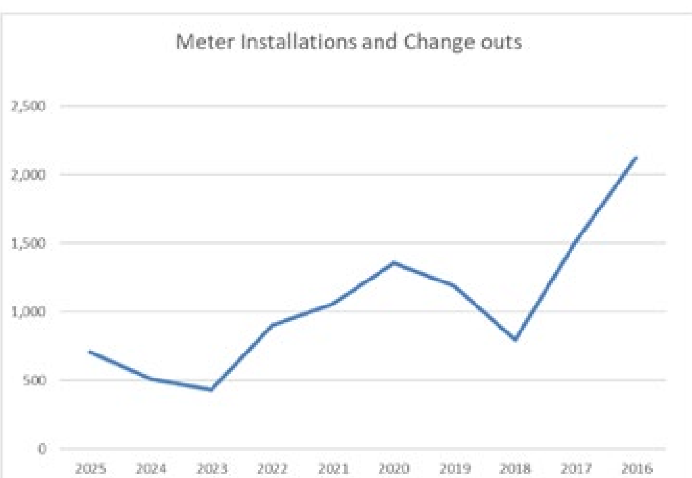
Customer Service FY 2027 Operating Budget

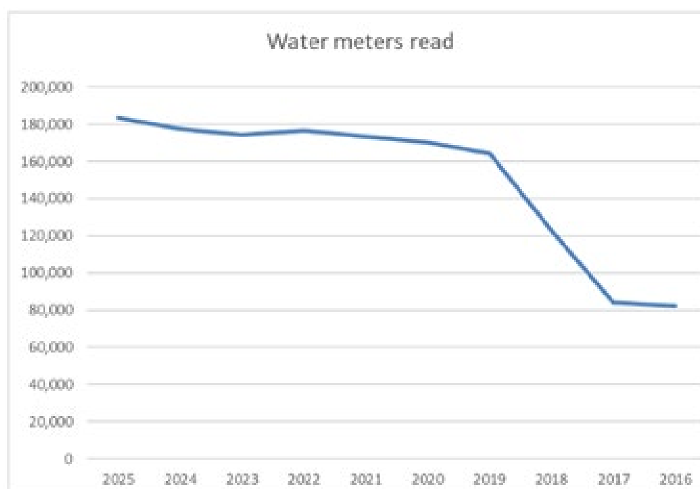
Bedford Water's Customer Service department is responsible for billing and processing payments for customers.

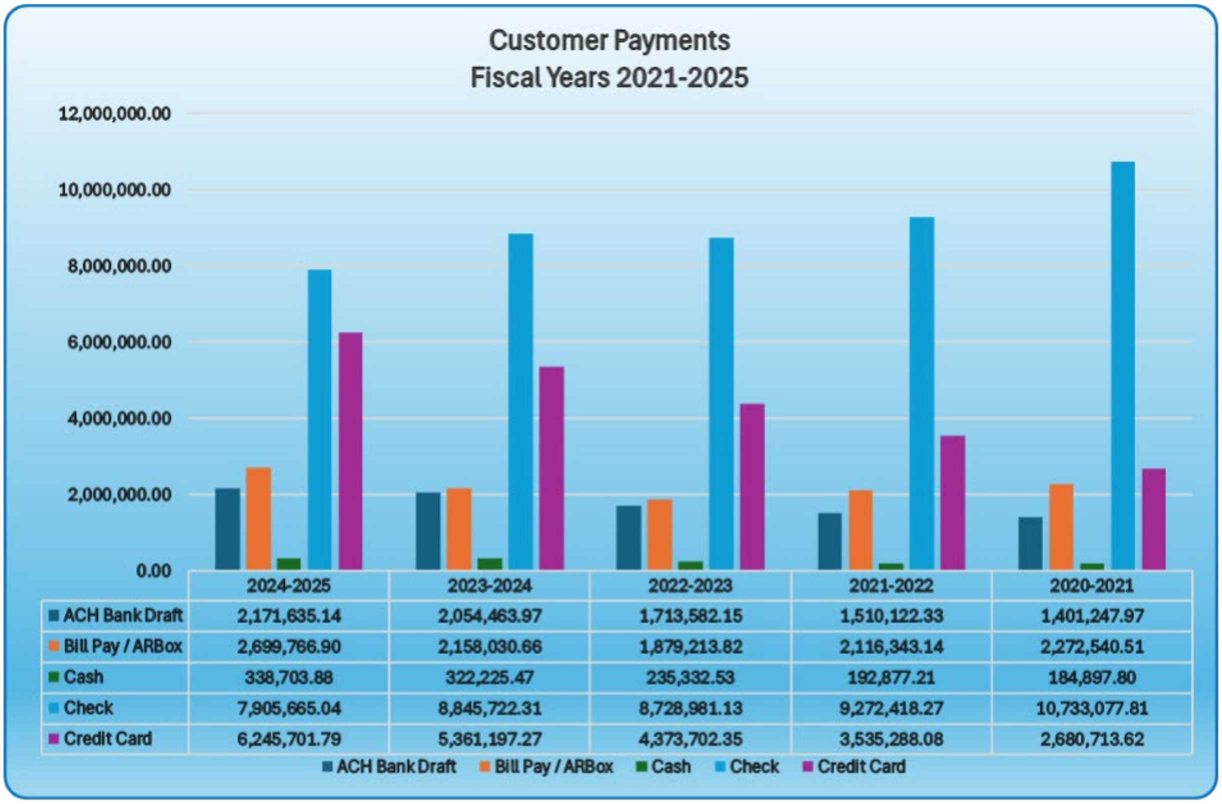
Key Initiatives for FY 2027:

- Along with the Finance team, design and implement current and future rates.
- Customer Information System development, including billing system replacement (2024-2028 Strategic Plan)
- Continue reviewing meter reading technology and adding tower-based reading systems to improve the customer service experience.

Account #	Description	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Adopted Budget	Adopted as % of FY 2026
Billing Costs					
4110-0091	Bad Debt Water	$ -	$ 10,000	$ 5,000	-50.0%
4110-0093	Bad Debt Sewer	$ -	$ 12,500	$ 5,000	-60.0%
4110-0094	Bad Debt Penalty & Misc Charges	$ -	$ 2,500	$ 1,000	-60.0%
4110-0097	Collection Agency Expense	$ 57	$ 3,000	$ 500	-83.3%
4110-0110	Bill Processing Services	$ 105,798	$ 101,726	$ 146,900	44.4%
4110-0112	Customer Notification Expenses	$ 2,890	$ 5,000	$ 2,250	-55.0%
4110-0115	Large Meter Testing and Rebuilds	$ -	$ 150	$ 150	0.0%
4110-0120	Software Maintenance	$ 81,643	$ 74,540	$ 82,000	10.0%
4110-0125	Credit Card Processing Fees	$ 47,558	$ 56,550	$ 77,400	36.9%
4110-0175	Courier and Shredding Service	$ 6,151	$ 11,388	$ 4,440	-61.0%
4110	Billing Costs	$ 244,097	$ 277,354	$ 324,640	-278%
4140-0100	Customer Service Supplies	$ 3,048	$ 6,396	$ 5,010	-21.7%







