



**RAPIDAN SERVICE AUTHORITY  
BOARD OF MEMBERS AGENDA  
18-Dec-25**

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2 PLEDGE OF ALLEGIANCE	
3 ADOPTION OF AGENDA	
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5 OLD BUSINESS	
6 NEW BUSINESS	
A. PUBLIC COMMENT	
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**NOTE: MEETING TO BE HELD AT THE MADISON COUNTY ADMINISTRATION BUILDING, AT 2:00 PM.  
414 N. MAIN STREET, MADISON VA 22727**

**TO VIEW THE MEETING VIRTUALLY, VISIT  
[https://youtube.com/live/kueud\\_Ple2l?feature=share](https://youtube.com/live/kueud_Ple2l?feature=share)**

A regular meeting of the Board of Members of Rapidan Service Authority was held on November 20, 2025, at the Orange County Public Safety Building, Orange, VA.

A quorum was present and the meeting was called to order at 2:00 p.m., followed by the Pledge of Allegiance.

Present:	Members:	Coppage, Davies, Elliott, Johnson, Marshall
	Staff:	G.M. Clemons, D.O. Jarrell, D.A. Gaskins
	Attorney:	Stefan Calos (via Zoom)

After the addition of a second customer request (Item 6B-2), the agenda for the meeting was adopted on a motion by Coppage, seconded by Elliott, and passed on a unanimous voice vote.

The minutes of the October 18, 2025 meeting were approved on a motion by Davies, seconded by Marshall, and passed unanimously on a voice vote.

There was no old business or public comment.

The first customer request was from a customer on Chesterfield Road in Locust Grove. He had much higher-than-normal water usage but did not know why. The only recent repair was to a commode. Without the ability to account for the high water usage, on a motion by Coppage, seconded by Davies, on a voice vote the Board unanimously agreed to uphold the Board's policy of fully charging for the usage. The second customer request was made by a customer on River Bend Drive who wished to dispute his October bill for 2900 gallons because he believed he had not been home enough to use that much water. His normal usage for the past year has run 1700-2400 gallons per month. RSA staff black-boxed his meter and discovered that over 600 gallons of water were used on one day during the month. Without a specific reason to waive the charges, on a motion by Coppage, seconded by Marshall, on a voice vote the Board unanimously voted to uphold its usual policy.

On a motion by Davies, seconded by Coppage, at 2:09 p.m. the Board unanimously voted on a voice vote to go into a closed session as permitted by the Code of Virginia for consultation with legal counsel regarding specific legal matters related to RSA policy. Upon leaving the session at 2:22 p.m., Board members individually certified that only permissible topics had been discussed during the session. (See attached motion and certification)

Attorney Calos then presented the Small Purchase Procedures Policy which the Board approved unanimously on a voice vote upon a motion by Coppage, seconded by Elliott. On a motion by Davies, seconded by Elliott, on a voice vote the Board also unanimously passed a resolution adopting the Small Purchase Procedures and ratifying all purchases consistent therewith.

D.A. Gaskins then presented a proposal for a staff retention bonus to the Board for approval. Full-time staff who have served longer than six months would receive a \$500 bonus and part-time employees and full-time staff who have worked fewer than six months would receive \$300. Total cost to RSA would not exceed \$26,000. On a motion by Coppage, seconded by Marshall, the Board unanimously approved the

bonus on a voice vote. Mr. Davies commented that on a recent Sunday morning, an area near him experienced a water main break. RSA staff dealt with the problem promptly and had the main repaired within three hours.

G.M. Clemons then gave his report. The construction of the East office is now complete, and RSA staff have moved into their new offices. D.O. Jarrell did the 4<sup>th</sup> quarter DBPs testing the previous week, and RSA is hoping for good results. RSA staff are in the midst of budget preparation for the upcoming year, and RSA continues to be in good shape financially at this time. A portion of the prior deficit has been made up and with increased water sales there is a chance for additional gain before the end of the year. D.A. Gaskins gave an update on the search for a communications specialist. The first round of interviews has been completed, and three candidates have been selected for a final interview on December 3, 2025. Mr. Davies commented that the financial report net income shows a positive balance and asked where that money went after debt service. GM Clemons explained that the net income is in RSA accounts and is made up primarily by non-operating revenues such as Availability Fees and also includes money collected by the two fees for LOW customers only. The two fees for LOW customers only will be reflected in the upcoming Annual Audit.

Attorney Calos then gave his report. There have not been any additional PFAS claim payments received in the past month, but applications for two more potential payments are being completed. Mr. Calos indicated that the claims administrator had sent a warning regarding cyber security and that their need for caution might be a reason that the possible payment anticipated last month has not yet been received.

With no further business to discuss, on a motion by Coppage the Board voted unanimously to adjourn at 2:31 p.m.

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Chairman

**MOTION TO ENTER INTO CLOSED SESSION AT  
THE REGULAR MEETING OF THE BOARD OF MEMBERS OF THE  
RAPIDAN SERVICE AUTHORITY ON NOVEMBER 20, 2025**

I move that the Board of Members of the Rapidan Service Authority enter into closed session for the following, pursuant to Virginia Code section 2.2-3711(A)(8):

**Consultation with legal counsel regarding specific legal matters related to RSA policy.**

Motion by: Davies

Seconded by: Coppage

The motion passed unanimously by voice vote.

**Upon leaving the closed session and entering back into open session, please state the following:**

**Pursuant to Virginia Code § 2.2-3712(D), (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting by the RSA board. Should any members of the board believe that there was a departure from the foregoing requirements, please so state at this time, prior to the vote, and indicate the substance of the departure that, in their judgment, has taken place.**

I would ask each Board Member to certify that the foregoing requirements were met, by saying "AYE".

Coppage	<u>X</u>
Davies	<u>X</u>
Elliott	<u>X</u>
Johnson	<u>X</u>
Marshall	<u>X</u>

All Board Members certified by saying "AYE", except \_\_\_\_\_

# Historical Financials & Rating Overview

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Rapidan Service Authority



December 18, 2025

- Davenport & Company LLC (“Davenport”) has served as financial advisor to a majority of cities, counties, towns, regional authorities, and commissions throughout Virginia for nearly three (3) decades. As such, we have assisted these entities with the following services, among others:
  - Analysis of Financing Alternatives/Options;
  - Debt Capacity/Affordability;
  - Best practices for issuance of long-term debt and bank obligations, including credit ratings as appropriate;
  - Credit Rating Strategies/Interaction with National Credit Rating Agencies; and,
  - Strategic Plan of Finance Development and Implementation.
  
- Davenport serves as Financial Advisor to both Orange County and Madison County.

- Rapidan Service Authority (the “Authority”) recently engaged Davenport as Financial Advisor.
- The Authority’s Capital Improvement Program contemplates approximately \$40 million in the near term, of which approximately \$9.0 million will be needed for a Sewer Plant in Madison County and \$4.0 million for Madison Water improvements, totaling \$13.0 million, in the Spring of 2026.
  - The Authority expects to receive approximately \$3.0 million in grant dollars for the Madison Sewer Plant, which Davenport has taken into consideration.
- In the immediate term, the Authority has tasked Davenport with developing a strategic plan of finance for the approximately \$13.0 million capital need.
- The information herein provides an overview of the following:
  - Existing Debt Profile and Historical Financials;
  - Potential Financial Policies for the Authority’s cash and debt service coverage levels;
  - Peer Comparatives;
  - Initial Pro Forma demonstrating the impact of financing roughly \$13.0 million on the Authority’s financial profile; and,
  - Next Steps for financing the proposed Madison Water and Sewer projects.

