



FINANCIAL STATEMENTS

30 June 2011

# BLUE RIDGE POWER AGENCY

## TABLE OF CONTENTS

---

	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of activities and changes in net assets	3
Statement of cash flows	4
NOTES TO FINANCIAL STATEMENTS	5 - 8
SUPPLEMENTARY INFORMATION	
Schedule of projects revenues and cost of projects revenues	9 - 11
Schedule of dues and support	12
Schedule of administrative and general expenses	13
Schedule of changes in net assets - Board designated capital assets replacement/expenditure	14

---



Business Advisors and Certified Public Accountants

INDEPENDENT AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS

To The Board of Directors  
**Blue Ridge Power Agency**  
Danville, Virginia

We have audited the accompanying statement of financial position of **Blue Ridge Power Agency** (the **Agency**) as of 30 June 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the **Agency's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Agency** as of 30 June 2011 and 2010, and the results of its operations and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the **Agency** taken as a whole. The accompanying financial information, listed as "supplementary information" in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the **Agency**. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

31 December 2011  
Danville, Virginia

## **Organization Information – Fiscal Year 2011**

### **OFFICERS:**

President: Timothy L. Taylor  
Vice-President: A. K. Briele  
Secretary/Treasurer: C. Bruce Maurhoff

### **MEMBERS AND BOARD OF DIRECTORS (as of 6/30/11):**

#### City of Bedford

Director: Jeff Weddle, Director of Public Services  
Alternate: Charles P. Kolakowski, City Manager  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### Bristol Virginia Utilities

Director: Wesley R. Rosenbalm, President & CEO  
Alternate: Robert H. Snodgrass, Vice-President of Operations  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### Central Virginia Electric Cooperative

Director: C. Bruce Maurhoff, Vice-President, Engineering & Operations  
Alternate: Robert L. Harris, Engineering Manager  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### Town of Front Royal

Director: Joseph E. Waltz, Director of Energy Resource Management  
Alternate #1: Temporary vacancy  
Alternate #2: Denny N. Pennington, Sr., Superintendent of Electrical Services  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### City of Martinsville

Director: Dennis D. Bowles, Superintendent of Electric Operations  
Alternate: Leon Towarnicki, Asst. City Manager/Director of Public Works  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

City of Radford

Director: William E. Willis, Director of Electric Utilities  
Alternate: Timothy A. Logwood, Assistant Director of Electric Utilities  
Official Term Expires: April 2011

Town of Richlands

Director: Timothy L. Taylor, Town Manager  
Alternate: Kevin Blankenship, Electrical Engineer  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

City of Salem

Director: A. K. Briele, Director of Electric Department  
Alternate: Jeff Farmer, Assistant Director of Electric Department  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

Virginia Tech

Director: Steve Mouras, Transportation and Campus Services  
Alternate: Fran DeBellis, Director of VA Tech Electric Services  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

**COMMITTEES:**

Personnel/Compensation Committee

A. K. Briele, Chairman  
Fran DeBellis  
Joseph E. Waltz

Finance/Audit Committee

Dennis Bowles, Chairman  
Timothy A. Logwood  
C. Bruce Maurhoff

**STAFF:**

Duane S. Dahlquist, General Manager  
Dawn Ardery, Administrative Assistant/Secretary

## **PRIMARY CONSULTANTS/SERVICE PROVIDERS**

Legal Counsel: Brickfield, Burchette, Ritts & Stone, Washington, D.C.  
Primary Contact: Frederick H. Ritts

Engineering: GDS Associates, Inc., Marietta, GA  
Primary Contact: Jack D. Madden

Auditors: Snead and Williams, P.L.L.C., Danville, VA  
Primary Contact: Charles W. Snead