	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
ACH Bank Draft	2,171,635.14	2,054,463.97	1,713,582.15	1,510,122.33	1,401,247.97
Bill Pay / ARBox	2,699,766.90	2,158,030.66	1,879,213.82	2,116,343.14	2,272,540.51
Cash	338,703.88	322,225.47	235,332.53	192,877.21	184,897.80
Check	7,905,665.04	8,845,722.31	8,728,981.13	9,272,418.27	10,733,077.81
Credit Card	6,245,701.79	5,361,197.27	4,373,702.35	3,535,288.08	2,680,713.62

Engineering, Maintenance and Operations FY 2027 Budget:

The Engineering team is responsible for planning, managing, and protecting our existing water and wastewater system. They are responsible for creating and maintaining the Capital Improvement Program (CIP). As part of the 2024-2028 strategic plan, a system will be built to layer GIS and asset data to automate regulatory compliance reporting.

The Maintenance team is responsible for preventative and reactive (emergency) repairs to the water and wastewater system, by upgrading and maintaining the water distribution system and sewer collection system. The Maintenance team is also responsible for the management of the vehicle and equipment fleet.

The Operations team is responsible for water quality and for wastewater treatment. They also administer the Backflow and Cross Connection Program and a proactive Fats, Rags, Oil and Grease (FROG) program. The FROG program works to minimize the buildup of these substances in the wastewater collection system that can reduce capacity in pipes and result in blockages.

Expenses for individual water and sewer systems are contained within the specific service areas in which they treat and are located later in the budget document.

Key Initiatives for FY 2027:

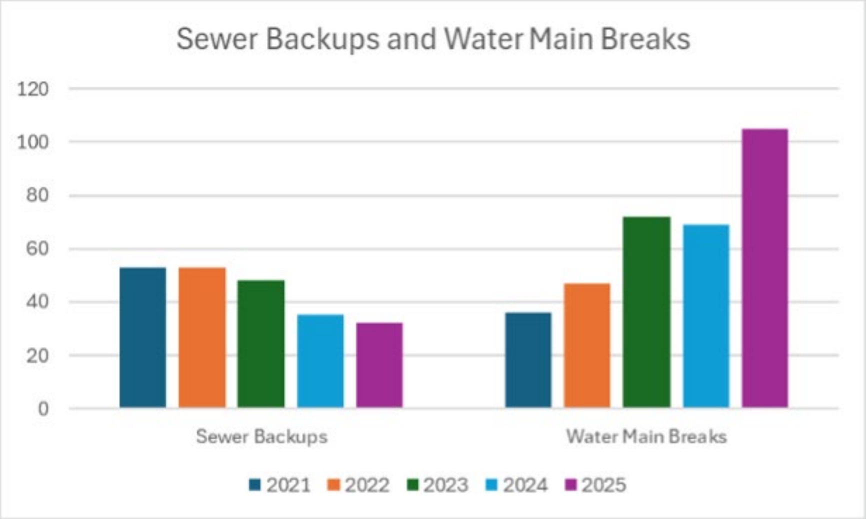
Water System:

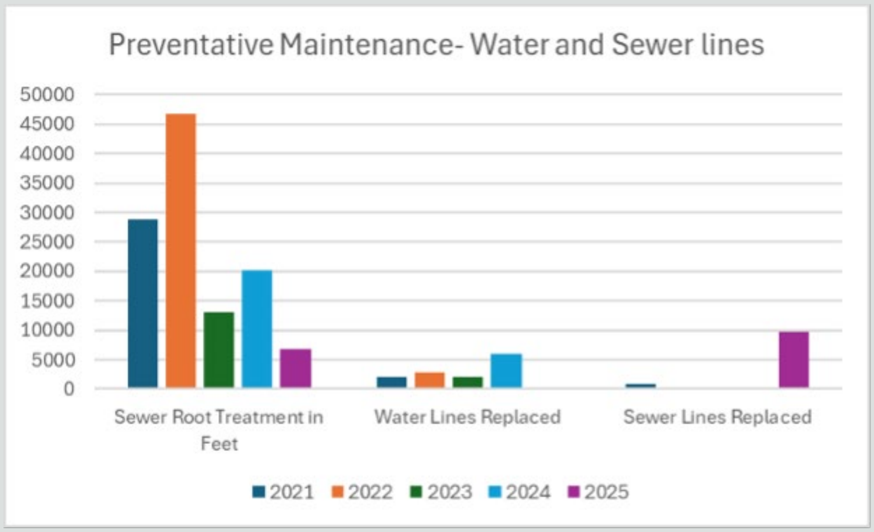
- Identify lead service lines
- Operational efficiencies 2024-2028 Strategic Plan
- Service Continuity 2024-2028 Strategic Plan
- Water line replacements- galvanized water mains, aging cast iron mains, asbestos cement mains, and air valve replacements)- 2024-2028 Strategic Plan

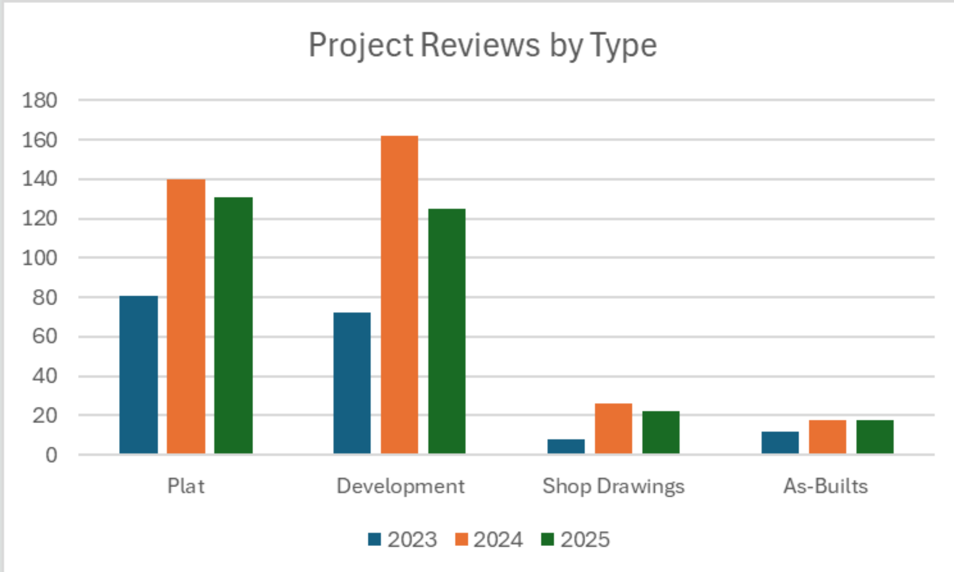
Sewer System:

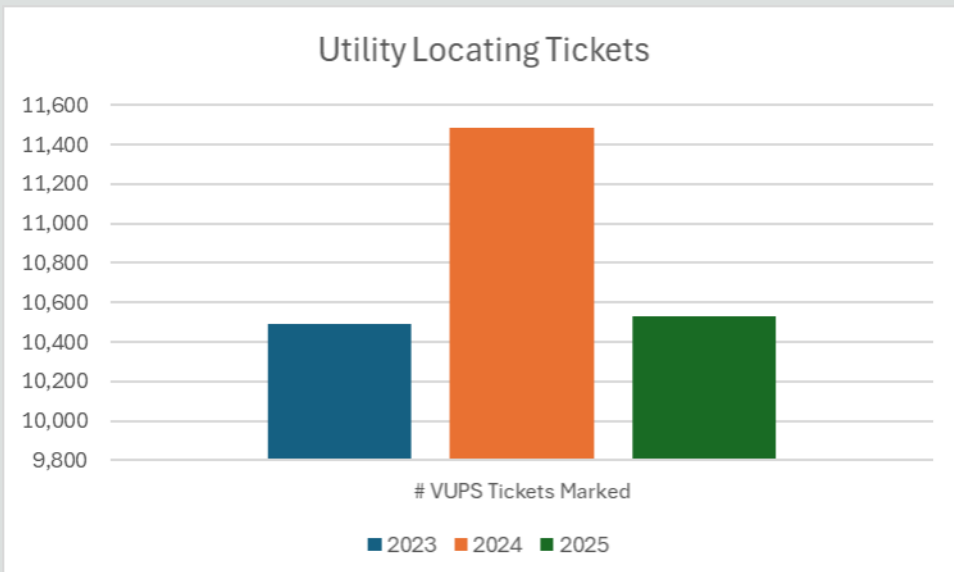
- System Capacity and operational efficiencies 2024-2028 Strategic Plan
- Inflow and Infiltration Issues
- Aging facilities 2024-2028 Strategic Plan
- Sewer line replacements (deteriorating concrete, clay and asbestos lines, undersized pipes) 2024-2028 Strategic Plan

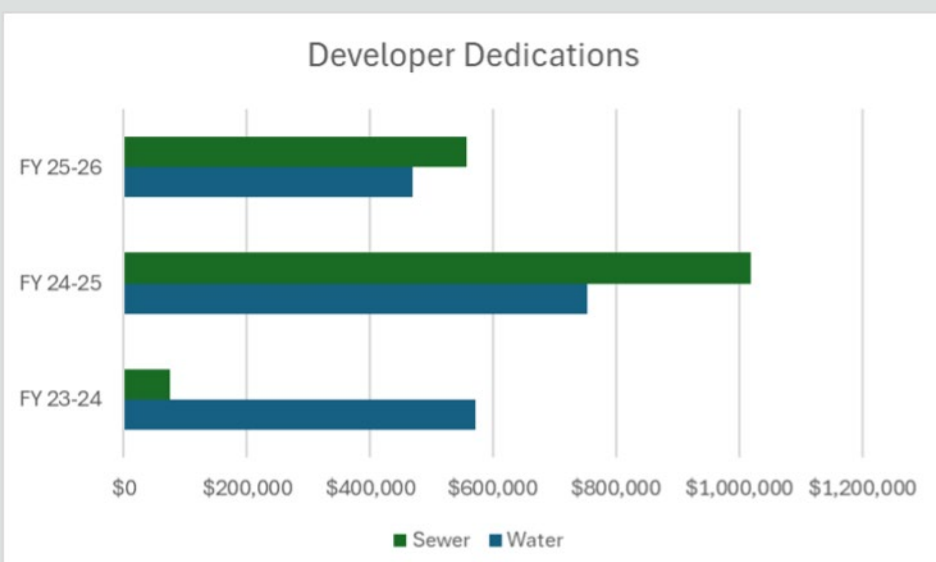
Performance Metrics






Project Reviews by Type
180
160
140
120
100
80
60
40
20
0
Plat
Development
Shop Drawings
As-Builts
2023
2024
2025


Utility Locating Tickets
11,600
11,400
11,200
11,000
10,800
10,600
10,400
10,200
10,000
9,800
VUPS Tickets Marked
2023
2024
2025


Developer Dedications
FY 25-26
FY 24-25
FY 23-24
$0
$200,000
$400,000
$600,000
$800,000
$1,000,000
$1,200,000
Sewer
Water

Account #	Description		FY 2025 Actuals		FY 2026 Adopted Budget		FY 2027 Adopted Budget	Adopted as % of FY 2026
4210-0100	Engineering Supplies	$	30,166	$	35,111	$	32,811	-6.6%
4210-0110	Engineering Reviews-Contracted	$	63,306	$	61,800	$	61,800	0.0%
4210-0141	Locating Notification Tickets	$	11,727	$	14,400	$	14,400	0.0%
4210-0240	Construction Testing	$	1,655	$	4,240	$	4,076	-3.9%
4210	Engineering	$	106,854	$	115,551	$	113,087	-2.1%
4220-0100	Wastewater Operations Supplies	$	1,428	$	1,600	$	4,000	150.0%
4223-0100	Water Operations Supplies	$	10,098	$	12,000	$	15,000	25.0%
4221-0100	FROG Program Supplies	$	2,670	$	6,000	$	9,697	61.6%
4222-0100	Pretreatment Supplies/Expenses	$	23,576	$	31,000	$	38,250	23.4%
4222-0200	Backflow Supplies	$	6,513	$	10,000	$	10,000	0.0%
4225-0100	Lab Supplies	$	18,120	$	18,000	$	18,000	0.0%
4220-4225	Operations	$	62,404	$	78,600	$	94,947	20.8%
4230-0100	Maintenance Supplies	$	70,641	$	69,612	$	104,400	50.0%
4240-0100	Vehicle & Equipment Supplies	$	61,519	$	46,350	$	51,000	10.0%
4240-0110	Vehicle & Equipment Contracted Servic	$	187,009	$	125,000	$	167,000	33.6%
4240-0155	Vehicle & Equipment Fuel	$	120,183	$	125,000	$	150,000	20.0%
4240-0162	Vehicle & Equipment Insurance	$	41,213	$	45,757	$	50,333	10.0%
4240	**Vehicle & Equipment Costs**	**$**	**480,565**	$	411,719	$	522,733	27.0%

System Budgets for FY 2027:

The other budget categories for systems typically have the following expense categories:

- Supplies- general supply needs
- Contracted Services- repair costs completed by a third party
- Repairs and Improvements- preventive maintenance costs (valves, hydrants, easement clearing, etc.)
- Communication- phone and internet for facilities
- Power
- Fuel Costs
- Property Insurance
- Sampling and Testing- compliance testing completed by a third-party laboratory
- Regulatory Fees- permit fees from the Virginia Department of Health (VDH) and Department of Environmental Quality (DEQ)
- Bedford Water also provides contract operations for Bedford County Schools individual wastewater systems within Bedford County.