# Peer Comparative Group



- Peer Comparatives allow the Authority the ability to compare itself to other similar Water and Sewer Authorities/Systems with respect to cash reserve and debt metrics.
- The following slides show how the Authority measures against the Peer Comparative Group to help give insight to potential Financial Policies.
- The Peer Group was selected from Authorities/Systems of similar size in Virginia.

Peer Comp	Water		Wastewater	
	Residential Units	Nonresidential Units	Residential Units	Nonresidential Units
Rapidan Service Authority	5,882	222	6,365	177
Augusta County Service Authority	14,598	1,098	8,955	761
Bedford Regional Water Authority	14,368	1,161	5,387	705
Culpeper (Town of)	7,183	768	6,891	639
Fauquier County Water and Sanitation Authority	6,844	63	4,699	57
Gloucester Public Utilities	5,917	915	1,952	702
Henry County PSA	12,667	980	7,055	727
Rockingham County	5,417	354	4,944	254

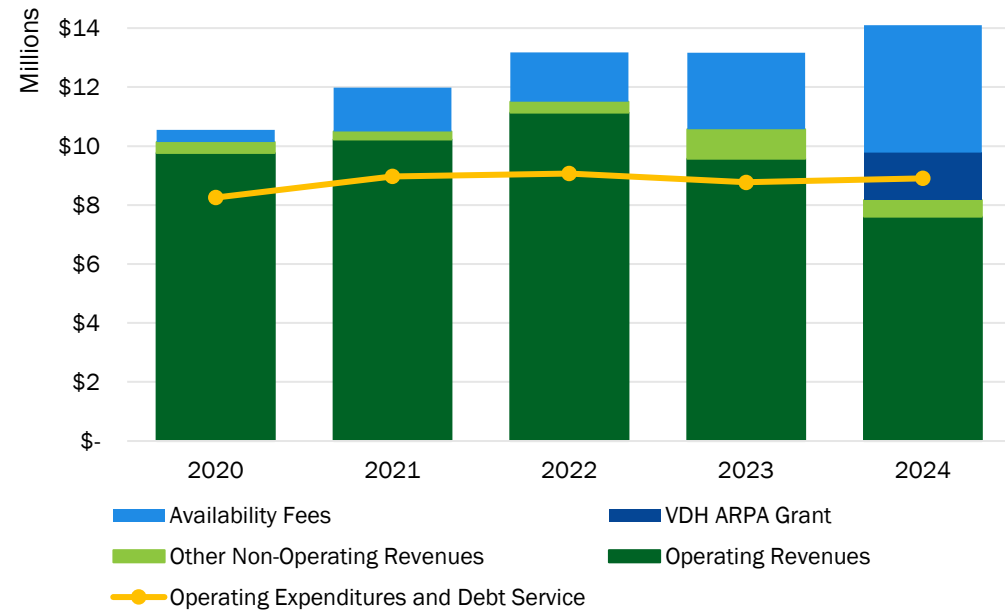


# Historical Financials

# Historical Revenues and Expenditures

- The Authority has consistently produced a surplus over the past five (5) years.
- In FY 2024, availability fees accounted for approximately 30% of the Authority's total revenues.
- FY 2024 represents the first full year with Orange and Madison Counties as the only members of the Authority.

Historical Financials Revenues & Expenditures



Historical Financials	2020	2021	2022	2023	2024
1 Operating Revenues	\$ 9,772,272	\$ 10,219,692	\$ 11,132,400	\$ 9,574,276	\$ 7,610,273
2 Operating Expenditures <sup>(1)</sup>	(7,372,196)	(8,089,327)	(8,192,349)	(7,911,560)	(8,050,758)
3 VDH ARPA Grant	-	-	-	-	1,608,015
4 Availability Fees	415,000	1,480,000	1,675,000	2,590,000	4,320,000
5 Other Non-Operating Revenues	363,082	280,990	375,235	1,002,710	562,381
6 Revenues Available for DS	\$ 3,178,158	\$ 3,891,355	\$ 4,990,286	\$ 5,255,426	\$ 6,049,911
7 Principal	588,333	615,000	636,667	646,666	673,334
8 Interest	294,297	268,699	241,969	214,719	185,782
9 Total Debt Service	882,630	883,699	878,636	861,385	859,116

(1) Net of Depreciation.

Note: FY 2024 represents the first full year with Orange and Madison Counties as the only members of the Authority.

Source: Audit

- The Authority should consider adopting the following two key critical financial policies:

## 1) Days Cash on Hand:

- Maintain a target of 365 Days Cash on Hand with a minimum of 200 Days.
- This policy is a measurement of the System's cash reserves in proportion to operating expenses. 365 Days Cash on Hand translates to \$8.0 million based on the FY 2024 Audit.

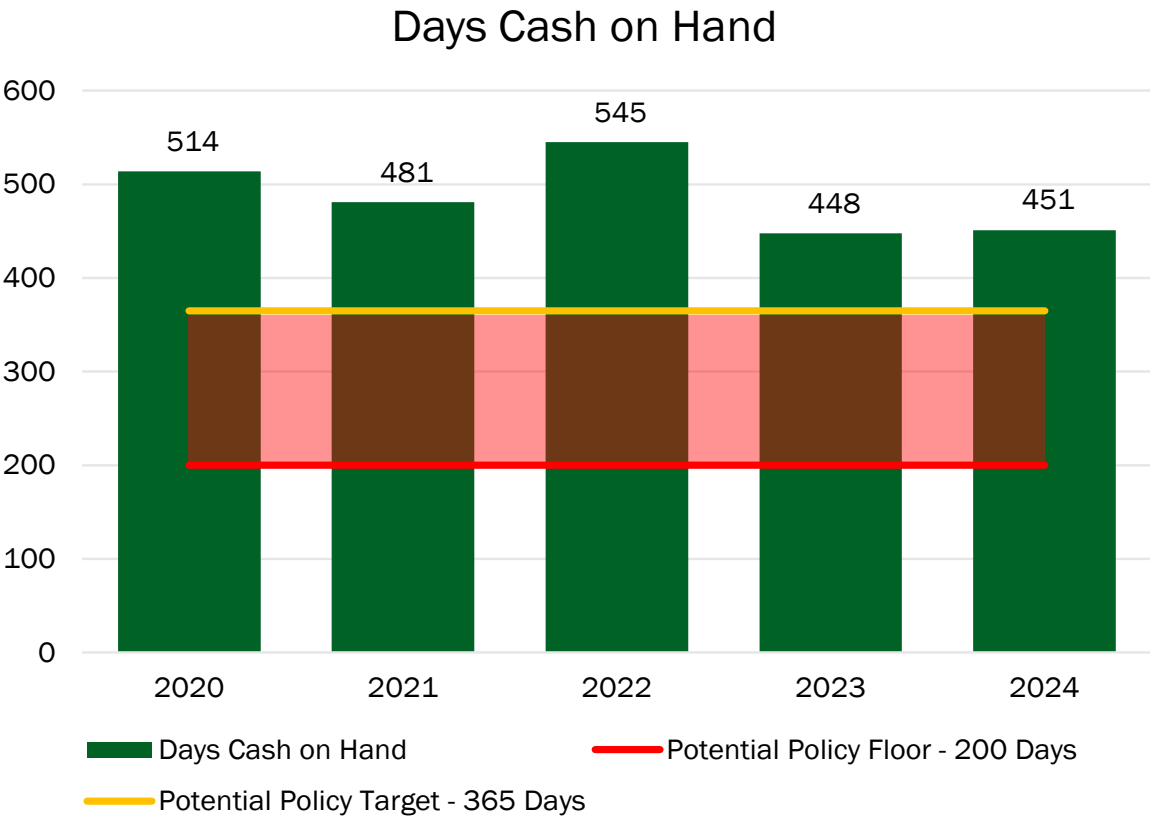
## 2) Debt Service Coverage:

- Maintain a target of 1.50x with a minimum of 1.15x<sup>(1)</sup> the annual debt service in Net Revenues.
- This policy is a measurement of annual cash-flow and budgetary flexibility. It compares revenues after the payment of operating expenditures vs. annual debt service. At 1.50x Debt Service Coverage, the System has \$1.50 for every \$1.00 of debt service for the current fiscal year.

