RSA

Rapidan Service Authority

Annual Comprehensive Financial Report
Years Ended December 31, 2021 and 2020

Serving Greene, Madison
& Orange Counties, Virginia

RAPIDAN SERVICE AUTHORITY
RUCKERSVILLE, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020

Serving Greene, Madison, and Orange Counties, Virginia

Prepared by the Accounting Department

RAPIDAN SERVICE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020

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YEARS ENDED DECEMBER 31, 2021 AND 2020

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RAPIDAN SERVICE AUTHORITY

BOARD MEMBERS

Greene County:	Ron Williams William Martin
Madison County:	Troy Coppage, Vice Chairman Carlton "Carty" Yowell
Orange County:	Lee Frame, Chairman James "Jim" Crozier

OFFICERS

Timothy L. Clemons, Secretary-Treasurer

Timothy L. Clemons, General Manager

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RSA
MADISON
GREENE
ORANGE
Serving the Counties of Greene, Madison and Orange

RAPIDAN SERVICE AUTHORITY
3489 GERMANNA HWY
PO BOX 736
LOCUST GROVE, VA 22508
TEL 540-972-2133
FAX 540-972-7065

May 17, 2022

TO: Greene County Board of Supervisors
Madison County Board of Supervisors
Orange County Board of Supervisors
Towns of Gordonsville, Madison, Orange, and Stanardsville
Citizens of Greene, Madison, Orange

As Chairman of Rapidan Service Authority (RSA) and representing its Board of Members, it gives me great pride to present you with our " Annual Comprehensive Financial Report" for the year ended 2021.

As you leaf through the report you will discover a wealth of information that is unlike the typical audit report prepared for a municipality. In addition to the various tables, charts and graphs found in this report, of special note is the letter of transmittal prepared by the General Manager and his staff that presents the highlights for the year. Another source of information that the reader will find valuable is the Management's Discussion and Analysis (MD&A) which immediately follows the Independent Auditor's Report.

Included in the report you will see the award of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for RSA's 2020 Annual Report. RSA has been a consistent recipient of this nationally recognized award. The value of this Certificate cannot be understated, as we have found, in securing funding for our construction programs. RSA shall also submit this report for consideration by GFOA. The Certificate is only valid for one (1) year and therefore each report must be reviewed annually.

I thank you for taking the time to review our Annual Report and please feel free to forward any comments or questions to your representative on the Board of Members. You are invited to join us at any time at our regular monthly meetings.

Sincerely,

Lee Frame
Chairman, Board of Members
Rapidan Service Authority

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May 17, 2022

Board of Members
Rapidan Service Authority
Ruckersville, Virginia

The Annual Comprehensive Financial Report of the Rapidan Service Authority ("RSA" or "the Authority") for the fiscal year ended December 31, 2021, is hereby submitted. This report has been prepared, on what we believe to be, in conformity with the reporting and accounting standards promulgated by the Government Finance Officers Association's (GFOA), Governmental Accounting, Auditing, and Financial Reporting for Enterprise Funds of Governmental Units, with such modifications as apply to our status as an independently chartered corporation.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

I would also invite you to review the Management's Discussion and Analysis (MD&A) immediately following the Independent Auditors' Report. This analysis provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Organization

RSA is organized under the auspices of Greene, Madison, and Orange Counties. Each County's Board of Supervisors appoints two representatives to serve on the RSA Board of Members. The Authority's chartered responsibility in its geographical area is the provision of water, sewer and solid waste services. These activities are reported in their entirety in this report.

The Authority has determined that it is a jointly governed organization of the Counties of Greene, Madison, and Orange. These governmental entities do not have an ongoing financial responsibility to the Authority. The Authority is perpetual and no participating government has access to either its resources or surpluses, nor is any participant liable for the Authority's debts or deficits, other than by specific contractual obligations. The Authority also has the ability to finance its capital projects through user charges or the sale of revenue bonds. The Authority is not a component unit of any of the participating governments.

Services Provided

RSA provides service through approximately 335 miles of water and sewer mains along with eight water and wastewater treatment plants within its chartered service area. In Greene County, water service is available in and around the Ruckersville and Stanardsville areas. Sewer service is provided in the Town of Stanardsville and the surrounding area as well as the commercial area of Route 29 in Ruckersville. Water and sewer service in Madison County is available primarily within the Town limits and its immediate surroundings. In Orange County, RSA provides water service along Route 15 to the Town of Gordonsville and the Route 20 airport area. Sewer service is also available in the Town of Gordonsville. In the eastern end of Orange County, water and sewer service is provided in Lake of the Woods, Wilderness Shores, Somerset Farms and along the Route 3 corridor.

RSA maintains its water and sewer facilities through its own operation and maintenance program. Other responsibilities include constructing extensions, upgrading existing facilities, and inspecting water distribution and sewer collection systems installed by developers. RSA maintains all contributed and constructed facilities.

Economic Condition & Outlook

The three Counties that comprise RSA's service area are typically rural with a majority of the population commuting to jobs outside of the Counties. All three counties are expected to see some future growth. The Weldon Cooper Center for Public Service is estimating a 12% increase in population from 2020 to 2030 for Greene County. It shows Madison County as having a 0% growth rate and Orange County, the largest county in RSA's service area, having a growth rate of 13% from 2020 to 2030.

Accounting and Budgetary Controls

RSA maintains its accounting records on the accrual basis according to generally accepted accounting principles. Inherent in the Authority's accounting system is a system of strong internal controls. Internal accounting controls are designed to give reasonable, but not absolute assurance that:

- Assets are adequately safeguarded against loss from unauthorized use, and

- Financial records are reliable for preparing financial statements and maintaining accountability.

This concept of reasonable assurance for internal accounting control recognizes that the costs associated therein should not exceed the benefits and that the evaluation of the controls includes the judgment of management. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is exercised at the departmental level, with the understanding that budget amounts (both revenues and expenses) are projections of anticipated service levels; expenses over budget estimates are examined to ensure that they are properly related to the delivery level of Authority services in the applicable accounting period.

Relevant Financial Policies

There were no financial policies that had a significant impact on our current period's financial statements, that hasn't had an impact on any other periods. With that said, the Authority's careful eye on spending and its enforcement of collection policies have helped minimize, to some degree, the effects of the poor economy all businesses and government agencies have been forced to face.

General Operations

Water and sewer revenues make up 93% of the RSA's operating revenue in 2021. Water revenue decreased 0.3% from 2020 and sewer revenue increased 9% from 2020. For the year, total operating revenue increased $447,420 or 4.6% from 2020.

In 2021, RSA's operating expenses totaled approximately $10.69 million. Operations and maintenance accounted for 58% of operating expenses, with depreciation representing 24% of the total and administration accounting for 18%. For the year, RSA's total operating expenses increased $747 thousand, or 8% from 2020.

FY 2021, RSA incurred $465,616 in operating loss as compared to an operating loss of $165,764 in 2020.

Debt Administration

Debt service coverage (gross revenue less direct operating expenses) was 5.61 times the annual debt service. Section 5.2 of the Authority's Revenue Bonds requires coverage of 1.15. Principal payments on long-term indebtedness of $615,000 in FYE 2021 and $588,333 in FYE 2020. Debt payments in 2021 totaled $851,592. At December 31, 2021 long-term outstanding debt totaled $6,379,567 which includes compensated absences.

Independent Audit

State statutes and the Authority's bond documents require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates performed the audit for 2021. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance. Since the Authority was not the recipient of any Federal funds this year, a Single Audit was not required.

Certificate of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rapidan Service Authority for its annual comprehensive financial report for the fiscal year ended December 31, 2020. RSA has received this prestigious award 37 of the last 38 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 and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and accordingly we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I would like to thank the Board of Members for their dedicated and conscientious management of the Authority's operations; their efforts are reflected in the information that follows.

Respectfully submitted,

Timothy L. Clemons
General Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rapidan Service Authority
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

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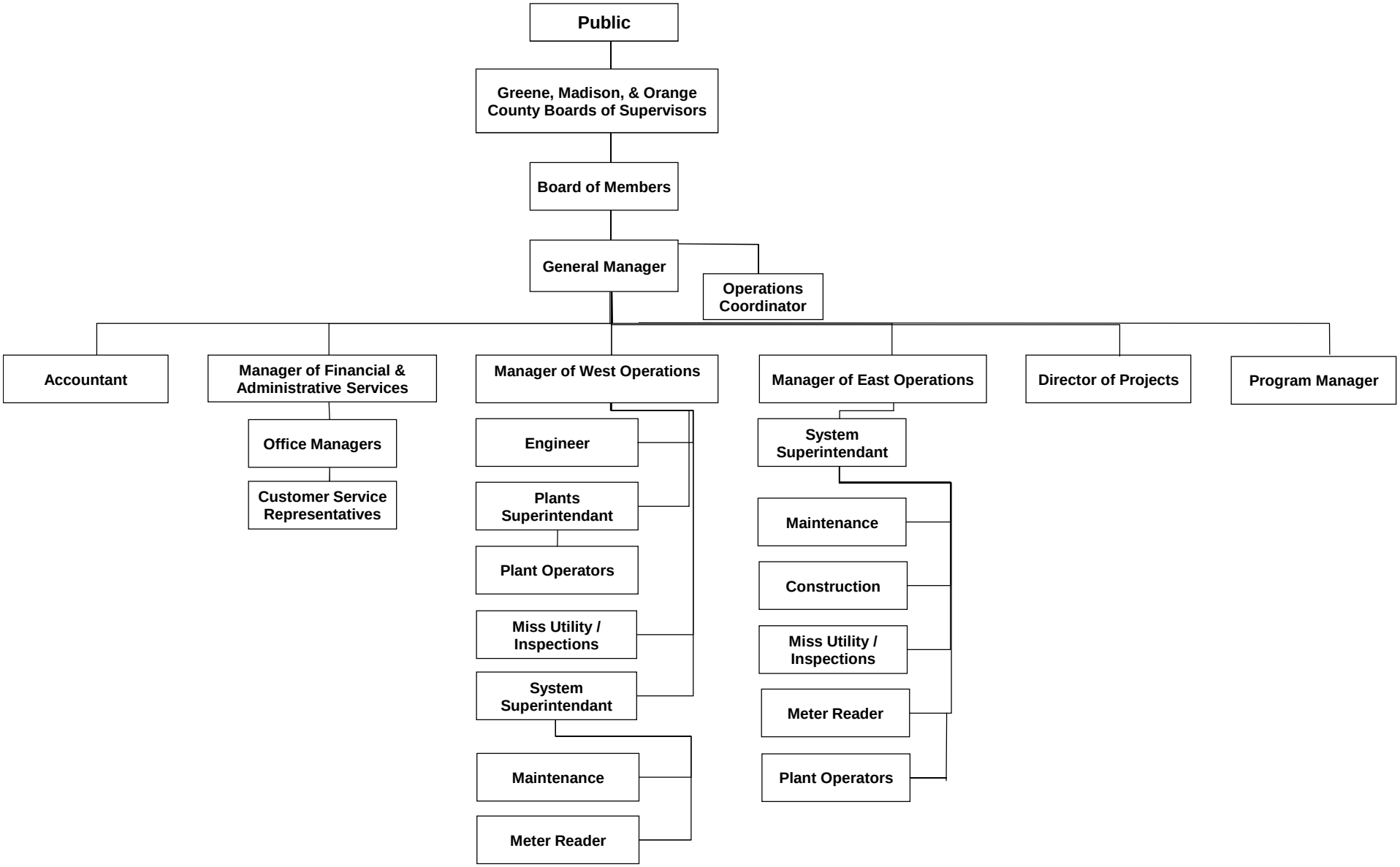
Public
Greene, Madison, & Orange County Boards of Supervisors
Board of Members
General Manager
Operations Coordinator
Accountant
Manager of Financial & Administrative Services
Office Managers
Customer Service Representatives
Manager of West Operations
Engineer
Plants Superintendant
Plant Operators
Miss Utility / Inspections
System Superintendant
Maintenance
Meter Reader
Manager of East Operations
System Superintendant
Maintenance
Construction
Miss Utility / Inspections
Meter Reader
Plant Operators
Director of Projects
Program Manager

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Independent Auditors' Report

To the Board of Directors
Rapidan Service Authority
Ruckersville, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Rapidan Service Authority as of and for the years ended December 31, 2021 and December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Rapidan Service Authority as of December 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rapidan Service Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rapidan Service Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2022, on our consideration of Rapidan Service Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rapidan Service Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapidan Service Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
May 17, 2022

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Management's Discussion and Analysis

To the Board of Members
Rapidan Service Authority

As management of the Rapidan Service Authority ("RSA" or "the Authority"), we offer readers of our financial statements this narrative, overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 9 through 12 of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Enterprise fund financial statements

The enterprise fund financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The S*tatement of Net Position* presents information on the Authority's assets, deferred outflows of resources, and liabilities. Net position is reported as the sum of assets and deferred outflows of resources less liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

The basic enterprise fund financial statements can be found on pages 33 through 36 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to the Financial Statements can be found on pages 37 through 54 of this report. Note 5 presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities at the close of the most recent fiscal year by $64,551,544 (net position). Of this amount $11,250,634 (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors.
- The Authority's deferred outflows of resources decreased by $8,360.
- The Authority's total net position increased by $4,451,947.
- The Authority's restricted assets increased $51.4 thousand to $627.7 thousand during the current fiscal year.