Account #	Description	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Adopted Budget	Adopted as % of FY 2026
System Expenses					
4250	Forest Water Costs	$ 1,142,146	$ 930,779	$ 1,008,604	8.4%
4260	Well Systems Costs	$ 54,748	$ 51,284	$ 76,408	49.0%
4265	SML Central Distribution System Costs	$ 154,410	$ 49,583	$ 63,282	27.6%
4270	Highpoint Facility Costs	$ 79,462	$ 51,059	$ 51,836	1.5%
4330	SMLWTF Expenses	$ 711,861	$ 626,785	$ 691,920	10.4%
4275	Central Water Distribution Costs	$ 358,782	$ 203,761	$ 301,509	48.0%
4276	Central Water Treatment Costs	$ 194,363	$ 173,433	$ 231,304	33.4%
4280	Stewartsville Water Costs	$ 39,728	$ 55,088	$ 45,354	-17.7%
4285	Montvale Water Costs	1,786.42	-	$ 100,400	
4290	Forest Sewer Costs	$ 722,321	$ 643,222	$ 646,314	0.5%
4291	Center Sewer Collection System Costs	$ 298,608	$ 203,300	$ 281,300	38.4%
4293	Center Sewer Treatment Costs	$ 509,698	$ 556,893	$ 610,782	9.7%
4292	Moneta Sewer Collection System Costs	$ 64,051	$ 85,900	$ 93,800	9.2%
4294	Moneta Sewer Treatment Costs	$ 166,735	$ 158,581	$ 175,139	10.4%
4295	Montvale Sewer Treatment Costs	$ 78,659	$ 29,261	$ 51,882	77.3%
4291	Montvale Sewer Collection System Costs	$ 1,550	$ 2,000	$ 12,800	540.0%
4340	Mariners Landing Sewer Costs	$ 64,487	$ 103,300	$ 136,000	31.7%
4350	Cedar Rock Sewer Costs	$ 37,674	$ 43,900	$ 46,097	5.0%
4360	Paradise Point Water Expenses	$ 22,842	$ 27,025	$ 25,913	-4.1%
4300	Contract Operations	$ 15,848	$ 48,000	$ 38,000	-20.8%

Debt Financing - FY 2027

Bedford Water does not anticipate the issuance of new debt as it will be using cash or reserves to fund capital projects for FY 2027.

Bedford Water issued debt with the Virginia Resources Authority (VRA) in 2020 and 2022 and refunded previous issuances in 2014 and 2015.

Bedford Water issued debt for the Ivy Creek Sewer Project in FY 2023, along with an allonge for additional principal in FY 2025, through the Virginia Water Facilities Revolving Fund. This debt is low interest and includes a principal forgiveness component.

Bedford Water has an agreement with the City of Lynchburg for sewage treatment and as part of this agreement pays a proportionate share of improvements as addition to debt and capital assets.

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

Fiscal Year Ending June 30,		Principal		Interest		Total Annual Debt Service for the next five years
2027	$	1,698,761	$	1,022,516	$	2,721,277
2028	$	1,741,573	$	980,260	$	2,721,832
2029	$	1,784,399	$	936,489	$	2,720,888
2030	$	1,827,240	$	891,203	$	2,718,443
2031	$	1,875,096	$	844,141	$	2,719,236
	$	8,927,069	$	4,674,608	$	13,601,677

FY 2027 Capital Improvement Program

Bedford Water's Capital Improvement Program (CIP) is intended to ensure that capital improvements are coordinated, timed to maximize the Authority's financial resources, and promote a measured approach to long-range asset planning. The Capital Improvement Program is a planning document intended to provide an analysis of potential long-range funding needs, specifically addressing the upcoming two to three years in combination with fiscal expectations. Actual appropriations for projects occurring under the plan are made on an annual basis, and the CIP is reviewed annually to address changes in priorities and any funding issues or opportunities. Projects projected beyond FY 2027 will be reviewed during the annual budget process for the given fiscal year and may be revised or rescheduled depending on preliminary cost estimates, changing priorities and the availability of funding in any particular year. Priority criteria will be utilized to further identify project and purchase priorities in the coming fiscal years as funding becomes available.

The Authority serves more than 15,800 customers, with more than 400 miles of water lines and 160 miles of sewer lines. Water and sewer services require extensive capital investment to maintain and periodically upgrade deteriorating infrastructure to support continued service to customers and allow for system growth. Some of the considerations in determining necessary projects and purchases include:

- Replacement and upgrades of deteriorating equipment essential for treatment processes and general facility maintenance.
- Processes and equipment that reduce or eliminate service interruptions
- Purchasing and upgrades of equipment to achieve efficient and reliable operations
- System improvements to address growing demand, potential operational savings, and other operational efficiencies
- Safety and security of facilities and personnel
- Regulatory requirements
- Strategic planning objectives

Bedford Water has identified over $75 million in capital improvement projects that are needed in its water and sewer systems, not including a large number of water and sewer replacement projects to be managed through separate reserve funding or larger projects underway with alternate funding sources. Some of these investments are crucial to supporting continued service to customers and allowing system growth. Other projects provide for the long-term reduction in operating costs, reduced manpower requirements for repairs, proactive replacements and upgrades, and more dependable and reliable service to the customers.

The proposed projects and purchases for the upcoming fiscal year are strategically aligned with the anticipated capital funds outlined in the Fiscal Year Operating Budget. Bedford Water has prioritized initiatives that address time-sensitive factors, including regulatory requirements, while also considering staff availability to ensure successful implementation. As the organization looks to future years, it is important to recognize that funding for these projects will necessitate careful consideration of rate adjustments based on current financial projections. By taking these steps, the aim is to enhance operational capabilities and ensure compliance with regulatory standards, ultimately supporting long-term sustainability and growth.

FY 2026-2027 Capital Improvements Listing

Capital projects identified for FY 2026-2027 focus on system reliability, regulatory compliance, operational efficiency, and long-term planning through targeted investments in infrastructure, system controls, equipment, data management, and lead service line inventory development.

Projects by Service Area		2026-2027
Purchases		
CIP Crew - 18 - 20 Ton Excavator	$	211,000
CIP Crew - Straw Blower	$	10,000
Data Management System for Wastewater	$	50,000
Line Crew #4 - 16' 8 Ton Trailer	$	11,000
Line Crew #4 - John Deere 35P	$	70,000
PM - 1 Ton Vehicle for Potholing Crew	$	80,000
Central		
Central Lift Station 12 - SCADA	$	15,000
Central Lift Station 8 - SCADA	$	15,000
Stoney Creek Reservoir - Ph 1 Rehab Construction	$	700,000
Central WTP		
Central WTP - HVAC Mini-Splits for Lab and Office	$	35,000
Central WWTP		
Central WWTP - Pad for Dumpster	$	20,000
Mariners Landing		
Mariners Landing-SCADA for 2 lift stations	$	20,000
Moneta WWTP		
Moneta WWTP - Bio-wheel repairs for Train B	$	170,000
Moneta WWTP - Second disk filter unit	$	125,000
Montvale		
Lead Service Line Inventory - Montvale	$	20,000
Office		
New Building - Building & Sewer Design	$	400,000
SML		
SML RWI - Battery Back-up System for Raw Intake Pump Valve Actuators	$	12,500
Grand Total	**$**	**1,964,500**

FY 2026-2027 Water Projects

Water projects identified for the 2026-2027 fiscal year focus on maintenance and improvements of infrastructure to ensure safe, reliable operations and ongoing regulatory compliance.