# Historical Days Cash on Hand



- The Authority has solid reserves, maintaining over 400 Days Cash on Hand each of the past five (5) years.

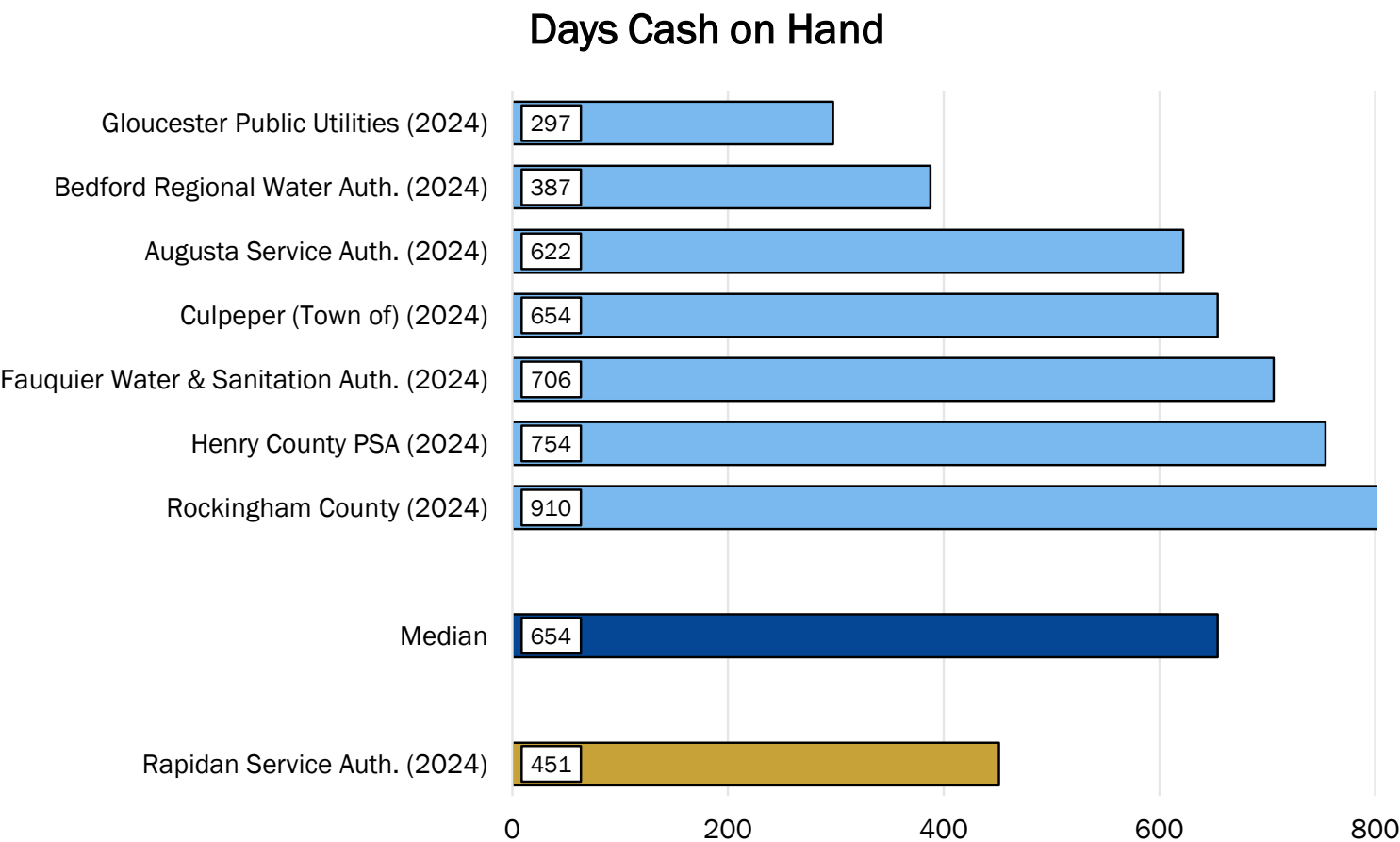


Days Cash on Hand	2020	2021	2022	2023	2024
Ending Cash	\$ 10,374,019	\$ 10,657,068	\$ 12,231,429	\$ 9,700,227	\$ 9,950,061
Days Cash on Hand	514	481	545	448	451

# Peer Comparative | Days Cash on Hand



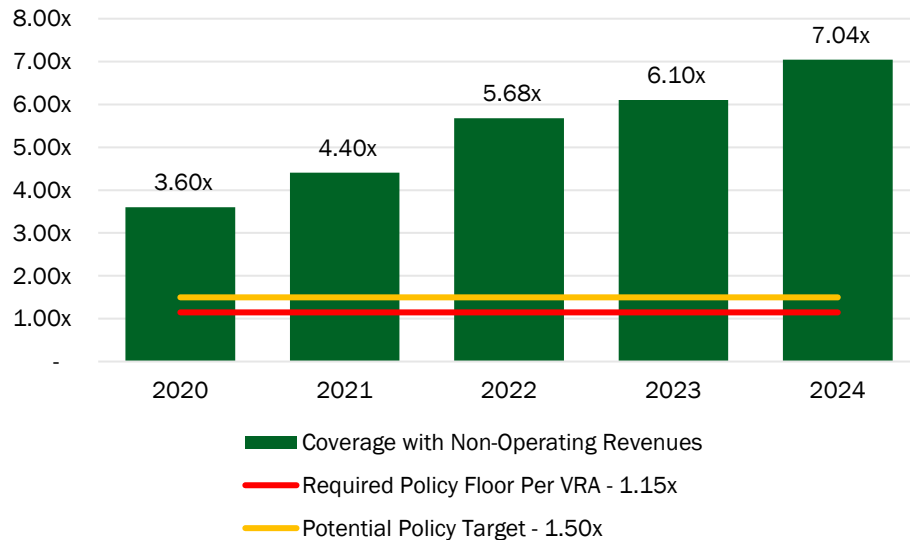
- The Authority’s Days Cash on Hand is slightly below the peer group median.



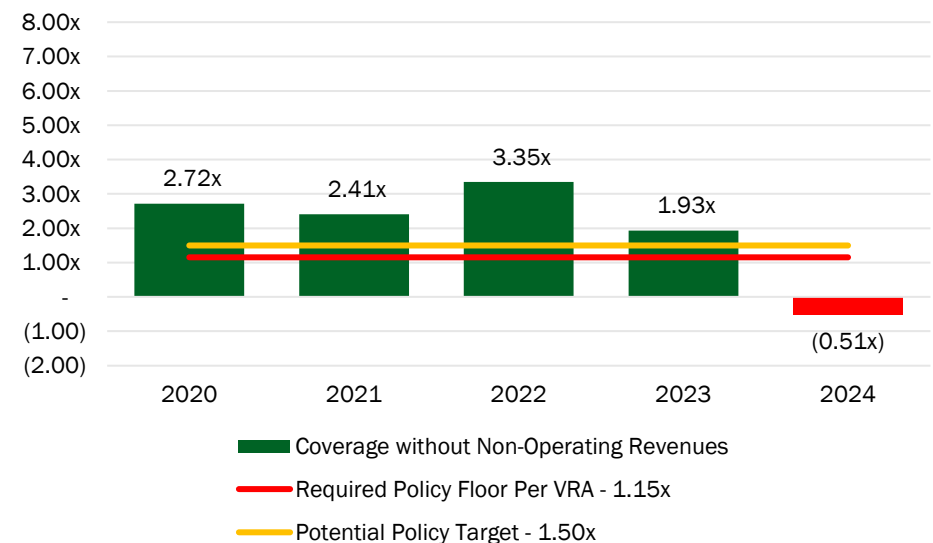
# Historical Debt Service Coverage

- The Authority's debt service coverage is consistently above 3.0x when accounting for revenue from availability fees.
- Without availability fee/non-operating revenues, the Authority's debt service coverage in FY 2024 was negative.
  - Note: FY 2024 represents the first full year with Orange and Madison Counties as the only members of the Authority.