Financial Analysis

Net Position

The Authority's net position increased by $4.452 million during the fiscal year 2021, which represents a 7.4% increase from the prior fiscal year ending net position. At December 31, 2021, total net position was $64.55 million as compared to $60.10 million the previous year.

	Condensed Statements of Net Position			
	2021	2020	Increase (Decrease)	% Change
Current and other assets	$ 13,015,198	$ 12,424,569	$ 590,629	4.8 %
Capital assets	59,286,378	56,035,321	3,251,057	5.8
Total assets	$ 72,301,576	$ 68,459,890	$ 3,841,686	5.6
Deferred charge on refunding	$ 15,497	$ 23,857	$ (8,360)	(35.0)
Total deferred outflows of resources	$ 15,497	$ 23,857	$ (8,360)	(35.0)
Total assets and deferred outflows of resources	$ 72,317,073	$ 68,483,747	$ 3,833,326	5.6 %
Long-term liabilities outstanding	$ 5,646,386	$ 6,333,555	$ (687,169)	(10.8) %
Other liabilities	2,119,143	2,050,595	68,548	3.3
Total liabilities	$ 7,765,529	$ 8,384,150	$ (618,621)	(7.4)
Net position:				
Net investment in capital assets	$ 53,300,910	$ 49,386,542	$ 3,914,368	7.9
Unrestricted	11,250,634	10,713,055	537,579	5.0
Total net position	$ 64,551,544	$ 60,099,597	$ 4,451,947	7.4
Total liabilities and net position	$ 72,317,073	$ 68,483,747	$ 3,833,326	5.6 %

Financial Analysis: (Continued)

The Authority's net position increased by $1.057 million during the fiscal year 2020, which represents a 1.8% increase from the prior fiscal year ending net position. At December 31, 2020, total net position was $60.10 million as compared to $59.04 million the previous year.

	Condensed Statements of Net Position			
	2020	2019	Increase (Decrease)	% Change
Current and other assets	$ 12,424,569	$ 11,945,318	$ 479,251	4.0 %
Capital assets	56,035,321	56,487,423	(452,102)	(0.8)
Total assets	$ 68,459,890	$ 68,432,741	$ 27,149	0.0
Deferred charge on refunding	$ 23,857	$ 33,844	$ (9,987)	(29.5)
Total deferred outflows of resources	$ 23,857	$ 33,844	$ (9,987)	(29.5)
Total assets and deferred outflows of resources	$ 68,483,747	$ 68,466,585	$ 17,162	0.0 %
Long-term liabilities outstanding	$ 6,333,555	$ 7,005,227	$ (671,672)	(9.6) %
Other liabilities	2,050,595	2,418,758	(368,163)	(15.2)
Total liabilities	$ 8,384,150	$ 9,423,985	$ (1,039,835)	(11.0)
Net position:				
Net investment in capital assets	$ 49,386,542	$ 49,205,626	$ 180,916	0.4
Unrestricted	10,713,055	9,836,974	876,081	8.9
Total net position	$ 60,099,597	$ 59,042,600	$ 1,056,997	1.8
Total liabilities and net position	$ 68,483,747	$ 68,466,585	$ 17,162	0.0 %

Financial Analysis: (Continued)

Net investment in capital assets

The Authority uses capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In a comparison of 2021-2020, the net position invested in capital assets, net of related debt was $53.30 million at December 31, 2021 and represents 83% of total net position. The net position invested in capital assets increased by 7.9% or $3.91 million from 2020.

In a comparison of 2020-2019, the net position invested in capital assets, net of related debt was $49.39 million at December 31, 2020 and represents 82% of total net position. The net position invested in capital assets increased by 0.4% or $181 thousand from 2019.

Unrestricted net position

Unrestricted net position is used by the Authority to finance day-to-day operations without restrictions established by debt covenants or other requirements. Unrestricted cash and investments consist of government securities, bank deposits and other cash-equivalents.

In a comparison of 2021-2020, unrestricted net position increased $538 thousand during the fiscal year 2021 to $11.25 million, an 5.0% increase from the prior year. Unrestricted net position is 17% of the total net position.

In a comparison of 2020-2019, unrestricted net position increased $876 thousand during the fiscal year 2020 to $10.71 million, an 8.9% increase from the prior year. Unrestricted net position is 18% of the total net position.

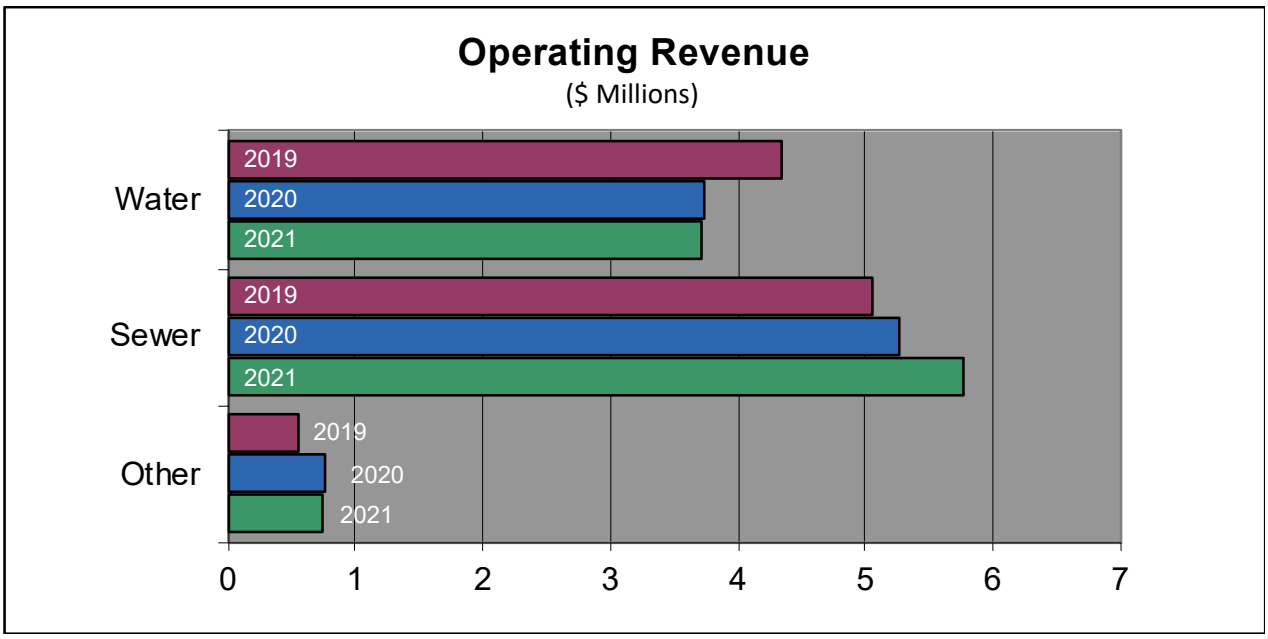
Changes in Revenues, Expenses & Changes in Net Position

While the Statements of Net Position reflect the change in the Authority's financial position, the Statements of Revenues, Expenses and Changes in Net Position provide insight as to the nature and source of those changes. A comparison of the current fiscal year's actual and budgeted income is found on Schedule 1 under Supporting Schedules of the Financial Section.

Financial Analysis: (Continued)

The following table summarizes changes in revenues and expenses between fiscal year 2021 and 2020.

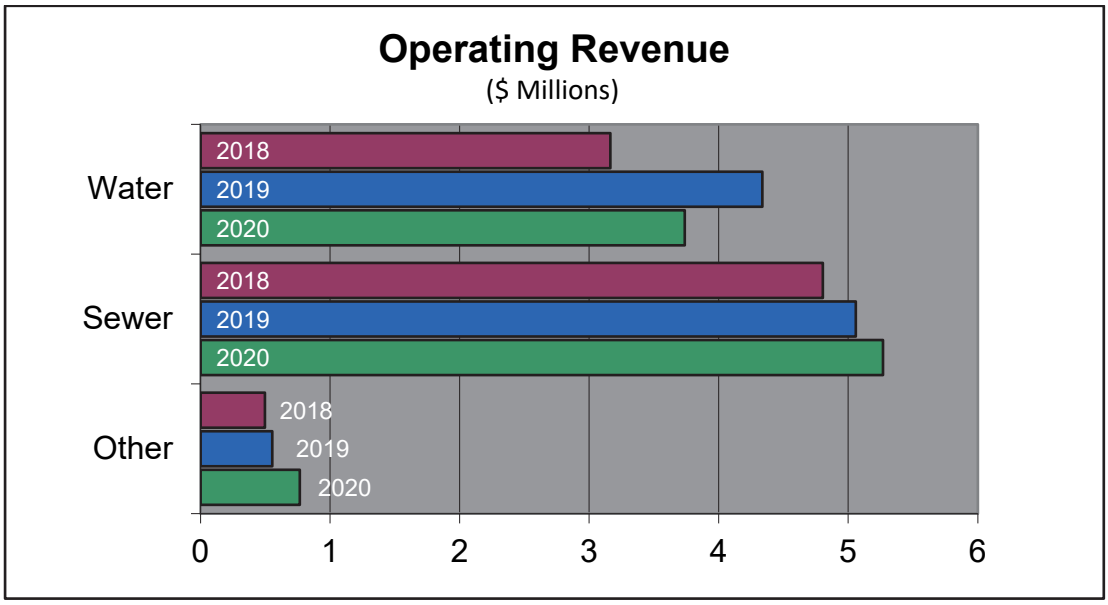
	Condensed Statements of Revenues, Expenses & Change in Net Position			
	2021	2020	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 10,219,692	$ 9,772,272	$ 447,420	4.6 %
Availability fees	1,480,000	415,000	1,065,000	256.6
Other revenue	451,383	437,643	13,740	3.1
Total revenues	$ 12,151,075	$ 10,624,915	$ 1,526,160	14.4
Expenses:				
Operating expenses	$ 8,089,327	$ 7,372,196	$ 717,131	9.7
Depreciation expense	2,595,981	2,565,840	30,141	1.2
Interest expense	213,820	243,339	(29,519)	(12.1)
Other	-	218,846	(218,846)	(100.0)
Total expenses	$ 10,899,128	$ 10,400,221	$ 498,907	4.8
Income (loss) before capital contribution	$ 1,251,947	$ 224,694	$ 1,027,253	457.2
Capital contributions	$ 3,200,000	$ 832,303	$ 2,367,697	284.5
Increase (decrease) in net position	$ 4,451,947	$ 1,056,997	$ 3,394,950	321.2
Net position, beginning of year	60,099,597	59,042,600	1,056,997	1.8
Net position, end of year	$ 64,551,544	$ 60,099,597	$ 4,451,947	7.4 %



Financial Analysis: (Continued)

The following table summarizes changes in revenues and expenses between fiscal year 2020 and 2019.

	Condensed Statements of Revenues, Expenses & Change in Net Position			
	2020	2019	Increase (Decrease)	% Change
Revenues:				
Operating revenues	$ 9,772,272	$ 9,949,749	$ (177,477)	(1.8) %
Availability fees	415,000	1,218,000	(803,000)	(65.9)
Other revenue	437,643	487,671	(50,028)	(10.3)
Total revenues	$ 10,624,915	$ 11,655,420	$ (1,030,505)	(8.8)
Expenses:				
Operating expenses	$ 7,372,196	$ 6,923,410	$ 448,786	6.5
Depreciation expense	2,565,840	2,667,539	(101,699)	(3.8)
Interest expense	243,339	281,718	(38,379)	(13.6)
Other	218,846	1,180,625	(961,779)	(81.5)
Total expenses	$ 10,400,221	$ 11,053,292	$ (653,071)	(5.9)
Income (loss) before capital contribution	$ 224,694	$ 602,128	$ (377,434)	(62.7)
Capital contributions	$ 832,303	$ 529,934	$ 302,369	57.1
Increase (decrease) in net position	$ 1,056,997	$ 1,132,062	$ (75,065)	(6.6)
Net position, beginning of year	59,042,600	57,910,538	1,132,062	2.0
Net position, end of year	$ 60,099,597	$ 59,042,600	$ 1,056,997	1.8 %



Financial Analysis: (Continued)

Operating revenues

Operating revenue consists of water and sewer service charges, penalties and late fees as well as other operating revenues.