Projects by Service Area		2027
Central		
Stoney Creek Reservoir - Ph 1 Rehab Construction	$	700,000
Central WTP		
Central WTP - HVAC Mini-Splits for Lab and Office	$	35,000
SML		
SML RWI - Battery Back-up System for Raw Intake Pump Valve Actuators	$	12,500
Montvale		
Lead Service Line Inventory - Montvale	$	20,000
Grand Total	**$**	**767,500**

Stoney Creek Dam Rehabilitation

The valves at the reservoir intake are original components dating to the dam's construction in 1955. Most of these valves are currently inoperable due to a combination of advanced age, significant corrosion, and inlets buried by sediment accumulation. This project will involve dredging around the intake area and replacing the existing valves to restore full operability. These improvements are required to meet regulatory standards and to ensure the dam's ability to safely release water during potential flooding conditions. The dam is presently operating under a conditional permit, which will remain in effect until the valve replacements are completed and operability is fully restored.

Central Water Treatment Plant HVAC

The water treatment plant has limited heating and cooling capability, currently relying on a baseboard heater and a window air conditioning unit. These units do not provide adequate temperature control and draw significant amperage during operation, which restricts the ability to operate other equipment simultaneously. The proposed mini-split systems have a minimal electrical load, making them suitable for use until the Phase 2 Electrical Project is completed, while also providing improved and more reliable temperature management.

Smith Mountain Lake Raw Water Intake Valve Actuator Backup

The raw water intake experiences frequent power disruptions, causing valves and pumps to fault out. Battery backup for the valve actuators will improve reliability and reduce stress on the pumps during power failures, while also reducing operator time necessary for resetting the faults.

Montvale Lead Service Line Inventory

A Lead Service Line Inventory has not been completed for the Montvale Water System, placing the system out of compliance with Virginia Department of Health (VDH) requirements. An initial inventory must be developed to determine the potential presence of lead service lines and to document known system materials. This effort should also evaluate whether a statistical approach may be appropriate and approvable for determining the materials of service lines that remain unknown following completion of the initial inventory.

FY 2026-2027 Sewer Projects

The sewer projects identified for the 2026-2027 fiscal year include upgrades and replacements at facilities to improve system reliability, maintain regulatory compliance, protect water quality, and reduce the risk of environmental impacts.

Projects by Service Area		2027
Central		
Central Lift Station 12 - SCADA	$	15,000
Central Lift Station 8 - SCADA	$	15,000
Central WWTP		
Central WWTP - Pad for Dumpster	$	20,000
Moneta WWTP		
Moneta WWTP - Bio-wheel repairs for Train B	$	170,000
Moneta WWTP - Second disk filter unit.	$	125,000
Mariners Landing		
Mariners Landing-SCADA for 2 lift stations. These are smaller stations.	$	20,000
Grand Total	**$**	**365,000**

Moneta WWTP

Bio-wheel Repairs

Several end plates and rods on the Train B Bio-wheels are damaged or worn and require replacement to maintain effective and reliable treatment. This project includes replacement of the currently identified damaged components only. Additional repairs or replacements may be required in the future as other components deteriorate or operational needs evolve.

Disk Filter

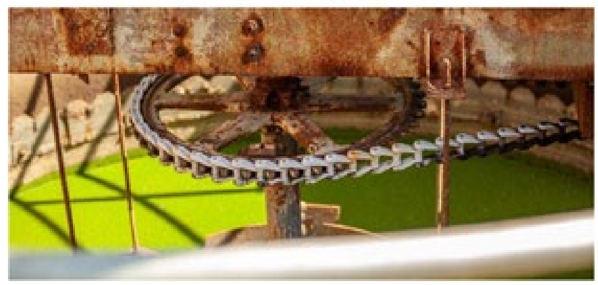
An additional disk filter is needed to further reduce total suspended solids (TSS) in the final effluent and achieve effective zinc removal to meet regulatory limits. The WWTP currently operates a single disk filter, and replacement parts are no longer available due to the unit's obsolescence, creating both treatment and reliability concerns.

Central WWTP Dumpster Pad

The dumpster at the Central Wastewater Treatment Plant (WWTP) is used to collect sludge for transport to the landfill. The current placement and configuration allow sludge runoff and accumulation beneath and around the dumpster. A containment pad with appropriate drainage is necessary to direct and manage runoff while protecting the environment.

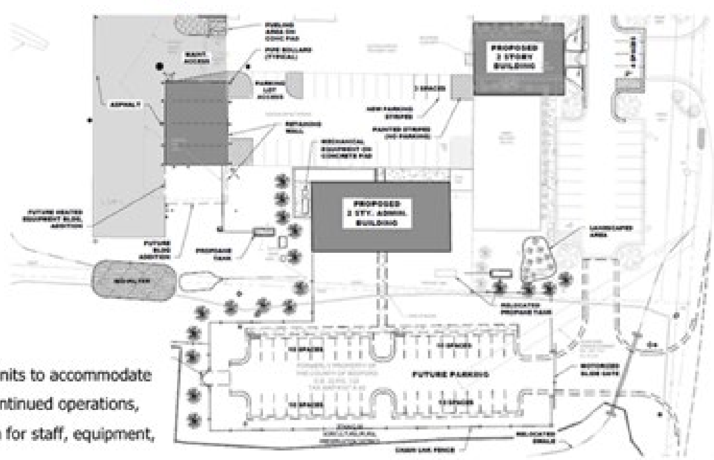
SCADA for Lift Stations

Implementation of Supervisory Control and Data Acquisition (SCADA) is critical at sanitary sewer lift stations to continuously monitor wet well levels, pump performance, and alarm conditions. SCADA provides real-time data and automated alerts, allowing operators to respond promptly to equipment failures or abnormal conditions and significantly reduce the risk of sanitary sewer overflows (SSOs). The Mariners Landing lift stations are located in close proximity to Smith Mountain Lake. Any overflow at these stations poses a direct risk to lake water quality, making SCADA-based monitoring and early notification critical for rapid response and regulatory compliance.