Debt Service Coverage With Non-Operating Revenues



Debt Service Coverage Without Non-Operating Revenues



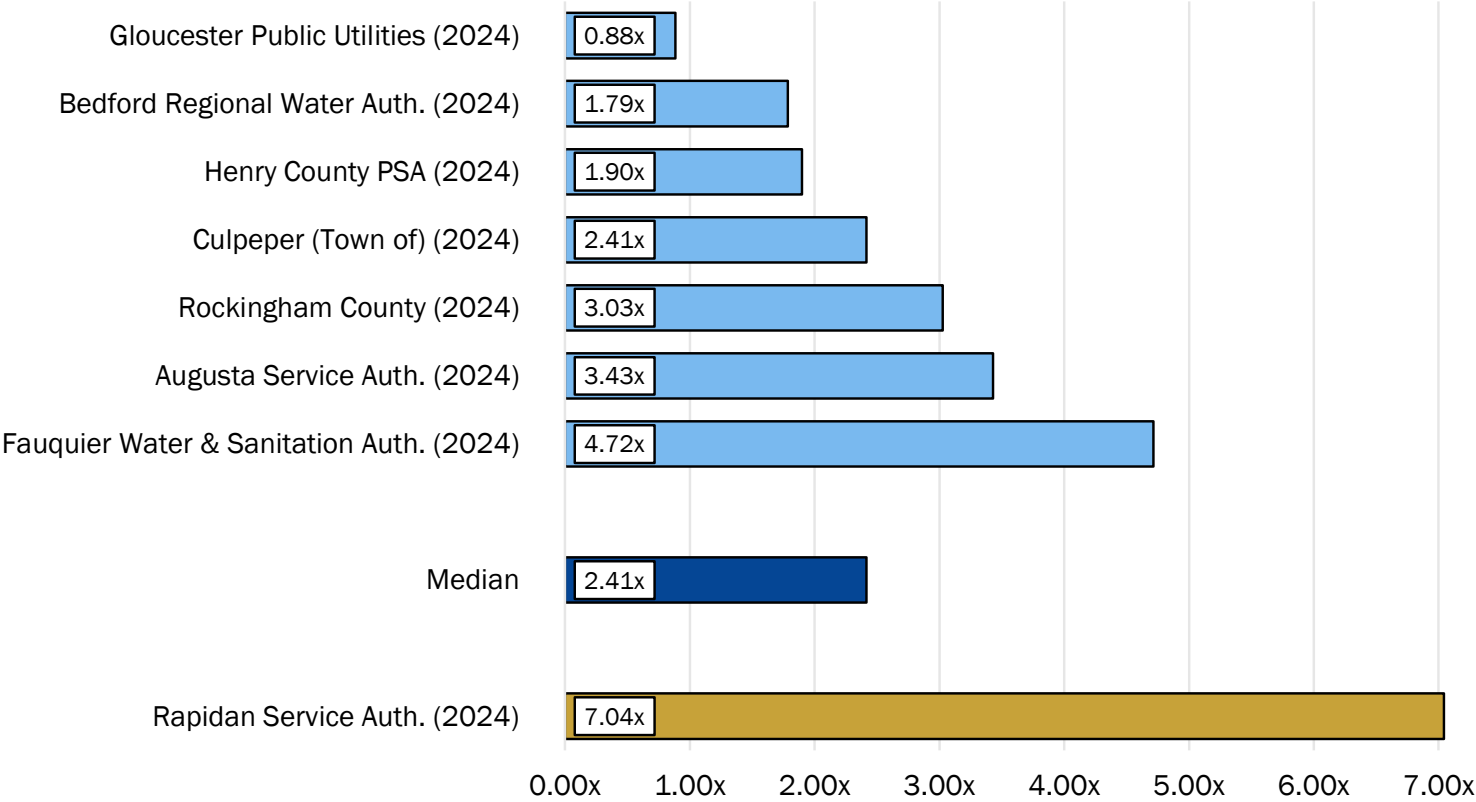
Coverage	2020	2021	2022	2023	2024
Coverage with Non-Operating Revenues	3.60x	4.40x	5.68x	6.10x	7.04x
Coverage without Non-Operating Revenues	2.72x	2.41x	3.35x	1.93x	(0.51x)

Note: Non-Operating Revenues include Interest Revenue, Gain on Disposal of Assets, Lease Revenue, Insurance Recoveries, VDH ARPA Grant, and Availability Fees

Source: Audit

- The Authority’s Debt Service Coverage including non-operating revenues is more than triple the peer group median.

Debt Service Coverage with Non-Operating Revenues



# Existing Debt



# Existing Debt

## Existing Debt Service

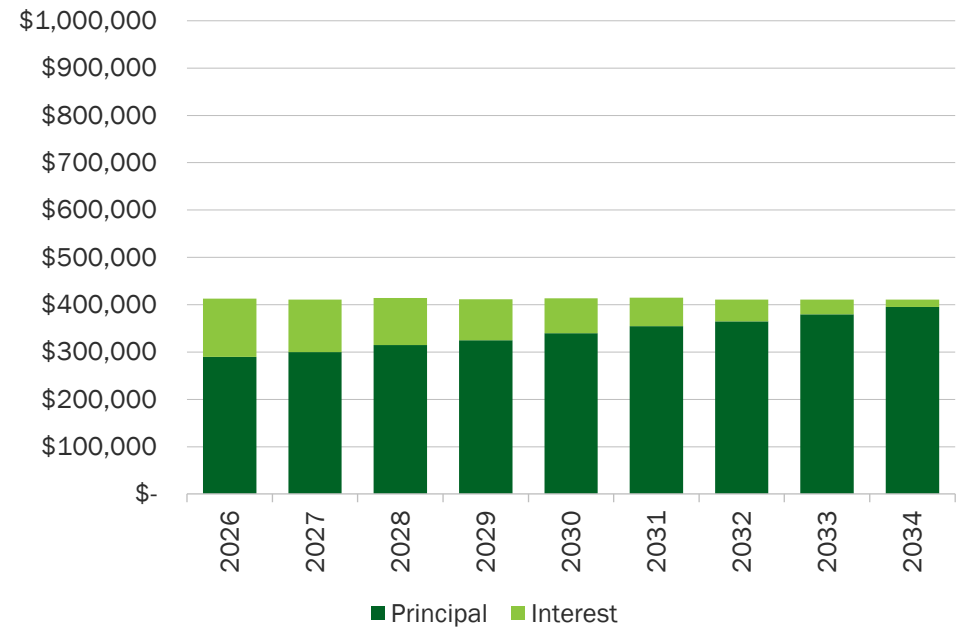
FY	Principal	Interest	BABs Subsidy	Total
2026	\$ 290,000	\$ 181,311	\$ (58,577)	\$ 412,734
2027	300,000	164,149	(53,032)	411,116
2028	315,000	146,404	(47,299)	414,104
2029	325,000	127,770	(41,279)	411,491
2030	340,000	108,539	(35,066)	413,473
2031	355,000	88,434	(28,571)	414,863
2032	365,000	67,440	(21,788)	410,652
2033	380,000	45,849	(14,813)	411,036
2034	395,000	23,369	(7,550)	410,819
<b>Total</b>	<b>\$ 3,065,000</b>	<b>\$ 953,264</b>	<b>\$ (307,976)</b>	<b>\$ 3,710,288</b>

## Par Outstanding – Estimated as of 12/31/2025

Type	Par Amount
2009B Revenue Bonds (VRA Pooled Bonds) <sup>(1)</sup>	\$3,065,000
<b>Total</b>	<b>\$3,065,000</b>

(1) Debt Service fully allocable to the East Sewer System.