In a comparison of 2021-2020, operating revenues increased by $447.4 thousand or 4.6% to $10.2 million. Water and sewer revenue increased $481.8 thousand or 5.4% whereas other revenue, primarily new service installations, decreased $12.8 thousand or -0.3% from the year ending 2020. The increase in revenue was due to reinstating fees and other charges that was waived during the COVID-19 pandemic.

In a comparison of 2020-2019, operating revenues decreased by $177.5 thousand or -1.8% to $9.8 million. Water and sewer revenue decreased $390.2 thousand or -4% whereas other revenue, primarily new service installations, increased $212.7 thousand or 38% from the year ending 2019. The decrease in revenue was due to waiving fees and other charges during the COVID-19 pandemic.

Nonoperating revenues & capital contributions

Nonoperating revenues consist of availability fees, investment income and other nonoperating revenues. Investments made by the Authority are tightly regulated as to the type of investments that can be made in the financial markets. Please see Note 6 in the Notes to Financial Statements for a discussion as to the statutes governing the investment of Authority funds. Capital contributions from developers include water and sewer mains, pump stations, and other infrastructure from developers and governmental entities. Contributions are recognized upon the assignment of the assets and fluctuations from year to year are due to the number of completed projects in a given year.

In a comparison of 2021-2020, other nonoperating revenue increased by $13.7 thousand or 3.1% to $451,383. Availability fees were up $1.065 million or 256.6% to $1.48 million. Capital contributions for 2021 totaled $3.2 million, compared to $832.3 thousand in 2020. The increase was due to a increase in capital contributions and availability fees.

In a comparison of 2020-2019, other nonoperating revenue decreased by $50 thousand or -10.3% to $437,643. Availability fees were down $803 thousand or -65.9% to $415 thousand. Capital contributions for 2020 totaled $832.3 thousand, compared to $529.9 thousand in 2019. The decrease was due to a reduction in interest rates.

Operating & nonoperating expenses

Operating expenses consist of personnel services, contractual services, materials and supplies, utilities, insurance, and other operating expenses that keep the Authority running on a day-to-day basis. Nonoperating expenses consist of interest expense and other costs that are incurred that do not fall under operating expense. A comparison of the current fiscal year's actual and budgeted expenses is found on Schedule 2 under Supporting Schedules of the Financial Section.

Financial Analysis: (Continued)

In a comparison of 2021-2020, operating expenses increased $717.1 thousand or 9.7% to $8.089 million at the end of 2021. Depreciation expense totaled $2.596 million at the end of 2021. Interest expense was down $29.5 thousand or -12.13% to $213.8 thousand at year end. The increase in expenses was due to an increase in treatment costs and professional fees.

In a comparison of 2020-2019, operating expenses increased $448.8 thousand or 6.5% to $7.372 million at the end of 2020. Depreciation expense totaled $2.57 million at the end of 2020. Interest expense was down $38.4 thousand or -13.6% to $243.3 thousand at year end. The increase in expenses was due to an increase in treatment costs and professional fees.

Capital Assets and Debt Administration:

Capital assets

The Authority's investment in capital assets consists of a broad range of capital assets, such as land, buildings, water and sewer lines, water storage facilities, water and wastewater plants as well as pump stations, machinery, equipment, computers and vehicles. More information on the Authority's capital assets is presented in Notes 7 and 8 of the Notes to the Financial Statements.

As of December 31, 2021, capital assets net of accumulated depreciation was $59.29 million, an increase of $3.25 million or 6% from FYE 2020. As of December 31, 2020, capital assets net of accumulated depreciation was $56.04 million, a decrease of $452.1 thousand or -1% from FYE 2019

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and the changes therein for the years ended December 31, 2021 and 2020.

	Capital Assets, Net of Accumulated Depreciation			
	2021	2020	Increase (Decrease)	% Change
Land	$ 1,117,306	$ 1,117,306	$ -	- %
Water and sewer systems	54,691,080	53,121,121	1,569,959	3
Buildings	226,725	240,576	(13,851)	(6)
Vehicles and equipment	656,737	665,363	(8,626)	(1)
Office equipment	41,026	51,634	(10,608)	(21)
Construction in progress	2,553,504	839,321	1,714,183	204
Total capital assets	$ 59,286,378	$ 56,035,321	$ 3,251,057	6 %

Capital Assets and Debt Administration: (Continued)

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and the changes therein for the years ended December 31, 2020 and 2019.

	Capital Assets, Net of Accumulated Depreciation			
	2020	2019	Increase (Decrease)	% Change
Land	$ 1,117,306	$ 1,117,306	$ -	- %
Water and sewer systems	53,121,121	54,424,071	(1,302,950)	(2)
Buildings	240,576	248,564	(7,988)	(3)
Vehicles and equipment	665,363	628,167	37,196	6
Office equipment	51,634	63,726	(12,092)	(19)
Construction in progress	839,321	5,589	833,732	14,917
Total capital assets	$ 56,035,321	$ 56,487,423	$ (452,102)	(1) %

Major capital asset activity for the current fiscal year included:

Current Year Projects:	2021
East Water System Upgrades	$ 2,060,148
East Sewer System Upgrades	257,402
Madison Sewer System Upgrades	22,000

Long-Term Debt

Long-term debt is used by the Authority to finance capital projects due to growth in the system, aging equipment and lines or changes in regulations. The Authority has two VRA bond issues outstanding which are rated A+ from Standard & Poor's. Other long-term obligations of the Authority include employee accrued leave. More detailed information on the Authority's long-term liabilities is presented in Note 4 of the Notes to the Financial Statements.

At the end of the current fiscal year, the Authority had $6,000,965 in bonds and notes outstanding compared to $6,672,636 last year, a 10% decrease.

Long-Term Trends:

Connection Growth

New water connections over the last 10 Fiscal Years are located in Table 8 of the Statistical Section of this report. The annual average growth of water customers has been 1.3% over this 10-year period.

Long-Term Trends: (Continued)

Revenue and Expense Growth

Presented in Tables 2, 3 and 4 of the Statistical Section is the trend information on Revenues and Operating Expenses. With the growth that has been seen over the last 10 years and the expected growth in the future, the Authority is diligent in anticipating the needs of its customers.

Long-Term Debt

The Authority has been involved in major construction projects and has used long-term debt to finance the majority of its capital asset growth. The low interest rate environment and the ability of the Authority to participate in the state's loan and grant programs have resulted in low cost debt. Table 13, the Table of Pledged Revenue Coverage for the Last 10 Fiscal Years is presented in the Statistical Section. Bond Covenants require the Authority to maintain Debt Service Coverage Ratio of 1.15.

Cash and Cash Equivalents

The Authority's use and management of its cash accounts are predicated on the following criteria: self-funding of smaller construction and of our larger operations and maintenance projects to reduce the Authority's dependency on the bond/loan market, a requisite operations and maintenance reserve fund, unforeseen contingencies, and finally, to enhance favorable financing terms with its creditors.

Requests for Information:

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at P.O. Box 148, Ruckersville, Virginia 22968.

Basic Financial Statements

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RAPIDAN SERVICE AUTHORITY **Exhibit 1**

Statements of Net Position
At December 31, 2021 and 2020

	At December 31, 2021	At December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,657,068	$ 10,374,019
Accounts receivable (net of allowance for uncollectible accounts) (Note 2)	1,226,472	1,116,242
Due from other governments	67,464	67,464
Inventory of materials and supplies, at cost	392,776	250,069
Prepaid items	43,672	40,449
Restricted current assets:		
Cash and cash equivalents (Note 6)	627,746	576,326
Total current assets	$ 13,015,198	$ 12,424,569
Noncurrent assets:		
Capital assets: (Note 7)		
Land and improvements	$ 1,117,306	$ 1,117,306
Water and sewer system	104,864,513	101,102,451
Buildings	529,524	524,904
Vehicles and equipment	1,980,781	1,868,278
Office equipment	377,458	373,864
Accumulated depreciation	(52,136,708)	(49,790,803)
Subtotal	$ 56,732,874	$ 55,196,000
Construction in progress (Note 8)	2,553,504	839,321
Net capital assets	$ 59,286,378	$ 56,035,321
Total noncurrent assets	$ 59,286,378	$ 56,035,321
Total assets	$ 72,301,576	$ 68,459,890
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	$ 15,497	$ 23,857

RAPIDAN SERVICE AUTHORITY **Exhibit 1**

Statements of Net Position
At December 31, 2021 and 2020 (Continued)

	At December 31,	
	2021	**2020**
LIABILITIES		
Current liabilities:		
Accounts payable	$ 522,155	$ 534,576
Accrued payroll	61,873	54,660
Accrued payroll taxes	25,555	22,838
Retirement plan and benefits plan payable	8,770	8,567
Unearned revenue	80,458	79,029
Accrued interest payable	59,405	65,973
Compensated absences - current portion (Note 4)	37,860	36,955
Current Liabilities (payable from restricted assets):		
Customer deposits	627,746	576,326
Bonds and note principal - current portion (Note 4)	695,321	671,671
Total current liabilities	$ 2,119,143	$ 2,050,595
Noncurrent liabilities:		
Compensated absences - noncurrent portion (Note 4)	$ 340,742	$ 332,590
Bonds and note principal - noncurrent portion (Note 4)	5,305,644	6,000,965
Total noncurrent liabilities	$ 5,646,386	$ 6,333,555
Total liabilities	$ 7,765,529	$ 8,384,150
NET POSITION		
Net investment in capital assets	$ 53,300,910	$ 49,386,542
Unrestricted	11,250,634	10,713,055
Total net position	$ 64,551,544	$ 60,099,597

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

RAPIDAN SERVICE AUTHORITY **Exhibit 2**

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2021 and 2020

	Year Ended December 31,	
	2021	**2020**
Operating revenues:		
Water Revenues	$ 3,724,803	$ 3,737,586
Sewer Revenues	5,763,090	5,268,471
Other Revenues	731,799	766,215
Total operating revenues	$ 10,219,692	$ 9,772,272
Operating expenses:		
Administrative	$ 1,908,563	$ 1,404,509
Operations and maintenance	6,180,764	5,967,687
Depreciation expense	2,595,981	2,565,840
Total operating expenses	$ 10,685,308	$ 9,938,036
Operating income (loss)	$ (465,616)	$ (165,764)
Nonoperating revenues (expenses):		
Interest revenue	$ 32,289	$ 108,299
Net increase (decrease) in the fair value of investments	(55,061)	74,561
Interest expense	(213,820)	(243,339)
Gain on disposal of assets	214	31,505
Lease revenue	248,487	223,278
Other income (expenses)	225,454	(218,846)
Availability fees	1,480,000	415,000
Total nonoperating revenues (expenses)	$ 1,717,563	$ 390,458
Income (loss) before capital contributions	$ 1,251,947	$ 224,694
Capital contributions	$ 3,200,000	$ 832,303
Change in net position	$ 4,451,947	$ 1,056,997
Net position, beginning of year	60,099,597	59,042,600
Net position, end of year	$ 64,551,544	$ 60,099,597

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

RAPIDAN SERVICE AUTHORITY **Exhibit 3**

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from operating activities:		
Receipts from customers and users	$ 10,109,462	$ 9,699,861
Payments to suppliers	(5,425,781)	(5,600,921)
Payments to and on behalf of employees	(2,275,917)	(2,156,654)
Net cash provided by (used for) operating activities	$ 2,407,764	$ 1,942,286
Cash flows from capital and related financing activities:		
Purchases of capital assets	$ (2,664,807)	$ (1,281,435)
Proceeds from sale of assets	17,983	31,505
Principal payments on loans and bonds	(615,000)	(588,333)
Availability fees	1,480,000	415,000
Interest payments	(268,699)	(294,297)
Net cash provided by (used for) capital and related financing activities	$ (2,050,523)	$ (1,717,560)
Cash flows from investing activities:		
Interest received	$ 32,289	$ 108,299
Increase (decrease) in fair value of investments subject to fair value reporting and classified as cash equivalents	(55,061)	74,561
Net cash provided by (used for) investing activities	$ (22,772)	$ 182,860
Increase (decrease) in cash and cash equivalents	$ 334,469	$ 407,586
Cash and cash equivalents at beginning of year (including $576,326 and $570,506, respectively reported in restricted accounts)	10,950,345	10,542,759
Cash and cash equivalents at end of year (including $627,746 and $576,326 respectively reported in restricted accounts)	$ 11,284,814	$ 10,950,345
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (465,616)	$ (165,764)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	2,595,981	2,565,840
Lease revenue	248,487	223,278
Other income (expenses)	225,454	(218,846)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(110,230)	(72,411)
(Increase) decrease in due from other governments	-	(67,464)
(Increase) decrease in prepaid items	(3,223)	(4,624)
(Increase) decrease in inventories	(142,707)	72,834
Increase (decrease) in compensated absences	9,057	27,514
Increase (decrease) in payables and accrued expenses	50,561	(418,071)
Net cash provided by (used for) operating activities	$ 2,407,764	$ 1,942,286
Supplemental Disclosure:		
Noncash investing, capital, and financing activities:		
Capital assets contributed	$ 3,200,000	$ 832,303

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

NOTE 1–BASIS OF PRESENTATION:

In the interest of efficient water quality management, the Authority is organized under the auspices of Greene, Madison, and Orange Counties as a jointly governed organization. The Authority is responsible for acquiring, financing, constructing and maintaining facilities for the improvement, treatment, storage and transmission of potable water, and for the interception, treatment and discharge of wastewater for the Counties.