FY 2026-2027 Capital Purchases and Projects

Projects by Service Area		2027
Purchases		
CIP Crew - 18 - 20 Ton Excavator	$	211,000
CIP Crew - Straw Blower	$	10,000
Data Management System for Wastewater	$	50,000
Line Crew #4 - 16' 8 Ton Trailer	$	11,000
Line Crew #4 - John Deere 35P	$	70,000
PM - 1 Ton Vehicle for Potholing Crew	$	80,000
Office		
New Building - Building & Sewer Design	$	400,000
Grand Total	**$**	**832,000**



Expansion of Administrative Facilities

Current administrative facilities have reached capacity, requiring the use of mobile units to accommodate personnel growth in recent years. While these temporary measures have allowed continued operations, additional permanent space is now needed to support ongoing and future expansion for staff, equipment, and inventory.

In addition, the site is presently served by on-site drainfields. To support both existing and proposed facilities, design and construction are required to extend public sewer service to the site, including approximately 1.2 miles of sewer main and a new sewer lift station.

A master plan was completed in 2016 to guide long-term development of the site. The plan identified future building and parking expansions, including construction of a two-story administrative building designed to house staff and provide a larger, dedicated meeting space. This plan will be revisited to evaluate current and future facility needs, including consideration of a smaller facility elsewhere on the site to address staffing needs for the near- to intermediate-term.

Data Management

The implementation of new wastewater software will establish a more efficient and standardized approach to organizing, retrieving, and entering data across all systems. Improved data consistency and visibility will strengthen the ability to identify potential issues before they escalate into regulatory violations and will streamline reporting processes to support compliance and operational decision-making.

Capital Improvement Program Projects Listing FYE 27-29

Projects by Service Area	Fiscal Year 2027	2028	2029
Purchases			
CIP Crew - 18 - 20 Ton Excavator	$ 211,000		
CIP Crew - Portable Air Compressor			$ 33,000
CIP Crew - Skid Steer Concrete Saw			$ 30,000
CIP Crew - Straw Blower	$ 10,000		
CIP Crew - Track Loader			$ 281,000
CIP Crew - Water Service Hog			$ 9,000
Data Management System for Wastewater	$ 50,000		
Data Visualization Phase 2		$ 120,000	
Data Visualization Phase 3			$ 85,000
Equipment - Asphalt Hot Box, Compactor and Roller			$ 77,000
Landscape Crew - 60" Stand-on Mower		$ 15,000	
Landscape Crew - 60" Zero Turn Mower		$ 15,000	
Landscape Crew - RAM 1500 4x4 1/2 Ton Quad Cab		$ 110,000	
Landscape Crew - Utility Trailer - 80 x12 tandem landscaping trailer		$ 10,800	
Line Crew - Department Asbestos Cutting Tools			$ 10,000
Line Crew #4 - 16' 8 Ton Trailer	$ 11,000		
Line Crew #4 - 6500 Chevy Dump Truck			$ 110,000
Line Crew #4 - John Deere 35P	$ 70,000		
PM - 1 Ton Vehicle for Potholing Crew	$ 80,000		
Water & Sewer Master Plan		$ 250,000	
Yard - Paving of 1/4 Rear Parking Area			$ 12,500
Yard - Stone and Cold Patch Pads			$ 7,200
Central			
Central Lift Station 12 - SCADA	$ 15,000		
Central Lift Station 4 Replacement & SCADA		$ 1,000,000	
Central Lift Station 8 - SCADA	$ 15,000		
Central Lift Station 9 - SCADA		$ 15,000	
Stoney Creek Reservoir - Ph 1 Rehab Construction	$ 700,000		
Central WTP			
Central WTP - HVAC Mini-Splits for Lab and Office	$ 35,000		
Central WTP - Hypo Relocation with GAC (Construction)			$ 300,000
Central WTP - Phase 2 Electrical Upgrades		$ 550,000	
Central WWTP			
Central WWTP - Pad for Dumpster	$ 20,000		
CWWTP - Shop Reorganization			$ 15,000

Capital Improvement Program Projects Listing FYE 27-29

Projects by Service Area	Fiscal Year 2027	2028	2029
Forest			
Control Valve - Lynchburg Entry Point (Graves Mill Rd)			$ 120,000
Control Valve - Lynchburg Entry Point (Hawkins Mill)			$ 120,000
Mariners Landing			
Mariners Landing-SCADA for 2 lift stations. These are smaller stations.	$ 20,000		
Mariners WWTP			
Mariners WWTP - Install skimmer on clarifier 1 and 2		$ 10,000	
Moneta WWTP			
Moneta WWTP - Bio-wheel repairs for Train B	$ 170,000		
Moneta WWTP - Second disk filter unit	$ 125,000		
Moneta WWTP – Separate VFDs for Biowheels			$ 100,000
Montvale			
Fire Line Meter - Montvale Elementary			$ 30,000
Lead Service Line Inventory - Montvale	$ 20,000		
Montvale WTP Fencing		$ 20,000	
Mountain View Shores			
MVS - Filter System Improvements			$ 500,000
Office			
New Building - Building & Sewer Design	$ 400,000		
SML			
SML - Raw Water Intake Generator		$ 200,000	
SML RWI - Battery Back-up System for Raw Intake Pump Valve Actuators	$ 12,500		
SMLWTF GAC Pump and associated parts			$ 130,000
Various			
Water - Sample hydrants - Phase 2B (7)			$ 19,000
Grand Total	**$ 1,964,500**	**$ 2,315,800**	**$ 1,988,700**

BEDFORD WATER

Departmental Staffing

Department	Position	FY 2025	FY 2026	FY 2027 Proposed
Admin	Senior Communications Specialist	-	-	-
Admin	Communications Specialist II	1	1	1
Admin	Communications Supervisor	1	1	0
Admin	Communications Manager	0	0	1
Finance	Finance Technician	1	1	1
HR	Safety Coordinator	0.5	0.5	0.5
HR	Human Resources Assistant	-	-	
HR	Human Resources Coordinator	1	1	1
InfoSys	Network Operations Technician	1	1	1
Customer Service	Customer Service Representative	3	3	3
Customer Service	Customer Service Supervisor	1	1	1
Customer Service	Customer Service Field Rep	2	2	2
Customer Service	Customer Service Field Supervisor	1	1	1
Admin	Director of Administration	1	1	1
Deputy	Deputy Director	1	1	1
Executive	Executive Director	1	1	1
Engineering	Director of Engineering	0	0	1
Finance	Director of Finance	1	1	1
Operations	Director of Operations	1	1	1
Asset Management	Asset Management Specialist	1	1	1
Asset Management	GIS Specialist	1	1	1
Asset Management	Asset/GIS Supervisor	1	1	1
Construction	Construction Technician	1	1	1
Construction	Utility Locator Supervisor	1	1	1
Construction	Utility Locator	3	3	3
Construction	Construction Supervisor	1	1	1
Engineering	Engineering Technician	3	3	3
Engineering	Engineering Assistant	1	1	1
Maintenance	Maintenance Coordinator	-	-	0
Maintenance	Senior Maintenance Supervisor - Line	1	1	1
Maintenance	Senior Maintenance Supervisor - Specialty	1	1	1
Maintenance	CIP Maintenance Supervisor	1	1	1
Maintenance	Maintenance Supervisor	4	4	4
Maintenance	Facilities Maintenance Supervisor	1	1	1
Maintenance	Preventive Maintenance Supervisor	1	1	1
Maintenance	Administrative Support Technician	1	1	1
Maintenance	Maintenance Technician	8	8	8
Maintenance	CIP Maintenance Technician	3	3	3
Maintenance	Preventative Maintenance Technician	2	2	4
Maintenance	Facilities Maintenance Technician	3	3	2
Admin	Risk & Safety Manager	1	1	1