Accounting: Garrett's Tax Service, Danville, VA  
Primary Contact: Jim White

## **PRIMARY AFFILIATIONS**

American Public Power Association (APPA—national trade association)  
Municipal Electric Power Association of Virginia (MEPAV—state trade association)  
Transmission Access Policy Study Group (TAPS—transmission-dependent utilities across U.S.)  
Public Power Coalition (PPC—transmission-dependent, municipal and cooperative utilities within PJM)  
Southeast Federal Power Customers (SeFPC—preference customers of SEPA for Federal hydropower)

**STATISTICS - FY2011**

<b>BRPA Member</b>	<b>Year Established</b>	<b>Total Customers (meters)</b> (1)	<b>Population Served Within:</b>	
			<b>City/Town</b>	<b>Overall Territory</b> (2), (3)
City of Bedford	1899	7,055	6,222	14,110
Bristol Virginia Utilities	1945	16,356	17,367	32,712
Central Virginia EC	1937	33,778	n/a	67,556
Town of Front Royal	1894	7,276	14,000	14,000
City of Martinsville	1905	7,897	14,945	14,945
City of Radford	1922	7,223	15,859	15,859
Town of Richlands	1920	2,645	5,639	5,639
City of Salem	1892	13,371	24,747	24,747
Virginia Tech	1893	6,089	12,178	12,178
<b>Totals</b>		<b>101,690</b>	<b>110,957</b>	<b>201,746</b>

	<b>Peak System Loads (Megawatts, "MW")</b> (4), (5)		<b>Energy Purchased FY2011 (Megawatt-Hours, "MWh")</b> (4), (5)	<b>Owned Generation Capacity (MW)</b>		<b>Power Supplier *</b>
	<b>FY2011</b>	<b>All-Time</b>			<b>Fuel</b>	
City of Bedford	53 W	56	214,983	9	hyd, dsl	AMP-Ohio
Bristol Virginia Utilities	133 W	135	596,679			TVA
Central Virginia EC	201 W	232	725,669			CE
Town of Front Royal	45 W	45	184,861			AEP
City of Martinsville	39 S	44	188,833	1	hydro	AMP-Ohio
City of Radford	44 W	72	211,457	1 (off-line)	hydro	APCo
Town of Richlands	21 W	21	70,930	1	diesel	AMP-Ohio
City of Salem	86 S	92	408,543	4	diesel	APCo
Virginia Tech	57 S	62	325,316	8	coal/gas	APCo
<b>Totals(non-coincident)</b>	<b>678</b>	<b>759</b>	<b>2,927,271</b>	<b>23</b>		

\* AEP = American Electric Power, CE = Constellation Energy;  
 APCo = Appalachian Power Company (AEP subsidiary); AMP-Ohio = American Municipal Power - Ohio; and  
 TVA = Tennessee Valley Authority  
 \*\* S = summer, W = winter, season of peak load.

- Notes: (1) Customer data per 2009 data from American Public Power Association and Virginia, Maryland, Delaware Association of Electric Cooperatives 2011-12 and 2011 annual directories, respectively.
- (2) Counties in which some portion is served by a BRPA member outside of its corporate limits are as follows:  
**Bedford**--Bedford County  
**Bristol**--Lee, Scott and Washington Counties  
**Central Virginia EC**--Albermarle, Amherst, Appomattox, Augusta, Buckingham, Campbell, Cumberland, Fluvanna, Goochland, Greene, Louisa, Nelson, Orange and Prince Edward Counties
- (3) Populations estimated based on 2 people per meter, actual where all service is within city/town, based on the Virginia Directory of State & Local Government Officials.
- (4) These figures reflect only purchased capacity and energy, i.e. do include SEPA but not owned, behind-the-meter generation.
- (5) Includes allocations of capacity and energy from Southeastern Power Administration ("SEPA") via the Kerr-Philpott System of US Army Corps of Engineers hydroelectric projects, with specific capacity/energy allocations from the Philpott facility for Bedford (1.2 MW/907 MWh), Central Virginia (8.0/30,823), Martinsville (1.6/1,210), Radford (1.3/978), Richlands (0.5/378) and Salem (2.2/1,656), totaling 14.8 MW and 35,952 MWh, respectively. These figures are from SEPA 2010 Annual Report.