Financial Reporting Entity

The Rapidan Service Authority was established for the purposes stated above. The participating governments are the County of Greene, County of Madison, and County of Orange. These governmental entities do not have an ongoing financial responsibility to the Authority.

The Authority's governing body is composed of two members appointed by each of the Counties. Therefore, none of the participants appoints a voting majority of board members.

The Authority is perpetual and no participating government has access to its resources or surpluses, nor is any participant liable for the Authority's debts or deficits. The Authority also has the ability to finance its capital projects through user charges or the sale of revenue bonds.

Based on the above representations, the Rapidan Service Authority has been determined to be a jointly governed organization of the County of Greene, County of Madison, and County of Orange. The Authority is not a component unit of any of the participating governments.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The accounts of the Rapidan Service Authority are maintained on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. All Authority budgets are prepared on the accrual basis.

Financial Reporting - The financial statements of the Authority are prepared as an "enterprise" commercial unit to conform to financial reporting practices as recommended in Water Utility Accounting published jointly by the Municipal Finance Officers Association and The American Water Works Association.

Budgetary Control - Although a budget is not legally required to be adopted, a fiscal year budget is prepared for management and fiscal planning purposes. The budget is adopted on a basis consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Any changes to the budget as adopted require Board approval.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basic Financial Statements

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

- Management's Discussion and Analysis
- Enterprise fund financial statements
  - Statements of Net Position
  - Statements of Revenues, Expenses, and Changes in Net Position
  - Statements of Cash Flows
  - Notes to Financial Statements

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Authority considers cash and cash equivalents to include cash on hand, cash on demand deposit and short-term investments purchased with an original maturity of three months or less.

Investments – Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. The Authority invests in the Local Government Investment Pool and the Virginia Investment Pool, all which are considered cash equivalents.

Accounts Receivable - Accounts receivable consist of water and sewer billings. The provision for uncollectibility was $76,384 of gross receivables of $1,302,856 in 2021 and $126,254 of gross receivables of $1,242,496 in 2020.

Capital Assets and Depreciation - Capital assets are defined by the Authority as assets with an initial and individual cost of more than $1,000 and a useful life of over 2 years.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets and Depreciation: (Continued)

Depreciation of utility capital assets was computed by the straight-line method using the following estimated useful lives as a basis:

Items	Years
Source of supply structures	50
Water treatment building	50
Distribution reservoirs and standpipes	50
General structures and improvements	50
Water/sewer pumping equipment	10
Water treatment plant	20
Plastic mains and accessories	40
Transmission mains and accessories	66- 2/3
Services	33- 1/3
Meters	33- 1/3
Hydrant and accessories	66- 2/3
Office furniture and fixtures	10
Other general equipment	10
Motor vehicles	4

No depreciation is taken on assets in the year placed in service. Depreciation expense for the years ended December 31, 2021 and 2020 amounted to $2,595,981 and $2,565,840, respectively.

Legal Compliance - As required by Board resolution, the Authority maintains restricted cash funds to account for meter deposits. These accounts are disclosed in the Statements of Net Position.

The Borrower covenants and agrees that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges (so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 115% of the amount required during the Fiscal Year to pay the principal of and interest on the Local Bonds and all other indebtedness of the Borrower) including, without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles, payable from Revenues. (If, for any reason, the revenues are insufficient to satisfy the foregoing covenant, the Borrower shall within ninety days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expenses so as to provide sufficient revenues to satisfy such requirement.)

"Net Revenues Available for Debt Service" means the revenues less amounts necessary to pay Operation and Maintenance Expenses.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

"Operation and Maintenance Expenses" mean the costs of operating and maintaining the System determined under generally accepted accounting principles, exclusive of: (i) interest on any debt payable from Revenues, (ii) depreciation and other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring annually or reserves therefore, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

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

Interest on Indebtedness – Interest costs of the Authority are treated as nonoperating expenses. All interest on indebtedness will be expensed as a nonoperating expense.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the enterprise fund financial statements.

Inventories - Inventories are stated at cost, and cost is determined on the first-in, first-out basis.

Bond Issuance Costs - Costs of issuing indebtedness are expensed when incurred.

Compensated Absences – For employees with 0-5 years of service, annual leave is accrued at the rate of one day per month and sick leave at ½ day per month. Employees with over 5 years of service receive 1-¼ days per month annual leave and .83 days per month sick leave. Sick leave max payout is 250 hours. Annual leave max payout is 480 hours. All leave is charged as an expense in the year earned.

Liability For	2021	2020
Annual Leave	$ 235,751	$ 233,433
Sick Leave	142,851	136,112
Total Compensated Absences	$ 378,602	$ 369,545

Restricted Assets – Certain resources of the Authority are set aside for the repayment of customer deposits and are classified as restricted assets on the Statement of Net Position because their use is limited by customers. Other assets are restricted as required per bond agreements.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Charge on Refunding:

In fiscal year 2021, the Authority amortized $8,360 of deferred refunding on revenue bonds. The deferred charge on refunding remaining at December 31, 2021 is $15,497.

Net Position:

Net Position is the difference between a) assets and deferred outflows of resources and b) 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Net Position Flow Assumption:

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. For more detailed information on these items reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of December 31, 2021 and 2020.

NOTE 3–UTILITY PLANT IN SERVICE:

The Rapidan Service Authority has acquired the "capital assets" contained in its operating system from two different sources, contributions in aid of construction and projects financed by the Authority. Property, plant and equipment purchased are stated at historical cost. Donated property and similar items and property received in a service concession arrangement are recorded at acquisition value prevailing at date of donation. In accordance with generally accepted accounting principles, it was necessary for the Authority to capitalize these expenditures and record depreciation on such assets over their useful lives. The value of the construction projects was ascertained from the accounting records.

However, the value of the contributions in aid of construction which consist of donations or contributions in cash, services or property from corporations, individuals and others for the construction and extension of water and sewer facilities was determined by the General Manager of the Authority with the assistance of the Authority's consulting engineers, using acquisition value at date of donation as basis for valuation.

NOTE 4–LONG-TERM LIABILITIES:

Annual requirements to amortize long-term liabilities and related interest are as follows:

	Direct Borrowings and Direct Placements			
Year Ending	Revenue Bonds		Revenue Note	
December 31,	Principal	Interest	Principal	Interest
2022	$ 616,667	$ 317,217	$ 20,000	$ -
2023	646,667	285,959	-	-
2024	673,333	253,179	-	-
2025	703,333	219,043		
2026	290,000	181,311		
2027-2031	1,635,000	635,295	-	-
2032-2034	1,140,000	136,658	-	-
Total	$ 5,705,000	$ 2,028,662	$ 20,000	$ -

NOTE 4−LONG-TERM LIABILITIES: (Continued)

Long-term liabilities include the following at December 31:

	2021 Principal	2020 Principal
Direct Borrowings and Direct Placements:		
Revenue Bonds:		
$6,320,000 2009B revenue bonds, payable to Virginia Resources Authority in variable semi-annual installments of $209,184 - $251,171, bearing interest at a rate of 3.068% to 5.918% through 2034. The proceeds were used to finance construction of water and sewer system projects.	$ 4,125,000	$ 4,370,000
$2,263,333 2019 revenue bonds, payable to Virginia Resources Authority in variable semi-annual installments of $444,500 - $447,333, bearing interest at a rate of 5.00% through 2025. The proceeds were used to advance refund the 2009 revenue bonds.[1]	1,580,000	1,930,000
Premiums on Bonds Issued	275,965	332,636
Total revenue bonds	$ 5,980,965	$ 6,632,636
Revenue note—Virginia Resource Authority:		
$400,000 note at a rate of 0% interest for 20 years	$ 20,000	$ 40,000
Compensated Absences	$ 378,602	$ 369,545
Total long-term obligations	$ 6,379,567	$ 7,042,181

[1] The total debt service for the refunding debt is $4,049,058, whereas the total debt service of the refunded debt was $4,470,816, a savings of $421,758. The economic gain on the transaction of the 2019 advance refunding of the 2009 revenue bonds is $388,372.

NOTE 4−LONG-TERM LIABILITIES: (Continued)

Changes in Long-term Liabilities for the years ended December 31, 2021 and 2020:

	Balance January 1, 2021	Increases/ Issuances	Decreases/ Retirements	Balance December 31, 2021	Amount Due Within One Year
Direct Borrowings and Direct Placements:					
Revenue Bonds	$ 6,300,000	$ -	$ 595,000	$ 5,705,000	$ 616,667
Revenue Note	40,000	-	20,000	20,000	20,000
Compensated Absences	369,545	182,264	173,207	378,602	37,860
Totals	$ 6,709,545	$ 182,264	$ 788,207	$ 6,103,602	$ 674,527
Premiums on Bonds Issued	332,636	-	56,671	275,965	58,654
Total obligations for financial statement presentation	$ 7,042,181	$ 182,264	$ 844,878	$ 6,379,567	$ 733,181

	Balance January 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance December 31, 2020	Amount Due Within One Year
Direct Borrowings and Direct Placements:					
Revenue Bonds	$ 6,868,333	$ -	$ 568,333	$ 6,300,000	$ 595,000
Revenue Note	60,000	-	20,000	40,000	20,000
Compensated Absences	342,031	178,217	150,703	369,545	36,955
Totals	$ 7,270,364	$ 178,217	$ 739,036	$ 6,709,545	$ 651,955
Premiums on Bonds Issued	387,308	-	54,672	332,636	56,671
Total obligations for financial statement presentation	$ 7,657,672	$ 178,217	$ 793,708	$ 7,042,181	$ 708,626

NOTE 4−LONG-TERM LIABILITIES: (Continued)

The following is a summary of long-term liabilities accounts:

	2021	2020
Revenue Note Payable:		
Revenue Note	$ 20,000	$ 40,000
Less Current Portion	(20,000)	(20,000)
Long Term Revenue Note Payable	$ -	$ 20,000
Revenue Bonds:		
2009B Series	$ 4,125,000	$ 4,370,000
Unamortized Premium	53,024	60,309
Less Current Portion	(250,000)	(245,000)
Long Term 2009B Series Revenue Bond	$ 3,928,024	$ 4,185,309
2019B Series	$ 1,580,000	$ 1,930,000
Unamortized Premium	222,941	272,327
Less Current Portion	(366,667)	(350,000)
Long Term 2019B Series Revenue Bond	$ 1,436,274	$ 1,852,327

Prior-Years Defeasance of Debt:

In prior years, the Authority defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. At December 31, 2021 and 2020, there were no bonds outstanding that are considered defeased.

(1) Assumption of Debt:

The Authority entered into an agreement dated December 5, 2005 with Greene County (the County). The agreement was effective January 1, 2006, whereby the County assumed a portion of the liabilities and debt payments of three different outstanding bonds. The County assumed 30.07% or $1,373,250, of the 1997 VRA Water and Sewer Revenue Refunding Bonds plus interest payments totaling $526,688. The County also assumed 33% or $3,232,682, of the 2001 VRA Water and Sewer Revenue Bonds plus future interest payments totaling $2,014,946. Lastly, the County assumed 5% or $280,750, of the 2002 refunding VRA Water and Sewer Revenue Bonds in addition to $93,315 of interest payments.