## Existing Debt Service



- The Authority has a modest amount of debt with only one VRA loan outstanding.
- The Authority's debt service is level and will remain at the same level until FY 2034 when the VRA loan matures.

# Pro Forma

- The Authority's Capital Improvement Program contemplates funding the following projects in the Spring of 2026:
  - A new Sewer Plant for the Madison Sewer System; and,
  - Capital improvements to the Madison Water System.
- The Sewer Plant is expected to cost approximately \$9.0 million and the improvements to the Water System are expected to cost approximately \$4.0 million, totaling \$13.0 million.
  - Of the \$13.0 million, the Authority expects to receive \$3.0 million in grant dollars for the Sewer Plant.
- Authority Staff provided Davenport with revenue and expenditure assumptions based on the NewGen Strategies and Solutions ("NewGen") rate model.
- Using the revenue and expenditure assumptions from the NewGen rate model, Davenport built a high level pro forma to analyze the impact of moving forward with both projects on the Authority's system based on the below two (2) scenarios:
  - Scenario 1**    \$13.0 million debt financing (no grant funding received)
  - Scenario 2**    \$10.0 million debt financing (\$3.0 million grant funding received)

- For initial planning purposes, Davenport has assumed that the Madison Sewer Plant and Water System improvements are financed as follows:

## Debt Service Assumptions

– Amount: **Scenario 1 - \$13.0 million**

**Scenario 2 - \$10.0 million**

- Timing: FY 2026 Spring Issuance
- Interest: Begins in FY 2026
- Interest Only: 2 years at 4.5%

} **Interim Financing**

- Principal: Begins in FY 2029
- Full Principal & Interest: 20 years at 5.0%

} **Permanent Financing**

- Given the Authority's identified Capital Improvement Plan ("CIP") needs, the Authority may want to consider a flexible interim financing strategy, via a competitively bid bank financing, that would allow the Authority to move forward with preliminary stages of projects without needing to deploy valuable cash from the Authority's reserves or borrow for more than necessary.

## What is Interim Financing?

1. Access funds for a variety of Utility purpose Authority projects.
  2. Short-term Financing (usually 1-3 years) of Interest-Only payments.
  3. Prepayment Flexibility – ability to prepay or term-out the interim financing as early as needed.
- The interim financing is a useful cash flow management strategy that gives the Authority the ability to:
    - Take advantage of short term borrowing rates which are currently lower than investment rates;
    - Maintain strong reserve levels while projects undergo design/construction;
    - Reduce budgetary impact - only pay interest (rather than full principal and interest) during the initial stages of the project; and
    - Provide flexibility as to the final structure of permanent debt once project timing and cost is finalized.

# Davenport Pro Forma | Scenario 1

## Preliminary Results



- Below are the preliminary results of a \$13.0 million 2026 Spring Issuance.
  - As shown below, the Authority's combined systems can absorb payments assuming no grant funding is received while still sustaining solid cash flow and debt service coverage.
  - Debt Service Coverage does not drop below 2.8x and Days Cash on Hand consistently grows to over 800.

Rapidan Service Authority	1	2	3	4	5	6
	Projection	Projection	Projection	Projection	Projection	Projection
Fiscal Year:	2025	2026	2027	2028	2029	2030
<b>Water &amp; Sewer System</b>						
1						
2 <b>Revenues</b>						
3 <b>Water &amp; Sewer Revenues</b>	10,207,766	10,735,128	11,290,884	11,876,661	12,494,190	13,145,303
4	34%	5%	5%	5%	5%	5%
5 <b>Other Revenues (Non-Service Charge)</b>						
6 Other Revenues (Non-Service Charge)	3,155,093	3,211,893	3,270,191	3,330,035	3,391,474	3,454,561
7 <b>Total Revenues</b>	<b>13,362,859</b>	<b>13,947,022</b>	<b>14,561,075</b>	<b>15,206,696</b>	<b>15,885,663</b>	<b>16,599,864</b>
8						
9 <b>Operating Expenses</b>						
10 <b>Total Operating Expenses</b>	<b>8,893,342</b>	<b>9,169,479</b>	<b>9,444,501</b>	<b>9,727,773</b>	<b>10,019,543</b>	<b>10,320,066</b>
11 % Change Total Operating Expenses	10.5%	3.1%	3.0%	3.0%	3.0%	3.0%
12						
13 <b>Revenues Available for Debt Service</b>	<b>4,469,517</b>	<b>4,777,542</b>	<b>5,116,574</b>	<b>5,478,923</b>	<b>5,866,120</b>	<b>6,279,797</b>
14 Less: Revenues Reserved for LOW(1)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)
15 <b>Adjusted Revenues Available for Debt Service</b>	<b>2,769,517</b>	<b>3,077,542</b>	<b>3,416,574</b>	<b>3,778,923</b>	<b>4,166,120</b>	<b>4,579,797</b>
16						
17 <b>Total Debt Service</b>	<b>922,376</b>	<b>708,159</b>	<b>1,001,966</b>	<b>1,004,954</b>	<b>1,465,076</b>	<b>1,467,058</b>
18						
19 <b>Debt Service Coverage (Line 15 / Line 17)</b>	<b>3.00x</b>	<b>4.35x</b>	<b>3.41x</b>	<b>3.76x</b>	<b>2.84x</b>	<b>3.12x</b>
20						
21 <b>SURPLUS (DEFICIT)</b>	<b>1,847,141</b>	<b>2,369,383</b>	<b>2,414,608</b>	<b>2,773,969</b>	<b>2,701,044</b>	<b>3,112,739</b>
22						
23 <b>Ending Unrestricted Cash and Investments</b>	<b>11,797,202</b>	<b>14,166,585</b>	<b>16,581,193</b>	<b>19,355,161</b>	<b>22,056,206</b>	<b>25,168,945</b>
24						
25 <b>Days Cash on Hand (Line 21/Line 10 x 365)</b>	<b>484</b>	<b>564</b>	<b>641</b>	<b>726</b>	<b>803</b>	<b>890</b>

(1) Adjustment related to annual LOW Vac Sewer Fee and LOW Vac Sewer Upgrade Fee.