# BLUE RIDGE POWER AGENCY

## STATEMENT OF FINANCIAL POSITION 30 June 2011 and 2010

### ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents - Note B	\$ 522,807	\$ 729,421
Accounts and members' receivables - Note C	210,181	197,843
Accounts receivable - AMP Ohio	7,573	-
Prepaid expenses	<u>1,144</u>	<u>1,110</u>
Total Current Assets	741,705	928,374
Capital Assets, Net of Accumulated Depreciation - Note D	<u>15,571</u>	<u>31,588</u>
Total Assets	<u>\$ 757,276</u>	<u>\$ 959,962</u>

### LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable - AMP Ohio	\$ -	\$ 192,426
Accounts payable - projects	159,933	162,659
Accounts payable - other	11,913	5,525
Members' reimbursements payable - AMP Ohio	10,049	-
Accounts payable - Duke Energy (SECA refund)	236,314	236,314
Accounts payable - APPA dues	5,000	-
Payroll taxes, benefits and other accruals	9,348	7,401
Deferred members' support	<u>1,021</u>	<u>9,974</u>
Total Liabilities	<u>433,578</u>	<u>614,299</u>
Net Assets		
Unrestricted		
General	194,797	226,663
Board designated - capital assets replacement/expenditure	34,952	36,494
Board designated - future members' support - Note E	<u>93,949</u>	<u>82,506</u>
Total Net Assets	<u>323,698</u>	<u>345,663</u>
Total Liabilities and Net Assets	<u>\$ 757,276</u>	<u>\$ 959,962</u>

The accompanying notes are an integral part of these financial statements.

# BLUE RIDGE POWER AGENCY

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For the Years Ended 30 June 2011 and 2010

	Unrestricted			TOTALS	
	General	Members' Support	Capital Assets Replacement/ Expenditure	2011	2010
Revenues, Gains, Losses and Other Support					
Projects Revenues	\$ 955,278	\$ -	\$ -	\$ 955,278	\$ 900,691
Dues and Support	200,507	-	-	200,507	215,848
Interest Income	3,719	-	-	3,719	4,216
Miscellaneous Income	-	-	-	-	3,401
	<u>1,159,504</u>	<u>-</u>	<u>-</u>	<u>1,159,504</u>	<u>1,124,156</u>
Net Assets Released from Designation	<u>84,048</u>	<u>(82,506)</u>	<u>(1,542)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, Losses and Other Support	<u>1,243,552</u>	<u>(82,506)</u>	<u>(1,542)</u>	<u>1,159,504</u>	<u>1,124,156</u>
Expenses					
Projects Costs	955,278	-	-	955,278	900,691
Administrative and General	215,394	-	-	215,394	247,249
	<u>1,170,672</u>	<u>-</u>	<u>-</u>	<u>1,170,672</u>	<u>1,147,940</u>
Excess (Deficit) of Revenues, Gains, Losses and Other Support over Expenses	72,880	(82,506)	(1,542)	(11,168)	(23,784)
Other Changes in Net Assets					
(Loss) on Abandonment of Assets	(6,759)	-	-	(6,759)	-
Miscellaneous Financial (Expense)	(4,038)	-	-	(4,038)	-
Board Designation for Future Support	<u>(93,949)</u>	<u>93,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(31,866)	11,443	(1,542)	(21,965)	(23,784)
Net Assets - Beginning of Year	<u>226,663</u>	<u>82,506</u>	<u>36,494</u>	<u>345,663</u>	<u>369,447</u>
Net Assets - End of Year	<u>\$ 194,797</u>	<u>\$ 93,949</u>	<u>\$ 34,952</u>	<u>\$ 323,698</u>	<u>\$ 345,663</u>

The accompanying notes are an integral part of these financial statements.