Other Postemployment Benefits

The Authority does not offer postemployment benefits to its employees and, therefore, has not recorded a liability for such benefits required to be reported under GASB 75.

NOTE 4−LONG-TERM LIABILITIES: (Continued)

Compliance with Legal Debt Coverage

Section 5.2 of the Authority's revenue bond agreements requires gross revenue less direct operating expenses over the annual debt service of 1.15. The Authority was in compliance as of December 31, 2021 and December 31, 2020.

NOTE 5−RETIREMENT PLAN:

The Authority adopted the "Rapidan Service Authority Retirement Plan" a defined contribution retirement plan in January 1986. The plan rolled over to and has been administered by ICMA-RC since 2004. The plan is open to all employees over the age of eighteen who have completed one full year of service. The Authority will match up to 6.0% of employee's regular earnings if the employee elects to make a contribution. Vesting begins after three years of service and employee accounts are fully vested after seven full years of service. The Authority has authorized the RSA Board to establish and amend all plan provisions.

The total payroll for all Rapidan Service Authority employees for 2021 and 2020 was $2,295,107 and $2,199,831, respectively. The payroll for those covered by the plan was $1,422,936 and $1,399,409, respectively.

In 2021 the Rapidan Service Authority contributed $66,435 for its covered employees or 4.67% of the covered payroll. The employees contributed $103,933, or 7.30% of their covered payroll. Employees may elect to contribute in excess of 6.0% of their regular salaries (excluding overtime) although Rapidan Service Authority will not match that portion. There are no loans from the plan to the Authority.

Plan Assets - ICMA-RC

Balance, January 1, 2021	$	3,741,368
Contributions:		
Employer		71,850
Employee		105,450
Plus:		
Unrealized gain (loss)		498,034
Less:		
Distributions		(306,801)
Balance, December 31, 2021	$	4,109,901

NOTE 5−RETIREMENT PLAN: (Continued)

In 2020, the Rapidan Service Authority contributed $69,941 for its covered employees or 5.00% of the covered payroll. The employees contributed $86,803, or 6.20% of their covered payroll. Employees may elect to contribute in excess of 6.0% of their regular salaries (excluding overtime) although Rapidan Service Authority will not match that portion. There are no loans from the plan to the Authority.

Plan Assets - ICMA-RC	
Balance, January 1, 2020	$ 3,171,086
Contributions:	
Employer	69,941
Employee	86,803
Plus:	
Unrealized gain (loss)	462,515
Less:	
Distributions	(48,977)
Balance, December 31, 2020	$ 3,741,368

NOTE 6−DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

NOTE 6–DEPOSITS AND INVESTMENTS: (Continued)

Custodial Credit Risk (Investments)

The Authority does not have an investment policy addressing custodial credit risk.

The Authority's investments at December 31, 2021 and 2020 were held by the Authority or in the Authority's name by the Authority's custodial banks.

Credit Risk of Debt Securities

The Authority does not have an investment policy addressing credit risk of debt securities.

The Authority's rated debt investments as of December 31, 2021 and 2020 were rated by Standard and Poor's using Standard and Poor's rating scale.

Authority's Rated Debt Investments - 2021

Rated Debt Investments Value	Fair Quality Rating	
	AAAm	AA+f/S1
Local Government Investment Pool	$ 3,981,153	$ -
VML/VACO Virginia Investment Pool	-	4,883,651
Total	$ 3,981,153	$ 4,883,651

Authority's Rated Debt Investments - 2020

Rated Debt Investments Value	Fair Quality Rating	
	AAAm	AA+f/S1
Local Government Investment Pool	$ 3,978,000	$ -
VML/VACO Virginia Investment Pool	-	4,914,977
Total	$ 3,978,000	$ 4,914,977

NOTE 6−DEPOSITS AND INVESTMENTS: (Continued)

Interest Rate Risk

The Authority does not have a policy addressing interest rate risk.

Investment Maturities - 2021*

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
VML/VACO Virginia Investment Pool	$ 4,883,651	$ -	$ 4,883,651
Local Government Investment Pool	3,981,153	3,981,153	-
Total	$ 8,864,804	$ 3,981,153	$ 4,883,651

* Weighted average maturity in years

Investment Maturities - 2020*

Investment Type	Fair Value	Less Than 1 Year	1-5 Years
VML/VACO Virginia Investment Pool	$ 4,914,977	$ -	$ 4,914,977
Local Government Investment Pool	3,978,000	3,978,000	-
Total	$ 8,892,977	$ 3,978,000	$ 4,914,977

* Weighted average maturity in years

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of the Virginia Investment Pool at the net asset value (NAV).

Redemption Restrictions

VML/VaCO Virginia Investment Pool allows the Authority to have the option to have access to withdraw funds twice a month, with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one time outlays (disasters, immediate capital needs, state budget cuts, etc.).

External Investment Pool

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 7−CAPITAL ASSETS:

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents customer deposits.

Details of changes in capital assets for the year ended December 31, 2021 are as follows:

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021
Capital assets not being depreciated:				
Land and improvements	$ 1,117,306	$ -	$ -	$ 1,117,306
Construction in progress	839,321	2,351,886	637,703	2,553,504
Total capital assets not being depreciated	$ 1,956,627	$ 2,351,886	$ 637,703	$ 3,670,810
Capital assets, being depreciated:				
Water system	$ 35,832,664	$ 1,543,768	$ 102,651	$ 37,273,781
Accumulated depreciation	(20,898,673)	(910,376)	(86,282)	(21,722,767)
Total	$ 14,933,991	$ 633,392	$ 16,369	$ 15,551,014
Sewer system	$ 65,269,787	$ 2,440,483	$ 119,538	$ 67,590,732
Accumulated depreciation	(27,082,657)	(1,486,147)	(118,138)	(28,450,666)
Total	$ 38,187,130	$ 954,336	$ 1,400	$ 39,140,066
Buildings	$ 524,904	$ 4,620	$ -	$ 529,524
Accumulated depreciation	(284,328)	(18,471)	-	(302,799)
Total	$ 240,576	$ (13,851)	$ -	$ 226,725
Vehicles and equipment	$ 1,868,278	$ 158,159	$ 45,656	$ 1,980,781
Accumulated depreciation	(1,202,915)	(166,785)	(45,656)	(1,324,044)
Total	$ 665,363	$ (8,626)	$ -	$ 656,737
Office equipment	$ 373,864	$ 3,594	$ -	$ 377,458
Accumulated depreciation	(322,230)	(14,202)	-	(336,432)
Total	$ 51,634	$ (10,608)	$ -	$ 41,026
Capital assets, net	$ 56,035,321	$ 3,906,529	$ 655,472	$ 59,286,378

NOTE 7−CAPITAL ASSETS: (Continued)

Details of changes in capital assets for the year ended December 31, 2020 are as follows:

	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020
Capital assets not being depreciated:				
Land and improvements	$ 1,117,306	$ -	$ -	$ 1,117,306
Construction in progress	5,589	1,167,720	333,988	839,321
Total capital assets not being depreciated	$ 1,122,895	$ 1,167,720	$ 333,988	$ 1,956,627
Capital assets, being depreciated:				
Water system	$ 35,420,214	$ 412,450	$ -	$ 35,832,664
Accumulated depreciation	(19,979,612)	(919,061)	-	(20,898,673)
Total	$ 15,440,602	$ (506,611)	$ -	$ 14,933,991
Sewer system	$ 64,596,654	$ 673,133	$ -	$ 65,269,787
Accumulated depreciation	(25,613,185)	(1,469,472)	-	(27,082,657)
Total	$ 38,983,469	$ (796,339)	$ -	$ 38,187,130
Buildings	$ 515,374	$ 9,530	$ -	$ 524,904
Accumulated depreciation	(266,810)	(17,518)	-	(284,328)
Total	$ 248,564	$ (7,988)	$ -	$ 240,576
Vehicles and equipment	$ 1,948,832	$ 183,135	$ 263,689	$ 1,868,278
Accumulated depreciation	(1,320,665)	(145,939)	(263,689)	(1,202,915)
Total	$ 628,167	$ 37,196	$ -	$ 665,363
Office equipment	$ 372,106	$ 1,758	$ -	$ 373,864
Accumulated depreciation	(308,380)	(13,850)	-	(322,230)
Total	$ 63,726	$ (12,092)	$ -	$ 51,634
Capital assets, net	$ 56,487,423	$ (118,114)	$ 333,988	$ 56,035,321

NOTE 8–CONSTRUCTION IN PROGRESS:

Details of construction work in progress for the year ended December 31, 2021 are as follows:

Description	Balance January 1, 2021	Cost of Construction	Expense/ Transfer to Capital assets	Balance December 31, 2021
Gordonsville Sewer System	$ -	$ 1,625	$ -	$ 1,625
Greene Sewer Stanardsville	-	828	-	828
East Sewer System Upgrades	367,584	257,402	440,483	184,503
Route 15 Meter Rehab	-	2,150	-	2,150
East Water	223,566	2,060,148	-	2,283,714
Greene Water	43,650	-	-	43,650
Madison Water System	191,256	7,426	197,220	1,462
Madison Sewer	13,265	22,000	-	35,265
GIS System	-	307	-	307
Total	$ 839,321	$ 2,351,886	$ 637,703	$ 2,553,504

Details of construction in progress for the year ended December 31, 2020 are as follows:

Description	Balance January 1, 2020	Cost of Construction	Expense/ Transfer to Capital assets	Balance December 31, 2020
East Sewer System Upgrades	$ 604	$ 595,720	$ 228,740	$ 367,584
East Water	-	223,566	-	223,566
Greene Water	-	43,650	-	43,650
Madison Water System	2,231	217,678	28,653	191,256
Madison Sewer	-	13,265	-	13,265
Computer Hardware and Software Upgrades	1,980	-	1,980	-
Greene Water Mains	774	73,841	74,615	-
Total	$ 5,589	$ 1,167,720	$ 333,988	$ 839,321

NOTE 9–RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction, of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10−UNEARNED REVENUE:

Unearned revenue consists of lease revenues that are paid in advance at year end.

Source	2021	2020
Water tower rental	$ 80,458	$ 79,029
Total	$ 80,458	$ 79,029

NOTE 11−OPERATING LEASE AGREEMENTS:

The Authority has several operating lease agreements with mobile communications companies for antennae-site rental space. All agreements are cancelable at any time by either party.

NOTE 12−UPCOMING FINANCIAL REPORTING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

NOTE 12−UPCOMING FINANCIAL REPORTING PRONOUNCEMENTS: (CONTINUED)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

NOTE 13–LITIGATION:

On September 14, 2020, the Greene County Board of Supervisors filed an action in the Greene County Circuit Court naming Rapidan Service Authority a defendant. The parties have been negotiating a settlement of all issues associated with the action, which would include withdrawal of Greene County from the Authority. The specifics of any potential settlement are not yet known. A withdrawal of Greene County would have a financial impact on the Authority, but the Authority is unable to fully estimate the extent of such an impact.