Department	Position	FY-2025	FY-2026 Proposed	FY 2027 Proposed
Construction	Construction Manager	1	1	0
Customer Service	Customer Service Manager	1	1	1
Finance	Finance Manager	1	1	1
HR	Human Resources Manager	1	1	1
InfoSys	Information Systems Manager	1	1	1
Maintenance	Maintenance Manager	1	1	1
Maintenance	Assistant Maintenance Manager	-	-	0
Wastewater	Wastewater Operations Manager	1	1	1
Water	Water Operations Manager	1	1	1
Water	Water Operations Assistant Manager	-	-	0
Wastewater	Wastewater Operations Supervisor	1	1	2
Wastewater	Compliance Coordinator	-	-	1
Wastewater	Wastewater Operations Compliance Supervisor	1	1	1
Wastewater	Wastewater Operator	11	11	11
Wastewater	Wastewater Operations Compliance Coordinator			1
Wastewater	Wastewater Operator Substitute	1	1	1
Water	Water Operations Compliance Supervisor	1	1	0
Water	Water Operator	7	7	8
Water	Water Operator Substitute	1	1	1
Water	Compliance Specialist	-	-	0
Water	Plant Supervisor	1	1	2
	Total	89.5	89.5	94.5

Supplemental Information

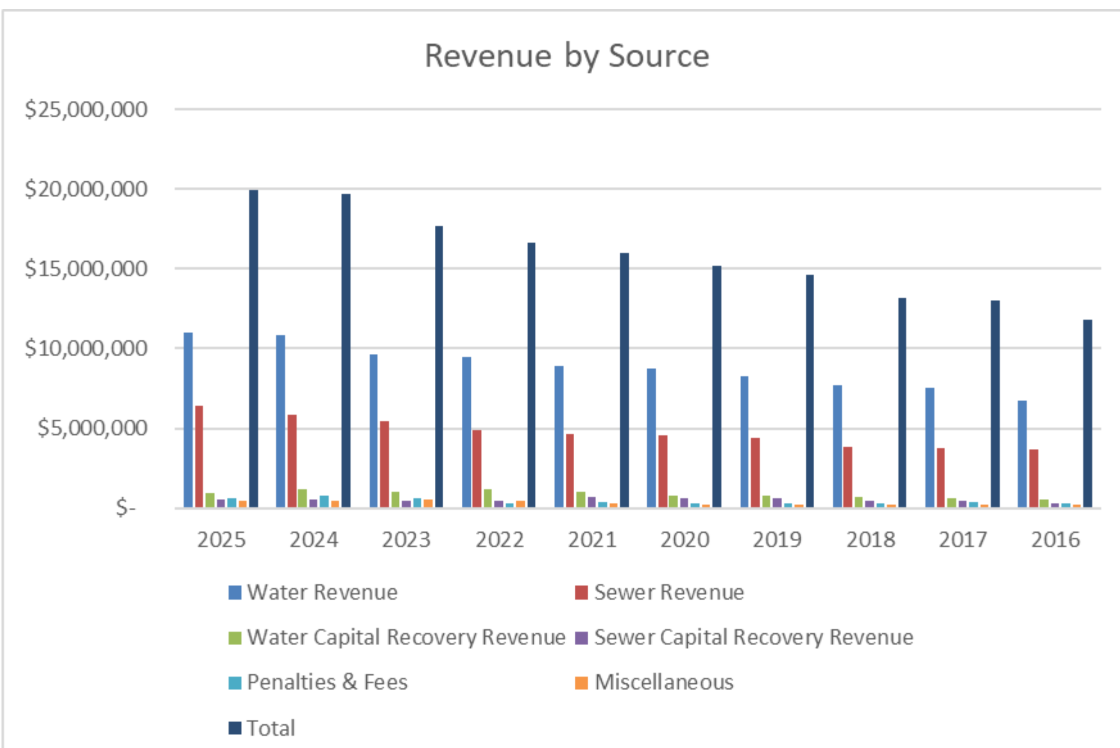
Revenue by Source

Operating Revenues by Source

Last Ten Fiscal Years

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

Source: Bedford Water Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025



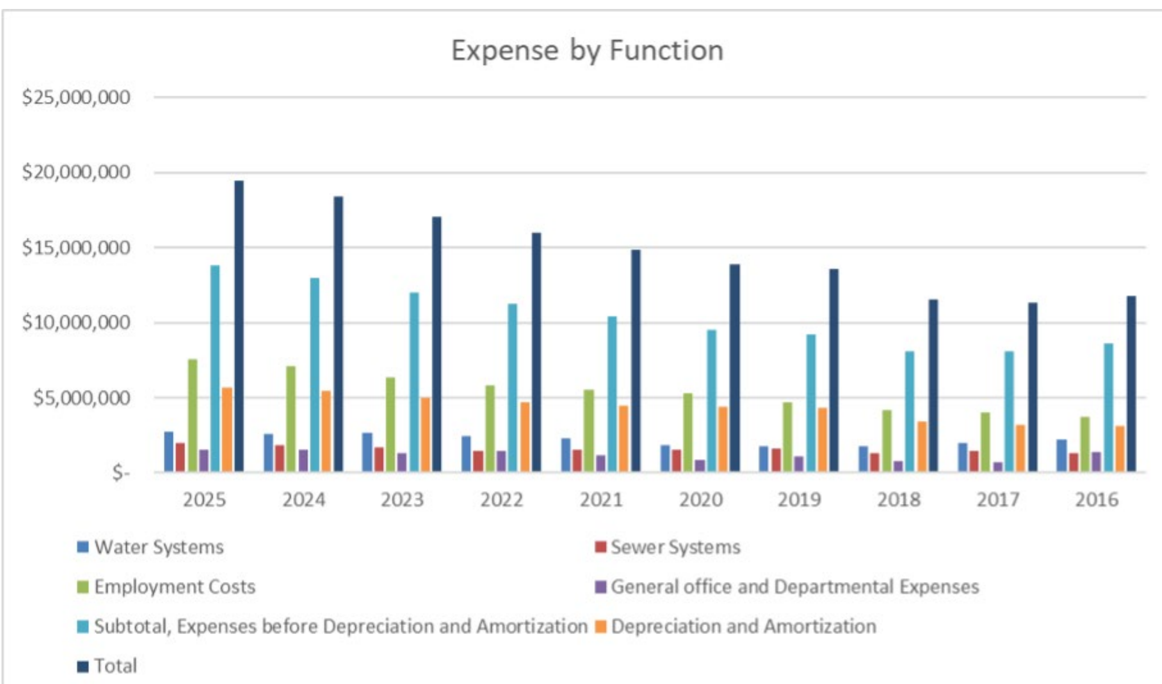
Supplemental Information

Expense by Function

Operating Expenses
Last Ten Fiscal Years

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

Source: Bedford Water Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025

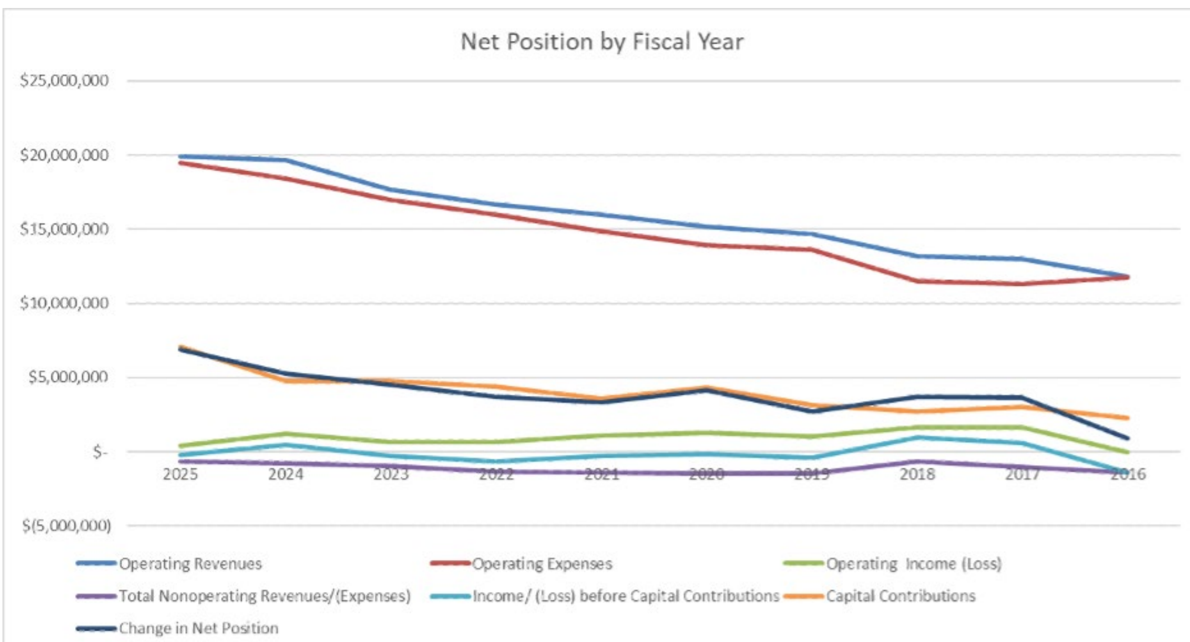


Changes in Net Position

Changes in Net Position
Last Ten Fiscal Years

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

Source: Bedford Water Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024
Non-operating Revenues (Expenses) is interest income (net of capitalized amounts in years 2015-2018.
GASB 89 was implemented in 2019



For the year Ended June 30, 2025

Size of Service Area	
Miles of water lines	405
Miles of sewer lines	161
Water pump stations	3
Sewer pump station	32
Water storage tanks	15
Wastewater Treatment Plants	5
Water Treatment Plants	5

SELECTED GLOSSARY - TERMS AND ACRONYMS

Accrual basis of accounting - A basis of accounting under which increases and decreases in economic resources are recognized as soon as the underlying event or transaction occurs. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Bedford Regional Water Authority - BRWA - Formed on July 1, 2013 from the former utility department of the Town of Bedford and the Bedford County Public Service Authority. In 2026, re-branded to Bedford Water (BW). The legal name remains Bedford Regional Water Authority

Annual Comprehensive Financial Report- ACFR - A set of financial statements that comply with the accounting requirements promulgated by the Government Accounting Standards Board.

American Water Works Association - AWWA - Established in 1881, AWWA is the largest nonprofit, scientific and educational association dedicated to managing and treating water. AWWA develops standards that represent

Asbestos Cement (AC) pipe - A concrete pipe made of a mixture of Portland cement and asbestos fiber and highly resistant to corrosion.