## BLUE RIDGE POWER AGENCY

### STATEMENT OF CASH FLOWS

For the Years Ended 30 June 2011 and 2010

---

	<u>2011</u>	<u>2010</u>
Cash Flows (Uses) from Operating Activities:		
Changes in Net Assets	\$ (21,965)	\$ (23,784)
Adjustments to Reconcile (Decrease) in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation - capital assets	10,800	10,703
Net (increase) in accounts and members' receivables	(19,911)	(25,969)
Net (increase) in prepaid expenses	(34)	(522)
Net loss on abandonment of assets	6,759	-
Net (decrease) increase in accounts payable and accruals	(171,768)	241,089
Net (decrease) increase in deferred members' support	<u>(8,953)</u>	<u>9,974</u>
Net Cash (Used) Provided by Operating Activities	<u>(205,072)</u>	<u>211,491</u>
Cash Flows (Uses) from Investing Activities:		
Acquisition of capital assets	<u>(1,542)</u>	<u>(983)</u>
Net Cash (Used) by Investing Activities	<u>(1,542)</u>	<u>(983)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(206,614)	210,508
Cash and Cash Equivalents - Beginning of Year	<u>729,421</u>	<u>518,913</u>
Cash and Cash Equivalents - End of Year	<u>\$ 522,807</u>	<u>\$ 729,421</u>

---

The accompanying notes are an integral part of these financial statements.

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

---

### Note A - Summary of Significant Accounting Policies

The summary of significant accounting policies of **Blue Ridge Power Agency** (the **Agency**) is presented to assist in understanding the **Agency's** financial statements.

Nature of the Organization - **Blue Ridge Power Agency** is a cooperative effort of seven (7) municipalities (the Cities of Bedford, Bristol, Martinsville, Radford, Salem, and the Towns of Richlands and Front Royal); a state institution (Virginia Polytechnic Institute and State University); and an electric cooperative (Central Virginia Electric Co-op). The **Agency** is engaged in projects and initiatives relating to the planning for and securing of wholesale electric power and transmission services and related advocacy activities within the utility industry as well as federal and state legislatures including such applicable regulatory agencies of the federal and state governments. The **Agency** is a nonprofit organization exempt from federal income taxes under Section 501(c)(12) of the *Internal Revenue Code* and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the *Internal Revenue Code*. However, contributions are not deductible by donors under Section 170(c)(2) of the *Code*.

The financial statements of **Blue Ridge Power Agency** have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and substantially in conformity with the Federal Energy Regulatory Commission's Uniform System of Accounts.

The financial statements are presented in accordance with the provisions of Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958 (*Financial Statements of Not-For-Profit Organizations*), and the American Institute of Certified Public Accountants' (AICPA) *Audit and Accounting Guide for Not-For-Profit Organizations* (the Guide).

Under the provisions of FASB ASC 958 and the Guide, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of the **Agency's** Board of Directors' restrictions. Accordingly, the net assets of the **Agency** and changes therein are classified and reported as follows:

Net Assets - Unrestricted Net Assets - represent resources over which the **Agency's** Board of Directors has discretionary control and are used to carry out operations of the **Agency** in accordance with its bylaws. An increase in unrestricted net assets represents the excess of total unrestricted revenue, gains, and other support over administrative expenses; whereas a decrease in unrestricted net assets represents the excess of administrative expenses over unrestricted revenue, gains, and other support. The **Agency's** Board of Directors has designated amounts for future fiscal operations of the **Agency** and for the replacement of its capital assets.

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

---

### Note A - Summary of Significant Accounting Policies (Continued)

Capital Assets - Acquisitions of capital assets in excess of \$300 are capitalized. Capital assets are recorded at cost. Depreciation, for financial reporting purposes, is computed principally using the straight-line method over the estimated useful lives of the assets as determined by management. At the discretion of the **Agency's** Board of Directors, funds may be designated up to the amount of the current year's depreciation expense to provide funding for future capital asset acquisitions and replacements. For the fiscal years 2011 and 2010 there were no funds designated by the Board of Directors.