Other Supplementary Information

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Supporting Schedules

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RAPIDAN SERVICE AUTHORITY **Schedule 1**

Comparative Schedule of Revenues--Budget and Actual
Years Ended December 31, 2021 and 2020

	2021			2020		
	Budget	**Actual**	**Variance Favorable (Unfavorable)**	**Budget**	**Actual**	**Variance Favorable (Unfavorable)**
Water Sales & Penalties	$ 3,649,799	$ 3,724,803	$ 75,004	$ 4,847,674	$ 3,737,586	$ (1,110,088)
Sewer Operations	5,543,247	5,763,090	219,843	5,329,444	5,268,471	(60,973)
Sale of Materials & Supplies	33,000	22,964	(10,036)	21,000	30,681	9,681
Maintenance Revenue	10,500	4,400	(6,100)	10,500	8,878	(1,622)
Inspection Fees	10,000	12,030	2,030	10,000	11,037	1,037
Miscellaneous/Other	298,800	270,551	(28,249)	142,100	303,244	161,144
Service Installations	331,900	343,300	11,400	138,560	319,218	180,658
Lake of The Woods Non-User Fees	83,520	78,554	(4,966)	91,680	93,157	1,477
Totals	$ **9,960,766**	$ **10,219,692**	$ **258,926**	$ **10,590,958**	$ **9,772,272**	$ **(818,686)**

RAPIDAN SERVICE AUTHORITY

Comparative Schedule of Operating Expenses--Budget and Actual
Years Ended December 31, 2021 and 2020

	2021			2020		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Administrative:						
Personnel	$ 815,805	760,776	$ 55,029	$ 736,160	$ 687,818	$ 48,342
Maintenance	35,200	27,822	7,378	55,700	35,344	20,356
Miscellaneous	100	1,012	(912)	100	100	-
Insurance	136,300	143,481	(7,181)	138,500	140,580	(2,080)
Billing and Collection	184,002	168,642	15,360	154,762	151,812	2,950
Audit and Consulting	36,500	89,500	(53,000)	25,000	34,520	(9,520)
Wtr/Swr Regulatory Fees	52,700	42,818	9,882	52,600	44,114	8,486
Legal/Bond/Bank Fees	149,600	541,654	(392,054)	37,600	200,433	(162,833)
Depreciation	52,757	52,757	-	51,452	51,452	-
Board Member Compensation	8,000	9,722	(1,722)	8,000	8,602	(602)
State Unemployment Tax	845	2,790	(1,945)	845	402	443
Training and Education	17,300	14,698	2,602	15,800	6,993	8,807
Office Supplies and Postage	12,000	10,419	1,581	11,600	13,661	(2,061)
Utilities	8,000	5,413	2,587	9,000	5,816	3,184
Communications	90,500	78,172	12,328	87,500	86,286	1,214
Advertising	3,400	4,171	(771)	3,500	714	2,786
Transportation Vehicle Expense	4,600	7,473	(2,873)	4,600	4,430	170
Total Adminsitrative	**$ 1,607,609**	**$ 1,961,320**	**$ (353,711)**	**$ 1,392,719**	**$ 1,473,077**	**$ (80,358)**
Greene, Route 15 and Route 20 Water Operations:						
Operating Labor	$ 247,956	266,487	$ (18,531)	$ 259,282	$ 231,165	$ 28,117
Engineering and Design	34,926	19,231	15,695	37,535	18,926	18,609
Maintenance	298,000	191,965	106,035	414,000	261,572	152,428
Treatment Supplies and Materials	187,600	145,888	41,712	35,600	30,519	5,081
Vehicle Expense/Gas and Oil	14,800	6,745	8,055	14,700	5,153	9,547
Utitlities	105,900	79,202	26,698	106,000	82,210	23,790
Purchased Water	387,727	409,845	(22,118)	344,953	355,718	(10,765)
Testing/Biosolids Mgmt	39,000	15,483	23,517	38,000	24,765	13,235
Depreciation	506,754	506,754	-	524,024	524,024	-
Total Greene, Route 15 and Route 20 Water Operations	**$ 1,822,663**	**$ 1,641,600**	**$ 181,063**	**$ 1,774,094**	**$ 1,534,052**	**$ 240,042**
Greene Sewer Operations:						
Operating Labor	$ 129,910	149,073	$ (19,163)	$ 117,753	$ 158,649	$ (40,896)
Engineering and Design	9,061	7,184	1,877	11,069	7,998	3,071
Maintenance	319,700	428,062	(108,362)	365,689	452,907	(87,218)
Treatment Supplies and Materials	182,000	136,229	45,771	24,000	32,762	(8,762)
Vehicle Expense/Gas & Oil	10,900	5,701	5,199	13,900	7,135	6,765
Utilities	103,000	93,858	9,142	105,000	101,457	3,543
Testing/Biosolids Mgmt	53,000	78,947	(25,947)	53,000	67,397	(14,397)
Depreciation	420,493	420,493	-	420,050	420,050	-
Total Greene Sewer Operations	**$ 1,228,064**	**$ 1,319,547**	**$ (91,483)**	**$ 1,110,461**	**$ 1,248,355**	**$ (137,894)**
Madison Water & Sewer Operations:						
Operating Labor	$ 146,234	156,250	$ (10,016)	$ 136,783	$ 161,203	$ (24,420)
Engineering and Design	2,091	1,245	846	1,020	1,282	(262)
Maintenance	40,845	26,052	14,793	81,408	125,079	(43,671)
Vehicle Expense/Gas & Oil	4,100	3,246	854	3,400	2,006	1,394
Utilities	36,000	29,563	6,437	34,000	32,275	1,725
Treatment Supplies & Materials	60,000	117,874	(57,874)	18,000	19,424	(1,424)
Testing Biosolids Mgmt	27,700	14,600	13,100	29,500	19,609	9,891
Depreciation	108,618	108,618	-	107,799	107,799	-
Total Madison Water & Sewer Operations	**$ 425,588**	**$ 457,448**	**$ (31,860)**	**$ 411,910**	**$ 468,677**	**$ (56,767)**

RAPIDAN SERVICE AUTHORITY

Comparative Schedule of Operating Expenses--Budget and Actual
Years Ended December 31, 2021 and 2020

	2021			2020		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Gordonsville Sewer Operations:						
Operating Labor	$ 111,487	75,567	35,920	$ 85,240	$ 67,703	$ 17,537
Engineering and Design	2,788	2,821	(33)	6,594	1,436	5,158
Maintenance	69,874	89,476	(19,602)	150,500	91,739	58,761
Treatment Supplies & Materials	88,000	70,365	17,635	8,000	6,169	1,831
Vehicle Expense/Gas & Oil	2,500	1,854	646	3,500	866	2,634
Purchased Water	500	1,290	(790)	500	452	48
Utilities	50,000	42,189	7,811	52,000	44,451	7,549
Testing Biosolids Mgmt	12,000	24,173	(12,173)	12,000	13,141	(1,141)
Depreciation	100,079	100,079	-	99,219	99,219	-
Total Gordonsville Sewer Operations	$ **437,228**	$ **407,814**	$ **29,414**	$ **417,553**	$ **325,176**	$ **92,377**
Engineering:						
Operating Labor	$ 55,391	83,315	(27,924)	$ 54,258	$ 73,445	$ (19,187)
Engineering & Design			-	38,909	-	38,909
Maintenance	500	86	414	500	-	500
Vehicle Expense/Gas & Oil	6,000	5,028	972	7,000	5,052	1,948
Engineering Allocation			-	(38,909)	-	(38,909)
Depreciation	6,431	6,431	-	6,431	6,431	-
Total Engineering	$ **68,322**	$ **94,860**	$ **(26,538)**	$ **68,189**	$ **84,928**	$ **(16,739)**
Maintenance:						
Operating Labor	$ 120,611	112,440	8,171	$ 105,804	$ 110,150	$ (4,346)
Maintenance	18,000	33,943	(15,943)	21,054	23,674	(2,620)
Materials for Resale	16,667	14,477	2,190	8,300	16,107	(7,807)
Utilities	3,000	3,001	(1)	3,000	2,396	604
Vehicles	11,000	5,780	5,220	8,000	6,310	1,690
Gas and Oil	11,000	13,047	(2,047)	11,200	10,984	216
Depreciation	26,423	26,423	-	20,600	20,600	-
Total Maintenance	$ **206,701**	$ **209,111**	$ **(2,410)**	$ **177,958**	$ **190,221**	$ **(12,263)**
Orange East Water & Sewer Operations:						
Operating Labor	$ 750,855	652,489	98,366	$ 671,172	$ 626,885	$ 44,287
Engineering and Design	51,220	11,195	40,025	36,445	13,519	22,926
Maintenance	962,500	699,842	262,658	1,087,800	1,213,602	(125,802)
New Service Installations	153,000	223,016	(70,016)	81,100	119,021	(37,921)
Treatment Supplies & Materials	725,000	826,241	(101,241)	453,000	451,483	1,517
Utilities	665,000	578,179	86,821	665,000	629,547	35,453
Vehicle Expense/Gas & Oil	63,000	64,637	(1,637)	70,000	52,544	17,456
Testing/Biosolids Mgmt	180,000	163,583	16,417	180,000	170,684	9,316
Depreciation	1,374,425	1,374,425	-	1,336,265	1,336,265	-
Total Orange East Water & Sewer Operations	$ **4,925,000**	$ **4,593,607**	$ **331,393**	$ **4,580,782**	$ **4,613,550**	$ **(32,768)**
TOTALS	$ **10,721,176**	$ **10,685,308**	$ **35,868**	$ **9,933,666**	$ **9,938,036**	$ **(4,370)**

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Statistical Section

This part of the Rapidan Service Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

Financial Trends	Tables 1 through 5	Pages 65 through 69

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time as well as show how the revenue and expenses are split between the water and sewer departments.

Revenue Trends & Capacity	Tables 6 through 11	Pages 70 through 75

These schedules contain trend information to help the reader assess the Authority's most significant revenue sources, user rates, and the growth in water and sewer connections.

Debt Service Trends & Capacity	Tables 12 through 13	Pages 76 through 77

These schedules present trend information to help the reader assess the Authority's current levels of outstanding debt and the capacity to acquire additional debt with appropriate revenue coverage.

Demographic & Economic Information	Tables 14 through 16	Pages 78 through 80

These schedules offer demographic and economic indicators for Greene, Madison and Orange Counties to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information	Tables 17 through 18	Pages 81 through 82

This schedule contains service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year.

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RAPIDAN SERVICE AUTHORITY **Table 1**

Net Position by Component
Last Ten Fiscal Years

Primary Government	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net investment in capital assets	$ 49,790,065	$ 49,986,063	$ 51,164,310	$ 50,848,315	$ 50,463,803	$ 49,320,418	$ 49,390,624	$ 49,205,626	$ 49,386,542	$ 53,300,910
Unrestricted	7,457,077	7,844,403	6,639,933	6,770,465	7,339,472	8,117,865	8,519,914	9,836,974	10,713,055	11,250,634
Total primary government net position	$ 57,247,142	$ 57,830,466	$ 57,804,243	$ 57,618,780	$ 57,803,275	$ 57,438,283	$ 57,910,538	$ 59,042,600	$ 60,099,597	$ 64,551,544

In 2013, financial reporting provisions of Statements No. 63 and No. 65 were implemented, resulting in terminology change of "net assets" to "net position" and reclassification of previously amortized bond issue costs.

RAPIDAN SERVICE AUTHORITY **Table 2**

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2012	$ 6,450,275	$ 7,107,963	$ 360,936	$ (296,752)	$ 4,850	$ (291,902)
2013	6,593,864	7,243,314	239,730	(409,720)	993,044	583,324
2014	6,737,237	7,759,575	(179,785)	(1,202,123)	1,175,900	(26,223)
2015	7,348,675	8,090,928	(443,866)	(1,186,119)	776,497	(409,622)
2016	7,496,605	7,882,086	(281,030)	(666,511)	851,006	184,495
2017	7,744,683	8,173,542	(11,132)	(439,991)	75,000	(364,991)
2018	8,464,477	8,854,492	527,495	137,480	334,774	472,254
2019	9,949,749	9,590,949	243,328	602,128	529,934	1,132,062
2020	9,772,272	9,938,036	390,458	224,694	832,303	1,056,997
2021	10,219,692	10,685,308	1,717,563	1,251,947	3,200,000	4,451,947

In 2013, financial reporting provisions of Statements No. 63 were implemented, resulting in terminology change of "net assets" to "net position"

RAPIDAN SERVICE AUTHORITY **Table 3**

Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Water Revenue	Sewer Revenue	Other Revenue	Total
2012	$ 2,095,689	$ 4,048,524	$ 306,062	$ 6,450,275
2013	2,123,454	4,094,665	375,745	6,593,864
2014	2,181,735	4,201,611	353,891	6,737,237
2015	2,654,797	4,235,103	458,775	7,348,675
2016	2,694,009	4,343,752	458,844	7,496,605
2017	2,768,061	4,579,082	397,540	7,744,683
2018	3,163,550	4,803,738	497,189	8,464,477
2019	4,337,250	5,059,002	553,497	9,949,749
2020	3,737,586	5,268,471	766,215	9,772,272
2021	3,724,803	5,763,090	731,799	10,219,692

RAPIDAN SERVICE AUTHORITY **Table 4**

Operating Expenses by Source
Last Ten Fiscal Years

Fiscal Year	Employment Costs	Operations	Utilities	Administrative	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
2012	$ 2,199,857	$ 1,571,014	$ 869,783	$ 403,802	$ 5,044,456	$ 2,063,507	$ 7,107,963
2013	2,211,987	1,804,649	847,372	416,670	5,280,678	1,962,636	7,243,314
2014	2,204,830	1,648,506	904,091	399,004	5,156,431	2,603,144	7,759,575
2015	2,292,486	1,746,612	955,282	429,054	5,423,434	2,667,494	8,090,928
2016	2,217,468	1,705,609	880,977	458,122	5,262,176	2,619,910	7,882,086
2017	2,264,856	1,993,057	807,665	427,940	5,493,518	2,680,024	8,173,542
2018	2,422,062	2,398,762	875,914	515,262	6,212,000	2,642,492	8,854,492
2019	2,738,982	2,649,030	924,961	610,437	6,923,410	2,667,539	9,590,949
2020	2,903,191	2,859,979	898,151	710,875	7,372,196	2,565,840	9,938,036
2021	3,049,581	3,074,115	831,405	1,134,226	8,089,327	2,595,981	10,685,308