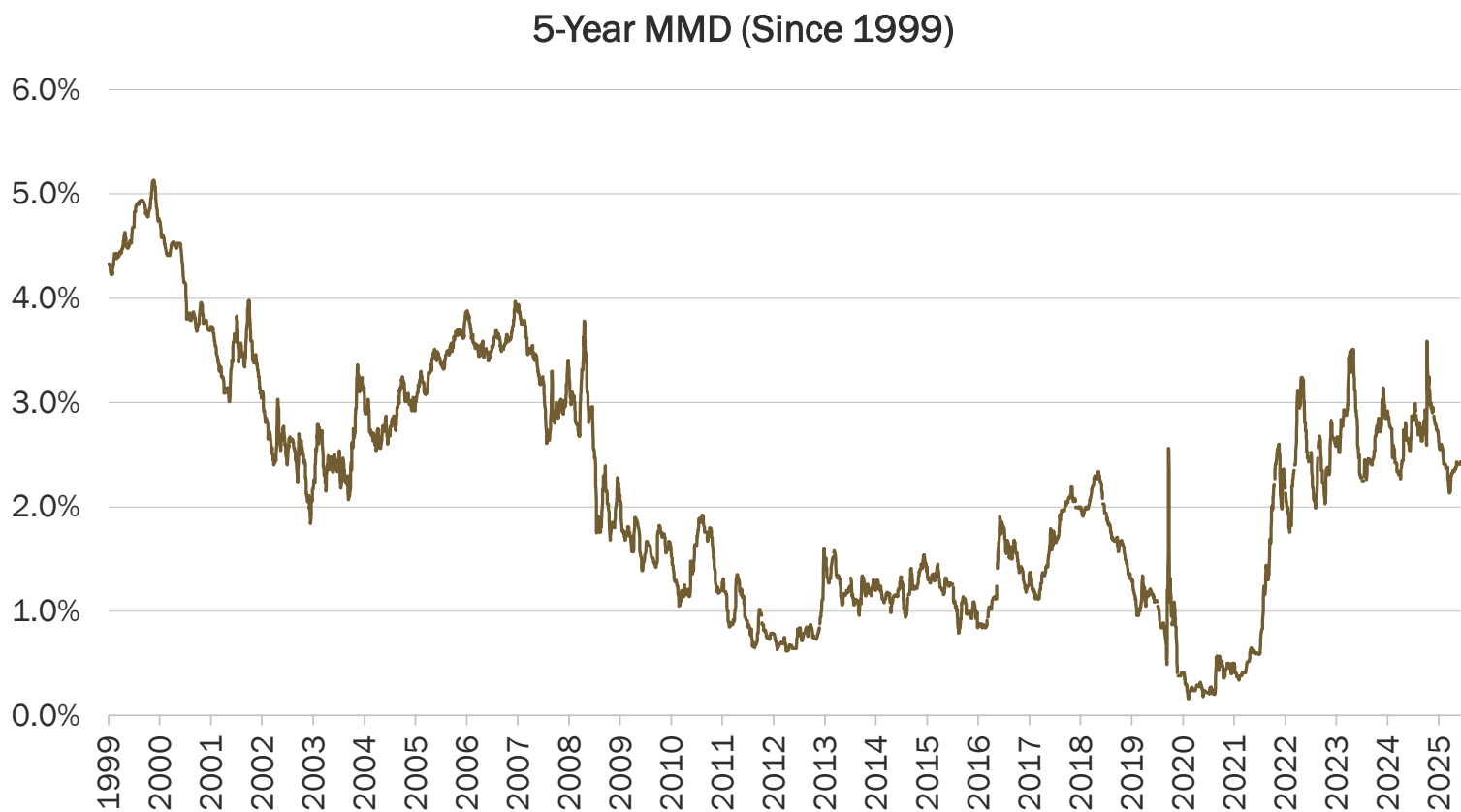
# Davenport Pro Forma | Scenario 2

## Preliminary Results



- Below are the preliminary results of a \$10.0 million 2026 Spring Issuance.
  - Debt Service Coverage does not drop below 3.0x and Days Cash on Hand consistently grows to over 900.

Rapidan Service Authority	1	2	3	4	5	6
	Projection	Projection	Projection	Projection	Projection	Projection
Fiscal Year:	2025	2026	2027	2028	2029	2030
<b>Water &amp; Sewer System</b>						
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14 Less: Revenues Reserved for LOW(1)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)
15 <b>Adjusted Revenues Available for Debt Service</b>	<b>2,769,517</b>	<b>3,077,542</b>	<b>3,416,574</b>	<b>3,778,923</b>	<b>4,166,120</b>	<b>4,579,797</b>
16						
17 <b>Total Debt Service</b>	<b>922,376</b>	<b>708,159</b>	<b>1,001,966</b>	<b>1,004,954</b>	<b>1,229,965</b>	<b>1,231,947</b>
18						
19 <b>Debt Service Coverage (Line 15 / Line 17)</b>	<b>3.00x</b>	<b>4.35x</b>	<b>3.41x</b>	<b>3.76x</b>	<b>3.39x</b>	<b>3.72x</b>
20						
21 <b>SURPLUS (DEFICIT)</b>	<b>1,847,141</b>	<b>2,369,383</b>	<b>2,414,608</b>	<b>2,773,969</b>	<b>2,936,155</b>	<b>3,347,850</b>
22						
23 <b>Ending Unrestricted Cash and Investments</b>	<b>11,797,202</b>	<b>14,166,585</b>	<b>16,581,193</b>	<b>19,355,161</b>	<b>22,291,317</b>	<b>25,639,167</b>
24						
25 <b>Days Cash on Hand (Line 21/Line 10 x 365)</b>	<b>484</b>	<b>564</b>	<b>641</b>	<b>726</b>	<b>812</b>	<b>907</b>

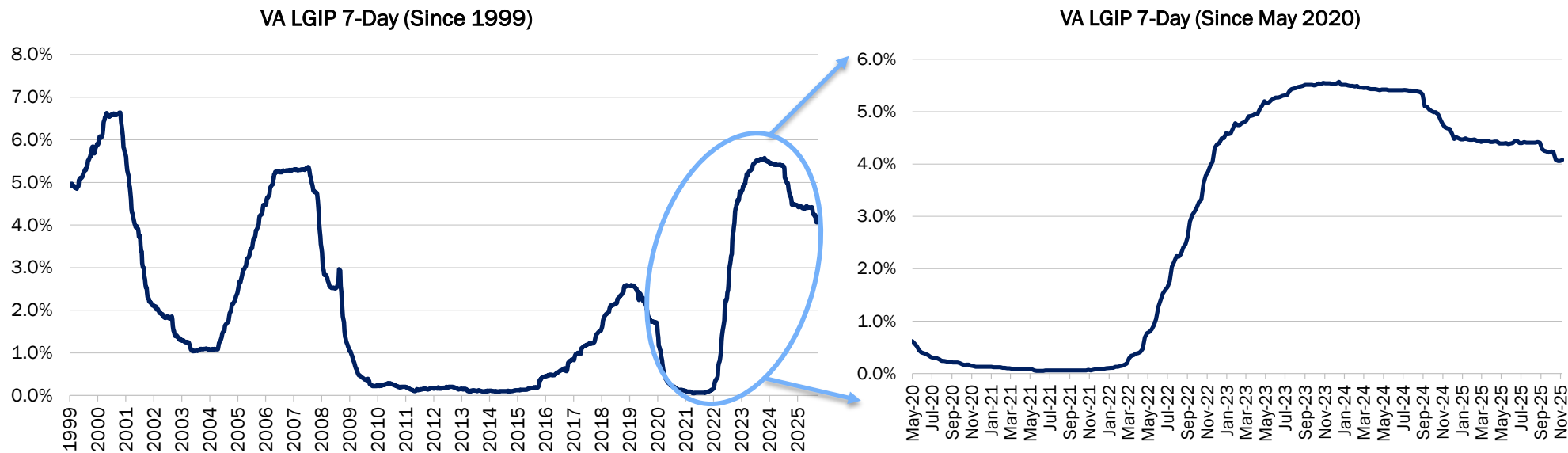


*Short-term tax-exempt interest rates continue to remain at historically favorable levels.*

The above chart shows MMD data as of 12.04.2025.