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

Cash and Cash Equivalents - In general, for purposes of the statement of financial position, the **Agency** considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Reclassification - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

### Note B - Deposits Held in Financial Institutions

As of 30 June 2011 and 2010, the **Agency** had cash deposits on hand in various financial institutions of \$522,807 and \$729,421, respectively. The bank balances as of 30 June 2011 and 2010 included cash deposits of \$56,355 and \$83,484, respectively, which were not covered by Federal Depository Insurance coverage.

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

---

### Note C - Accounts and Members' Receivables

The majority of all significant accounts receivable are due from medium to large-sized municipalities, a state institution and a cooperative. Due to the low credit risk associated with these entities, management believes all accounts receivable are fully collectable. Accounts receivable at 30 June 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Accounts receivable - members' - projects	\$ 196,603	\$ 197,051
Accounts receivable - APPA dues	5,000	-
Accounts receivable - vendor reimbursement	292	292
Accounts receivable - SeFPC dues	7,786	-
Members' receivable - PJM (SECA) refund	<u>500</u>	<u>500</u>
	<u>\$ 210,181</u>	<u>\$ 197,843</u>

### Note D - Capital Assets

Capital assets as of 30 June 2011 and 2010, on the Statement of Financial Position at cost less accumulated depreciation, included the following major classifications:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 1,086	\$ 14,167
Office furniture and fixtures	15,117	15,117
Office equipment	11,979	11,979
Computer equipment	21,646	21,190
Vehicle	23,405	23,405
Safety demo equipment	<u>4,496</u>	<u>4,496</u>
	77,729	90,354
Less accumulated depreciation	<u>( 62,158)</u>	<u>( 58,766)</u>
Net Capital Assets	<u>\$ 15,571</u>	<u>\$ 31,588</u>

Depreciation expense for the years ended 30 June 2011 and 2010 was \$10,800 and \$10,703, respectively.

# **BLUE RIDGE POWER AGENCY**

## NOTES TO FINANCIAL STATEMENTS

---

### **Note E - Board Designated - Future Support**

The Board of Directors of the **Agency** adopted a financial policy effective February 2007 in which a consultancy billing rate is applied to the **Agency's** General Manager's time spent on various projects for members of the **Agency**. The General Manager's consultancy rate multiplied by the time units spent on these projects as well as actual related travel expenses are billed monthly to the members over each fiscal year. The Board of Directors further directed that such funds should be designated as support for members' dues that may be incurred in the following fiscal year. For the years ended 30 June 2011 and 2010, the amount of time charges and actual expenses billed to the members and designated for future support was \$93,949 and \$82,506, respectively.

### **Note F - Retirement Savings Plan**

The **Agency** has a Defined Contribution and a Salary Reduction Retirement Plan under Section 403(b) of the *Internal Revenue Code* that is offered to all employees. The Board of Directors, at its discretion, may contribute a percentage of a participating employee's salary to the Plan. The contribution by the Board of Directors for the years ended 30 June 2011 and 2010 was approximately \$12,181 and \$12,630, respectively.

### **Note G - Operating Lease**

The **Agency** entered into a noncancelable operating lease in May 2008 for real estate that expired in May 2011. As a result of its relocation of office facilities, the **Agency** entered into an annual lease for office space that is renewable each year. Rental expense under the previous lease amounted to \$15,818 and \$15,300 for the years ended 30 June 2011 and 2010, respectively.

### **Note H - Subsequent Events - Management Review**

The **Agency** must disclose the date through which subsequent events have been evaluated, in accordance with the requirements in FASB ASC Paragraph 855. In regards to these financial statements and the notes to these financial statements, the **Agency** has evaluated all subsequent events through 31 December 2011, the date the **Agency's** financial statements are available to be issued.