RAPIDAN SERVICE AUTHORITY **Table 5**

Nonoperating Revenues and Expenses
Last Ten Fiscal Years

Fiscal Year	Investment Income	Interest Expense	Gain on Disposal of Assets	Other Costs	Other Income (Expenses)	Lease Revenue	Availability Fees	Total Nonoperating Income/(Expenses)
2012	$ 54,088	$ (749,829)	$ 100	$ 69,582	$ 12,712	$ 149,283	$ 825,000	$ 360,936
2013	32,711	(686,395)	250	21,477	(19,095)	153,282	737,500	239,730
2014	27,692	(598,304)	5,375	84,016	(29,008)	185,444	145,000	(179,785)
2015	25,101	(550,870)	-	76,385	(272,421)	187,939	90,000	(443,866)
2016	25,051	(433,506)	1,351	-	(370,002)	191,076	305,000	(281,030)
2017	37,807	(390,655)	1,250	-	(394,374)	194,640	540,200	(11,132)
2018	127,736	(344,138)	2,000	-	(446,435)	198,332	990,000	527,495
2019	245,447	(281,718)	33,348	(37,532)	(1,143,093)	208,876	1,218,000	243,328
2020	182,860	(243,339)	31,505	-	(218,846)	223,278	415,000	390,458
2021	(22,772)	(213,820)	214	-	225,454	248,487	1,480,000	1,717,563

RAPIDAN SERVICE AUTHORITY **Table 6**

Water Consumed and Wastewater Treated
Last Ten Fiscal Years

Fiscal Year	Gallons of Water Purchased/ Treated (Millions)	Gallons of Wastewater Treated (Millions)
2012	603.0	473.5
2013	613.7	561.1
2014	621.6	507.6
2015	638.3	503.3
2016	626.3	464.4
2017	596.6	458.1
2018	628.0	615.4
2019	641.9	556.9
2020	699.2	620.9
2021	738.3	536.4

Data internally compiled from Rapidan Service Authority.

RAPIDAN SERVICE AUTHORITY **Table 7**

Annual Number of EDU's Purchased
Last Ten Fiscal Years

Fiscal Year	Water EDUs*	Sewer EDUs*	Total EDUs*
2012	37	38	75
2013	34	33	67
2014	32	34	66
2015	38	31	69
2016	56	74	130
2017	28	61	89
2018	51	50	101
2019	60	61	121
2020	54	62	116
2021	132	16	148

* Equivalent Dwelling Units
Data internally compiled from Rapidan Service Authority

RAPIDAN SERVICE AUTHORITY **Table 8**

Number of Water and Sewer Accounts by Type
Last Ten Fiscal Years

Water

Fiscal Year	Residential: Greene	Residential: Rte 15 G'ville	Residential: Rte 20	Residential: LOW / Wilderness	Residential: Madison	Non-Residential: Greene	Non-Residential: Rte 15 G'ville	Non-Residential: Rte 20	Non-Residential: LOW / Wilderness	Non-Residential: Madison	Total
2012	2,466	96	133	4,322	176	276	19	13	69	110	7,680
2013	2,488	96	133	4,378	177	277	19	13	71	110	7,762
2014	2,506	96	133	4,408	177	277	19	13	72	110	7,811
2015	2,526	96	133	4,445	177	278	20	13	72	112	7,872
2016	2,566	97	135	4,477	177	281	20	13	72	112	7,950
2017	2,585	97	135	4,528	177	281	20	13	72	112	8,020
2018	2,630	97	136	4,611	177	281	20	13	73	112	8,150
2019	2,708	97	136	4,736	177	281	20	13	73	112	8,353
2020	2,711	98	138	4,833	177	282	20	13	75	112	8,459
2021	2,722	98	139	5,008	177	283	20	13	75	112	8,647

Sewer

Fiscal Year	Residential: Greene	Residential: Rte 15 G'ville	Residential: Rte 20	Residential: LOW / Wilderness	Residential: Madison	Non-Residential: Greene	Non-Residential: Rte 15 G'ville	Non-Residential: Rte 20	Non-Residential: LOW / Wilderness	Non-Residential: Madison	Total
2012	733	690	0	4,353	91	111	14	0	70	84	6,146
2013	753	690	0	4,409	91	112	14	0	73	84	6,226
2014	771	690	0	4,440	91	112	14	0	74	84	6,276
2015	792	691	0	4,478	91	114	14	0	74	84	6,338
2016	835	717	0	4,510	91	117	14	0	74	84	6,442
2017	854	749	0	4,561	92	117	14	0	74	84	6,545
2018	862	749	0	4,644	92	117	14	0	75	84	6,637
2019	864	749	0	4,769	92	177	14	0	75	84	6,824
2020	875	749	0	4,866	92	180	14	0	77	84	6,937
2021	883	749	0	5,041	92	182	14	0	77	84	7,122

Non-Users

Fiscal Year	Greene County	LOW / Wilderness
2012	36	569
2013	36	555
2014	36	539
2015	36	509
2016	36	483
2017	36	453
2018	36	442
2019	36	402
2020	36	361
2021	36	298

Data internally compiled from Rapidan Service Authority

RAPIDAN SERVICE AUTHORITY **Table 9**

Water and Sewer Rates
Last Ten Years

	Water Rate per 1,000 Gallons									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Greene County	$ 3.30	$ 3.30	$ 3.30	$ 3.47	$ 3.47	$ 3.47	$ 4.22	$ 4.97	$ 5.57	$ 6.17
Rte 15	5.10	5.10	5.10	5.10	5.10	6.12	6.12	6.12	7.34	7.34
Rte 20	2.36	2.36	2.36	2.36	2.36	2.83	2.83	2.83	3.40	3.40
LOW/Wilderness	3.08	3.08	3.08	3.08	3.08	3.70	3.70	3.70	4.44	4.44
Madison County	3.85	4.62	5.08	5.59	5.59	5.59	8.27	9.27	10.27	11.27
Gordonsville (Contract)	3.83	3.83	4.30	4.30	4.30	5.16	5.55	5.60	5.81	5.81

	Sewer Rate per 1,000 Gallons									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Greene County	$ 7.98	$ 7.98	$ 7.98	$ 8.38	$ 8.38	$ 8.38	$ 8.78	$ 9.18	$ 9.68	$ 10.08
Gordonsville	6.83	6.83	6.83	6.83	6.83	8.54	8.54	8.54	8.54	8.54
LOW/Wilderness	11.39	11.39	11.39	11.39	11.39	12.53	12.53	12.53	13.78	13.78
Madison County	7.20	8.64	9.50	10.45	10.45	10.45	16.35	17.35	18.35	19.35

Please see Table 10 for a full listing of RSA's current rates
Data internally compiled from Rapidan Service Authority

RAPIDAN SERVICE AUTHORITY **Table 10**

Schedule of Rates
At December 31, 2021

	Water	Sewer
Greene County Water & Sewer Systems		
Minimum Monthly Charge 0-2000 gal.	$15.35	$28.22
Rate Per 1000 Gallons	$ 6.17	$ 10.08
% of Water Usage		100%
Non-Residential (Existing Accounts Only)	150% of above rates	
Unmetered Accounts - Flat Fee		$ 68.54
Availability Fee Per EDU	$10,000	$10,000
Greene County Facility Fee - Per EDU		
Orange County, Rte. 15 Water System		
Minimum Monthly Charge 0-2000 gal.	$17.68	
Rate Per 1000 Gallons:	$7.34	
Availability Fee Per EDU	$10,000	
Town of Gordonsville Wholesale Rate	$5.81	
Orange County, Rte. 20 Water System		
Minimum Monthly Charge 0-2000 gal.	$9.80	
Rate Per 1000 Gallons:	$3.40	
Availability Fee Per EDU	$10,000	
Gordonsville Sewer System		
Minimum Monthly Charge 0-2000 gal.		$20.08
Rate Per 1000 Gallons		$8.54
% of Water Usage		90%
Availability Fee Per EDU		$10,000
East Water & Sewer Systems		
Minimum Monthly Charge 0-2000 gal. (Inside LOW)	$11.88	$44.56
Minimum Monthly Charge 0-2000 gal. (Outside LOW)	$11.88	$37.56
Rate Per 1000 Gallons	$4.44	$13.78
% of Water Usage		90%
Monthly Non-User Fee	$3.00	$17.00
Availability Fee Per EDU	$10,000	$10,000
Unmetered Accounts - Flat Fee (Inside LOW)		$ 94.17
Unmetered Accounts - Flat Fee (Outside LOW)		$ 87.17
Madison Water & Sewer Systems		
Minimum Monthly Charge 0-2000 gal.	$25.54	$41.70
Rate Per 1000 Gallons	$11.27	$19.35
% of Water Usage		90%
Availability Fee Per EDU	$10,000	$10,000
Unmetered Accounts - Flat Fee		$ 111.36
Summer Conservation Surcharge (All water systems)		
Water billed for usage over 6000 gallons (July-October)	Additional $1.00/1000 Gallons	
Hydrant Sales		
Rate Per 1000 Gallons	$15.00	
Septage Hauling		
Rate Per 1000 Gallons		$100.00

RAPIDAN SERVICE AUTHORITY **Table 11**

Five Largest Customers
Current Year and Nine Years Ago

2012

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Customer	Type	Annual Consumption
Customer 1	Municipality	74,430,400
Customer 2	Public School System	4,756,800
Customer 3	Public School System	4,497,400
Customer 4	Homeowners Assocation	4,247,100
Customer 5	Mobile Home Park	4,046,600

2021

Customer	Type	Annual Consumption
Customer 1	Municipality	85,117,500
Customer 2	Nursing Home	4,750,200
Customer 3	Public School System	4,303,100
Customer 4	Mobile Home Park	3,016,400
Customer 5	Public School System	2,363,500

Data internally compiled from Rapidan Service Authority

RAPIDAN SERVICE AUTHORITY **Table 12**

Ratio of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Revenue Note	Premium on Bonds	Total Debt (1)	Number of Accounts (2)	Debt per Account
2012	$ 14,933,733	$ 200,000	$ 503,189	$ 15,636,922	14,431	$ 1,084
2013	13,504,470	180,000	491,715	14,176,185	14,579	972
2014	12,399,206	160,000	407,699	12,966,905	14,662	884
2015	11,237,858	140,000	331,313	11,709,171	14,755	794
2016	10,123,926	120,000	265,852	10,243,926	14,911	687
2017	8,891,823	100,000	209,567	9,201,390	15,507	593
2018	7,686,806	80,000	167,856	7,934,662	15,718	505
2019	6,868,333	60,000	387,308	7,315,641	16,068	455
2020	6,300,000	40,000	332,636	6,672,636	16,246	411
2021	5,705,000	20,000	275,965	6,000,965	16,556	362

Data internally compiled from Rapidan Service Authority

(1) Does not include compensated absences
(2) Accumulation of water, sewer and non-user accounts

RAPIDAN SERVICE AUTHORITY **Table 13**

Pledged-Revenue Coverage
Last Ten Fiscal Years

Year Ended December 31,	Gross Revenues (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements Principal	Interest (3)	Total	Coverage
2012	$ 7,496,308	$ 4,974,874	$ 2,521,434	$ 1,083,096	$ 749,829	$ 1,832,925	1.38
2013	7,962,556	5,259,201	2,703,355	1,409,264	686,395	2,095,659	1.29
2014	7,071,740	5,072,415	1,999,325	1,125,264	598,304	1,723,568	1.16
2015	7,379,294	5,347,049	2,032,245	1,181,348	550,870	1,732,218	1.17
2016	7,649,081	5,262,176	2,386,905	1,133,932	433,506	1,567,438	1.52
2017	8,124,206	5,493,518	2,630,688	1,252,103	390,655	1,642,758	1.60
2018	9,336,110	6,212,000	3,124,110	1,225,017	344,138	1,569,155	1.99
2019	10,512,327	6,923,410	3,588,917	603,450	281,718	885,168	4.05
2020	10,406,069	7,372,196	3,033,873	588,333	243,339	831,672	3.65
2021	12,151,075	8,089,327	4,061,748	615,000	236,592	851,592	4.77