# Reinvestment Rate Trends | LGIP 7-Day Rate



*Short-term reinvestment rates have increased to levels last seen over a decade ago.*

# Next Steps

# Next Steps

Timing	Action
December 18 2:00pm	<b><u>Authority Board Meeting</u></b> <ul style="list-style-type: none"> <li>Davenport presents Financial and Credit Review and Strategic Plan of Finance.</li> <li>Authority Board considers moving forward with a competitive bidding process to obtain interim financing via a direct bank loan.</li> </ul>
Early-January	Davenport distributes Request for Proposals (“RFP”) to local, regional, and national banking institutions.
Early-February	Bank Proposals Due.
February 19 2:00pm	<b><u>Authority Board Meeting</u></b> <ul style="list-style-type: none"> <li>Davenport presents summary of bank proposals.</li> <li>Authority Board considers selecting the winning lender.</li> </ul>
March 19 2:00pm	<b><u>Authority Board Meeting</u></b> <ul style="list-style-type: none"> <li>[Placeholder]</li> </ul>
Late March	Close on Direct Bank Loan.

# Appendix

# Historical Financials



Operating Revenues	2020	2021	2022	2023	2024
Water Revenues	\$ 3,737,586	\$ 3,724,803	\$ 4,830,527	\$ 3,641,714	\$ 2,181,999
Sewer Revenues	5,268,471	5,763,090	5,777,751	5,496,047	5,060,856
Other Revenues	766,215	731,799	524,122	436,515	367,418
<b>Total Operating Revenues</b>	<b>\$ 9,772,272</b>	<b>\$ 10,219,692</b>	<b>\$ 11,132,400</b>	<b>\$ 9,574,276</b>	<b>\$ 7,610,273</b>
Operating Expenses	2020	2021	2022	2023	2024
Administrative	\$ 1,404,509	\$ 1,908,563	\$ 1,776,794	\$ 1,552,358	\$ 1,455,949
Operations and Maintenance	5,967,687	6,180,764	6,415,555	6,359,202	6,594,809
Depreciation Expense	2,565,840	2,595,981	2,754,555	2,702,066	1,856,010
<b>Total Expenditures</b>	<b>\$ 9,938,036</b>	<b>\$ 10,685,308</b>	<b>\$ 10,946,904</b>	<b>\$ 10,613,626</b>	<b>\$ 9,906,768</b>
<b>Operating Income (Loss)</b>	<b>\$ (165,764)</b>	<b>\$ (465,616)</b>	<b>\$ 185,496</b>	<b>\$ (1,039,350)</b>	<b>\$ (2,296,495)</b>
Nonoperating Revenues (Expenses)	2020	2021	2022	2023	2024
Interest Revenue	\$ 108,299	\$ 32,289	\$ 115,065	\$ 423,637	\$ 399,120
Net Increase (Decrease) in the Fair Value of Investments	74,561	(55,061)	(208,604)	-	-
Interest Expense	(243,339)	(213,820)	(183,142)	(151,307)	(118,232)
Gain on Disposal of Assets	31,505	214	1,000	-	-
Lease Revenue	223,278	248,487	259,170	190,406	113,155
Insurance Recoveries	-	-	-	388,667	50,106
VDH ARPA Grant	-	-	-	-	1,608,015
Greene County Settlement	-	-	-	(1,350,000)	-
Other Income (Expenses)	(218,846)	225,454	(783,897)	(1,160,637)	-
Availability Fees	415,000	1,480,000	1,675,000	2,590,000	4,320,000
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 390,458</b>	<b>\$ 1,717,563</b>	<b>\$ 874,592</b>	<b>\$ 930,766</b>	<b>\$ 6,372,164</b>
<b>Income (Loss) Before Capital Contributions and Special Items</b>	<b>\$ 224,694</b>	<b>\$ 1,251,947</b>	<b>\$ 1,060,088</b>	<b>\$ (108,584)</b>	<b>\$ 4,075,669</b>
Capital Contributions	\$ 832,303	\$ 3,200,000	\$ 882,565	\$ 4,800,548	\$ 6,568,610
Transfer of Operations	-	-	-	(18,919,351)	-
<b>Change in net position</b>	<b>\$ 1,056,997</b>	<b>\$ 4,451,947</b>	<b>\$ 1,942,653</b>	<b>\$ (14,227,387)</b>	<b>\$ 10,644,279</b>
<b>Net position, beginning of year, as restated<sup>(1)</sup></b>	<b>\$ 59,042,600</b>	<b>\$ 60,099,597</b>	<b>\$ 64,632,002</b>	<b>\$ 66,574,655</b>	<b>\$ 52,148,649</b>
<b>Net position, end of year</b>	<b>\$ 60,099,597</b>	<b>\$ 64,551,544</b>	<b>\$ 66,574,655</b>	<b>\$ 52,347,268</b>	<b>\$ 62,792,928</b>

(1) Restatements in 2022 and 2024.

Note: FY 2024 represents the first full year with Orange and Madison Counties as the only members of the Authority.

Source: Audit

# Municipal Advisor Disclosure



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## MEMORANDUM

DATE: December 8, 2025

TO: RSA Board of Members

FROM: Tim Clemons, General Manager

SUBJECT: 2026 Proposed Operating Budget

Enclosed is a copy of Rapidan Service Authority's Proposed Operating Budget for Fiscal Year 2026.

The staff has prepared the FY 2026 Proposed Operating Budget, continuing to use the same general budgetary assumptions as have been used in past years. The Budget must be adopted at the December Board meeting to comply with RSA's Bond Covenants.

RSA's operating budget is based on the accrual method and therefore does not acknowledge non-payments, weather fluctuations, or capital obligations/expenditures. Unlike the budgets of municipalities, which are based on a guarantee of tax revenues, RSA managers do not have "free will" to spend within budget amounts, due to the unpredictability of weather-impacted revenues, economic fluctuations, etc. For these reasons, RSA, historically, uses this budget only as a guide. Revenues and expenditures are monitored throughout the year and adjustments are made accordingly. This is therefore a very dynamic yet required process.

The overriding message we would like to convey to the Board of Members is that although we are beginning to see an increase in development, economic conditions remain such that RSA management continues to take a very prudent approach in drafting this year's budget.

For several years now, the goal has been to strive to generate operating income sufficiently to cover operating expenses and existing debt service. This would allow non-operating income to build up reserves. This proposed 2026 budget accomplishes that goal. This budget does not include using any non-operating income to cover operating expenses or existing debt service. All non-operating income generated in FY 2026 will be used to build reserves for future capital expenses.

This budget includes the second rate increases as shown in NEWGEN's rate study, as presented to the Board.

To comply with the budget adoption requirement of the VRA Bonds, the Board needs to adopt the budget at the December 18th meeting. Therefore, any Board Member having questions or comments should contact Cindy Breeden, Trace Gaskins, or me prior to the meeting.