Authority - A public agency which performs a specified range of services that are usually financed from fees or service charges.

Budget - A specified financial plan for the fiscal year that states the expenditures required to meet that plan of operations and identifies the revenue necessary to finance the plan.

Capital Contributions - Capital contributions are recorded for the receipt of funds, property, lines and improvements by developers (i.e developer dedications) , customers, or other governments.

Capital Improvement Program - CIP - ensures that capital improvements are coordinated, timed to maximize the Authority's financial resources, and promote a measured approach to long-range asset planning.

Enterprise fund - An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises. The BRWA's intent is that the costs of providing goods or services to customers on a continuing basis be financed or recovered primarily through user charges.

Equivalent Residential Connection - ERC - a standardized unit used to measure the impact of a property's wastewater runoff on public facilities, compared to a typical single-family home.

Fiscal year- FY - a 12-month period designated as the operating year for accounting and budgetary purposes. The Bedford Water's fiscal year runs from July 1 through June 30.

Generally Accepted Accounting Principles - GAAP - accounting guidelines used to report financial information in a relevant and reliable manner

Geographic Information System - GIS - information system used to geographically locate areas with the BRWA service area.

Government Finance Officers Association - GFOA - association that represents public finance officials throughout the United States and Canada. The GFOA's mission is to advance excellence in public finance

Inflow and infiltration (I&I) - groundwater and stormwater that enter a sewer system

Long term debt - debt with a maturity of more than one year after the date of issuance

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

Operating budget - A financial plan for future operations based on estimated revenues and expenditures/expenses for a specific period.

Operating expenditures (or expenses) - Expenses which are directly related to the organization's primary activities.

Operating revenues - Revenues directly related to Bedford Water's primary service activities and derived from user charges for services.

Overflows - overflows of the sewer system caused by the buildup of products within the wastewater pipes.

Pump station - Structure containing pumps, controls, valves, piping and electrical equipment for pumping water or wastewater from one place to another. In the water industry, a pump is used to pump water from the source to the customer or the storage tank, a sewer pump station is used to pump sewage from a wet well or manhole to another manhole at a higher elevation.

Reserve - Cash and investments accumulated to provide for contingencies and planned/unplanned major expenses.

VISION

Clean Water.
Healthy Environment.
Thriving Community.

MISSION

To provide high quality water and wastewater services to the community.

VALUES

Collaboration
Adaptability
Results
Enthusiasm
Safety

BEDFORD WATER

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