# Rapidan Service Authority 2026 Proposed Operating Budget

December 18, 2025



**Rapidan Service Authority  
2026 Proposed Operating Budget Worksheet**

**2026  
Proposed**

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***Operating Revenues***

Water Sales - Rt. 15 & G'ville	979,419
Water Sales - Rt. 20 Orange	60,495
Water Sales - Madison	381,257
Water Sales - East	2,036,752
Penalties	111,996
Sewer Revenue - Madison	372,202
Sewer Revenue Gordonsville	770,000
Sewer Revenue - East	5,965,914
Sale of Material & Supplies	17,000
Engr. and Maint. Revenue	15,000
Inspection Fees	5,000
Misc. Income	137,500
Service Installations-Revenue	164,000
Rental/Lease Agreements	119,185
East Non-User Fees	84,700

***Total Operating Revenues***

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**11,220,419**

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***Operating Expenses***

Purchased Water	705,263
Operating Labor	2,361,374
Contract Labor	10,000
Annual Leave Paid	150,225
Sick Leave Paid	107,315
Engineering & Design	188,608
New Service Installations	90,000
Locations - Miss Utility	94,000
Maint. - Treatment Equip	391,000
Water/Sewer Treatment Supplies	809,600
Maint-Bldgs & Sites	154,000
Maint. - Pump Stations	290,000
Maint. - Holding Tanks	317,883
Utilities	989,000
Maint. - Mains & Access.	263,118
Maint. - White Oak Dam	7,000
Maint. - Equipment	50,955
Maint. - Services	120,383
Maint. - Meters	55,000
Materials for Resale	15,200
Vehicle Expense	60,600
Gas-Grease-Oil - Vehicles	71,000
Gas-Grease-Oil - Equip	26,700
Testing	114,000
Biosolids Waste Mgmt	36,500

***Total Operating Expenses***

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**7,478,723**

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***Gross Margin***

**3,741,696**

**Rapidan Service Authority  
2026 Proposed Operating Budget Worksheet**

**2026  
Proposed**

**Gen & Admin Expenses**

Advertising	8,300
Billing & Collection Expense	126,201
Customer Assistance	5,400
Postage & Supplies	20,450
Annual Leave Paid	58,936
Compensation - Admin. Personnel	1,124,197
Sick Leave Paid	34,850
Compensation - Board of Members	8,000
Insurance Premiums	164,400
Misc. Payroll Tax Expense	2,800
Bank Fees	10,300
Office Supplies	10,000
Office Utilities	9,000
Communications	99,200
Legal/Bond Fees	133,500
Water/Sewer Regulatory Fees	46,500
Consulting Engineering	2,000
Audit & Other Consulting	40,000
Training & Education	19,800
Miscellaneous	600
Office Equip Repairs & Maint.	96,500

<b>Total Gen. &amp; Admin. Expenses</b>	<b>2,020,934</b>
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**Non-Operating Income**

Interest Earned	400,000
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<b>Total Non-Operating Income</b>	<b>400,000</b>
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<b>Gross Income before Debt Service</b>	<b>2,120,762</b>
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**Debt Service**

I - VRA 2009B (Wilderness WWTP)	114,506
P - VRA 2009B (Wilderness WWTP)	290,000

<b>Total Debt Service</b>	<b>404,506</b>
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<b>Contribution to Reserves</b>	<b>1,716,256</b>
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## **RSA 2026 Board Meeting Schedule**

<b><u>Date</u></b>	<b><u>Location</u></b>
January 15, 2026	Orange
February 19, 2026	Madison
March 19, 2026	Orange
April 16, 2026	Madison
May 21, 2026	Orange
June 18, 2026	Madison
July 16, 2026	Orange
August 20, 2026	Madison
September 17, 2026	Orange
October 15, 2026	Madison
November 19, 2026	Orange
December 17, 2026	Madison

In the event that a meeting is not held, the schedule will continue to be followed each month.

# RAPIDAN SERVICE AUTHORITY

November-2025

Operating Income	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Water & Sewer Revenue - Madison Co.	60,484	56,283	4,200	643,642	619,117	24,526
Water & Sewer Revenue - Orange Co.	780,522	804,808	(24,286)	8,521,177	8,852,892	(331,714)
Sale of Materials & Supplies	-	1,667	(1,667)	11,324	18,333	(7,009)
Engr & Maint Revenue	-	1,750	(1,750)	2,880	19,250	(16,370)
Service Fees	-	1,667	(1,667)	5,906	18,333	(12,428)
Misc. Income	15,024	29,817	(14,793)	307,609	327,983	(20,375)
Service Installations Revenue	-	16,667	(16,667)	205,350	183,333	22,017
<b>Total Operating Income</b>	<b>856,029</b>	<b>912,658</b>	<b>(56,629)</b>	<b>9,697,888</b>	<b>10,039,242</b>	<b>(341,354)</b>
Operating Expenses	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Purchased Water	70,991	49,817	(21,174)	679,610	547,983	(131,626)
Operating Labor	199,525	217,250	17,725	1,923,627	2,389,750	466,123
New Service Installations	6,643	11,808	5,165	103,939	129,892	25,953
Locations-Miss Utility	6,555	6,533	(21)	81,429	71,867	(9,563)
Engineering & Maintenance	141,101	140,983	(118)	2,175,422	1,550,817	(624,606)
Water Treatment Supp.	90,056	67,217	(22,839)	713,336	739,383	26,047
Utilities	79,150	79,625	475	883,268	875,875	(7,393)
Vehicle Expense	29,763	12,858	(16,904)	164,144	141,442	(22,703)
Testing	6,854	7,167	313	98,499	78,833	(19,666)
Biosolids Waste Mgmt	11,726	3,042	(8,684)	32,507	33,458	952
Miscellaneous	-	-	-	1,026	-	(1,026)
<b>Total Operating Expenses</b>	<b>642,364</b>	<b>596,300</b>	<b>(46,064)</b>	<b>6,856,808</b>	<b>6,559,300</b>	<b>(297,508)</b>
<b>Gross Margin</b>	<b>213,665</b>	<b>316,358</b>	<b>(102,693)</b>	<b>2,841,080</b>	<b>3,479,942</b>	<b>(638,862)</b>
General & Admin Expenses	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Billing & Collection Exp	8,327	10,683	2,356	106,631	117,517	10,886
G & A Labor	72,917	86,750	13,833	854,283	954,250	99,968
Comp. Board of Members	596	667	71	6,443	7,333	891
Insurance Premiums	-	12,625	12,625	121,489	138,875	17,386
Bank & Credit Card Fees	713	750	37	7,231	8,250	1,019
Offices Expenses	16,300	17,171	871	230,985	188,879	(42,105)
Legal/Bond Fees	15,926	5,333	(10,593)	163,825	58,667	(105,159)
Water Regulatory Fees	-	3,558	3,558	40,064	39,142	(923)
Audit & Other Consulting	-	3,083	3,083	41,159	33,917	(7,242)
<b>Total General &amp; Admin Expenses</b>	<b>114,779</b>	<b>140,621</b>	<b>25,842</b>	<b>1,572,110</b>	<b>1,546,830</b>	<b>(25,280)</b>
<b>Net Operating Income</b>	<b>98,886</b>	<b>175,737</b>	<b>(76,851)</b>	<b>1,268,970</b>	<b>1,933,112</b>	<b>(664,142)</b>
Non-Operating Income	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Avail. - Water & Sewer - Madison Co.	-	-	-	20,000	-	20,000
Avail. - Water & Sewer - Orange Co.	-	-	-	2,860,000	-	2,860,000
Interest Earned	36,051	25,000	11,051	369,187	275,000	94,187
Gain Loss on Disposals of Property	-	-	-	5,363	-	5,363
Non Operating Revenue Cap Contr.	-	-	-	298,860	-	298,860
Insurance Recoveries	109,240	-	109,240	109,240	-	109,240
<b>Total Non-Operating Income</b>	<b>145,291</b>	<b>25,000</b>	<b>120,291</b>	<b>3,662,650</b>	<b>275,000</b>	<b>3,387,650</b>
<b>Net Income Before Debt Service</b>	<b>244,177</b>	<b>200,737</b>	<b>43,440</b>	<b>4,931,620</b>	<b>2,208,112</b>	<b>2,723,508</b>
Debt Service	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Debt Service	(31,965)	70,525	102,490	821,032	775,775	(45,257)
<b>Net Income</b>	<b>276,142</b>	<b>130,212</b>	<b>145,929</b>	<b>4,110,589</b>	<b>1,432,337</b>	<b>2,678,251</b>