(1) Includes availability fees & WQIF Grant funds received
(2) Excludes depreciation
(3) Interest does not include cip interest during construction

RAPIDAN SERVICE AUTHORITY **Table 14**

Demographic and Economic Statistics
Last Ten Years

	Greene County			
Calendar Year	**Population (1)**	**Per Capita Income**	**Total Personal Income (2)**	**Unemployment Rate (3)**
2012	18,771	$ 40,880	$ 767,362,000	4.9%
2013	19,320	42,112	791,878,000	3.4%
2014	19,618	not available	not available	4.2%
2015	19,840	36,873	701,736,000	3.0%
2016	19,785	39,681	760,363,000	2.9%
2017	19,985	40,175	778,226,000	3.5%
2018	19,959	43,055	844,388,000	2.6%
2019	20,097	44,383	877,585,000	2.3%
2020	20,323	46,529	922,167,000	3.4%
2021	21,030	48,573	977,817,000	1.9%

	Madison County			
Calendar Year	**Population (1)**	**Per Capita Income**	**Total Personal Income (2)**	**Unemployment Rate (3)**
2012	13,200	$ 39,696	$ 523,987,000	4.8%
2013	13,333	40,197	530,597,000	3.5%
2014	13,353	not available	not available	3.8%
2015	13,099	41,194	541,990,000	2.9%
2016	13,099	43,773	574,942,000	2.7%
2017	13,190	47,435	620,349,000	3.2%
2018	13,278	47,022	624,316,000	2.5%
2019	13,251	48,822	649,082,000	2.2%
2020	13,342	48,577	644,173,000	2.8%
2021	13,871	51,608	687,012,000	1.6%

	Orange County			
Calendar Year	**Population (1)**	**Per Capita Income**	**Total Personal Income (2)**	**Unemployment Rate (3)**
2012	34,246	$ 37,141	$ 1,271,937,000	0.0%
2013	34,143	38,149	1,323,344,000	5.1%
2014	34,487	not available	not available	5.3%
2015	34,015	39,190	1,372,657,000	4.0%
2016	33,777	42,166	1,492,044,000	3.7%
2017	34,521	43,679	1,552,063,000	4.4%
2018	35,582	46,293	1,669,934,000	3.3%
2019	35,921	49,010	1,795,932,000	3.0%
2020	36,286	50,642	1,876,329,000	4.1%
2021	36,341	53,217	2,006,018,000	2.5%

(1) Data compiled through the Weldon Cooper Center for Public Service and is subject to changes as estimates are refined
(2) Data complied through the Bureau of Economic Analysis and is subject to changes as estimates are refined
(3) Data compiled through the Virginia Employment Commission and is subject to changes as estimates are refined

RAPIDAN SERVICE AUTHORITY **Table 15**

Construction Permits
Last Ten Calendar Years

Fiscal Year	Greene	Madison	Orange
2012	76	28	167
2013	76	31	109
2014	76	31	86
2015	98	45	93
2016	98	41	145
2017	67	67	181
2018	139	69	200
2019	N/A	N/A	190
2020	284	47	200
2021	112	71	388

Data compiled from Greene, Madison and Orange Counties
Includes Single Family Residences and Apartments

RAPIDAN SERVICE AUTHORITY **Table 16**

Principal Employers
Current Year and Nine Years Ago

	2012		2021	
	Employer	**# of Employees**	**Employer**	**# of Employees**
Greene County	Greene County School Board	500 - 999 Employees	Greene County School Board	250 - 499 Employees
	Wal Mart	100 - 249 Employees	Wal Mart	250 - 499 Employees
	County of Greene	100 - 249 Employees	County of Greene	100 - 249 Employees
	Sunland Employee Leasing LLC	100 - 249 Employees	Lowe's Home Centers, Inc	100 - 249 Employees
	Lowe's Home Centers, Inc	100 - 249 Employees	Blue Ridge School	50 - 99 Employees
Madison County	Madison County School Board	250 - 499 Employees	Plow & Hearth LLC	250 - 499 Employees
	The Plow and Hearth	250 - 499 Employees	Madison County School Board	250 - 499 Employees
	Woodberry Forest School	250 - 499 Employees	Woodberry Forest School	250 - 499 Employees
	County of Madison	100 - 249 Employees	County of Madison	100 - 249 Employees
	Autumn Corporation	100 - 249 Employees	Madison Wood Preservers, Inc	100 - 249 Employees
Orange County	Orange County School Board	500 - 999 Employees	Orange County School Board	500 - 999 Employees
	Germanna Community College	250 - 499 Employees	County of Orange	250 - 499 employees
	Von Holtzbrinck Publishing	250 to 499 employees	Von Holtzbrink Publishing	250 - 499 employees
	American Woodmark Corporation	250 to 499 employees	Aerojet General Corp	250 - 499 employees
	County of Orange	100 - 249 Employees	Wal Mart	250 - 499 employees

Data compiled through Virginia Employment Commission using 2nd quarter 2021 and 3rd quarter 2012 figures

RAPIDAN SERVICE AUTHORITY **Table 17**

Number of Employees by Identifiable Activity
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Plant Operators	14	15	17	15	14	14	14	14	14	14
Maintenance / Construction	18	15	14	14	13	14	14	14	14	17
Admin/Customer Service/Engineering	12	11	10	10	10	11	12	12	12	11
Total	**44**	**41**	**41**	**39**	**37**	**39**	**40**	**40**	**40**	**42**

Data internally compiled from Rapidan Service Authority

RAPIDAN SERVICE AUTHORITY **Table 18**

Operating and Capital Indicators
Last Ten Fiscal Years

Drinking Water	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Water Produced/Purchased (millions of gallons)										
Greene	205.2	212.6	223.8	220.1	210.4	205.9	203.7	212.4	233.6	239.9
Rte. 15	101.5	99.2	98.0	110.7	101.1	81.0	108.3	99.9	103.2	118.4
Rte 20	7.3	7.2	6.9	7.4	6.5	6.7	7.8	7.5	8.0	8.0
LOW/Wilderness	262.0	265.6	268.3	231.5	282.5	274.8	280.1	294.7	330.1	346.5
Madison	27.0	29.1	24.6	25.9	25.8	28.2	28.1	27.4	24.3	25.5
Water Storage Capacity (gallons)										
Greene	2,512,000	2,512,000	2,512,000	2,512,000	2,512,000	2,512,000	2,512,000	2,512,000	2,512,000	2,512,000
Rte. 15/G'ville	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Rte 20	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
LOW/Wilderness	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Madison	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Miles of Water Mains										
Greene	77	77	77	77	77	77	77	77	77	77
Rte. 15/G'ville	13	13	13	13	13	13	13	13	13	13
Rte. 20	5	5	5	5	5	5	5	5	5	5
LOW/Wilderness	71	73	73	73	73	73	73	73	74	74
Madison	8	8	8	8	8	8	8	8	8	8
Number of Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Treatment										
Miles of Sewer Line										
Greene	42	42	42	42	42	42	42	42	42	42
Gordonsville	18	18	18	18	18	18	18	18	18	18
LOW/Wilderness	89	90	90	90	90	90	90	90	92	92
Madison	3	3	3	3	3	3	3	3	3	3
Number of Treatment Plants	5	5	5	5	5	5	5	5	5	5
Amount Treated Annually (millions of gallons)										
Greene	63.4	64.8	71.0	71.8	66.8	72.0	83.8	72.5	82.4	79.3
Gordonsville	111.4	155.3	126.6	126.0	112.1	87.0	200.9	173.0	200.6	146.0
LOW/Wilderness	282.5	321.9	291.9	282.9	260.2	273.6	295.8	284.6	313.2	290.4
Madison	16.2	19.1	18.1	22.6	25.3	25.1	34.7	26.8	24.7	20.7

Data internally compiled from Rapidan Service Authority

Fact Sheet

The Rapidan Service Authority (RSA) presently employs 42 personnel and maintains two administrative offices. The West office is located on Route 33 in Ruckersville. Located on Route 3, the East office is one-half mile west of the Lake of the Woods subdivision. The General Manager's administrative staff includes a Director of Administration, Director of Operations, West Manager, East Manager, four (4) Customer Service Representatives, and Accountant. Engineering staff includes the Director of Projects and Engineering Technician. The West Manager and East Manager oversee the maintenance of the water and wastewater systems. RSA East and West maintain separate storage facilities for inventory and equipment.

In Greene County, RSA owns and operates the Greene Water Treatment Plant which has a capacity of 1,150,000 gallons per day (gpd) as well as a county-wide distribution system. The county-wide distribution system consists of four water storage tanks: a 1,000,000 gallon elevated tank on Preddy Creek Road, a 1,000,000 gallon steel ground tank located on Amicus Road west of Quinque, a 300,000 gallon steel ground storage tank on Gilbert Road, and a 112,000 gallon concrete ground tank in Stanardsville. The distribution mains are PVC and DI pipe sized from 2" and smaller up to 20", plus some cast iron pipe in Stanardsville, and equal approximately 80 miles of mains with 386 fire hydrants are dispersed throughout the system. The Greene County water system serves over 3,000 connections in 46 subdivisions and the Town of Stanardsville. The water treatment plant consists of two identical 575,000 gpd Neptune Microfloc Plants placed into service in December 1988 and October 2001.

RSA owns and operates a 180,000 gpd wastewater treatment plant in Stanardsville that is a land application system with two primary aerated lagoons and a 120 day storage pond. The collection system consists of a mix of low pressure sewer, using home grinder pump stations and a gravity system, with five major pump stations. In 2006 RSA began operating the Rapidan Publicly Owned Treatment Works (POTW) that has a capacity of 0.6 million gallons per day which features an oxidation ditch, two clarifiers, two digesters, a sludge centrifuge, UV disinfection and an aerated discharge to the Rapidan River at Route 29. The Rapidan POTW collection system has seven major pump stations and serves the Ruckersville area. There are approximately 1,065 sewer customers in Greene County with 42 miles of sewer mains.

RSA owns and maintains the water distribution system on Route 15, between Orange and Gordonsville. The Town of Orange supplies the Route 15 system water via contract. In 2001, Orange County approved RSA to operate the Thomas E. Lee Industrial Park water system. In 2002, Orange County installed a 1,000,000 gallon storage tank with 12" and 16" mains between the new tank and the Lee Industrial Park with RSA operating the new system. The RSA Route 15 line consists of about 13 miles of PVC and asbestos-cement pipe and a 500,000-gallon steel ground storage tank located on the Sedwick's farm on Route 15 south of Orange. This system serves 118 customers including the Lee Industrial Park, EDM, MPS, the Town of Gordonsville, and includes 28 fire hydrants.

The Route 20 water system east of Orange is supplied by a well at the storage tank site on Porter Road and a well on May Lane. It was deeded to RSA in 1993, contains approximately 5 miles of line, a 150,000-gallon steel elevated storage tank, a 30 gpm well at the Porter Road tank site, 42 gpm well at the May Lane site and 22 fire hydrants. RSA installed a corrosion inhibitor system in 1993. This system serves 152 customers.

From November 1, 1984 through June 30, 1990, RSA contracted with the Town of Madison to operate their

water and sewer treatment plants. On March 1, 1993, RSA became the owner of these systems. The Madison water plant has a rated capacity of 250,000 gpd and serves 289 connections. The water distribution system contains 8 miles of mains with a 500,000 gallon concrete ground tank. The 75,000 gallon steel elevated tank was removed in 2003. White Oak Lake reservoir is owned and maintained by RSA. The wastewater treatment plant has a licensed capacity of 80,000 gpd. In 2003, an additional concrete digester and three new solids drying beds were added to the wastewater treatment plant. The gravity sewer system includes 3 miles of 8" concrete & PVC pipe, two pump stations and serves 176 customers.

In August 1985, the Town of Gordonsville transferred ownership of the Gordonsville sewer treatment plant and collection system to RSA. The plant was under a State Water Control Board order to upgrade and meet more stringent discharge limitations. A new Wastewater Treatment Plant, costing three million dollars, was put into service in July 1988 with a licensed capacity of 667,000 gpd. The new plant utilizes all facets of the old plant, but adds two storage ponds, three pump stations, approximately forty-five acres of spray terraces using overland flow treatment, and a final discharge. A post aeration system was added in 1994. In 2003, the 12" gravity sewer interceptor line was relined from Main Street to High Street and in 2006 Faulconer Street's sewer main was relined. The collection system consists of approximately 18 miles of PVC and concrete main, with approximately 190 manholes and three pump stations.

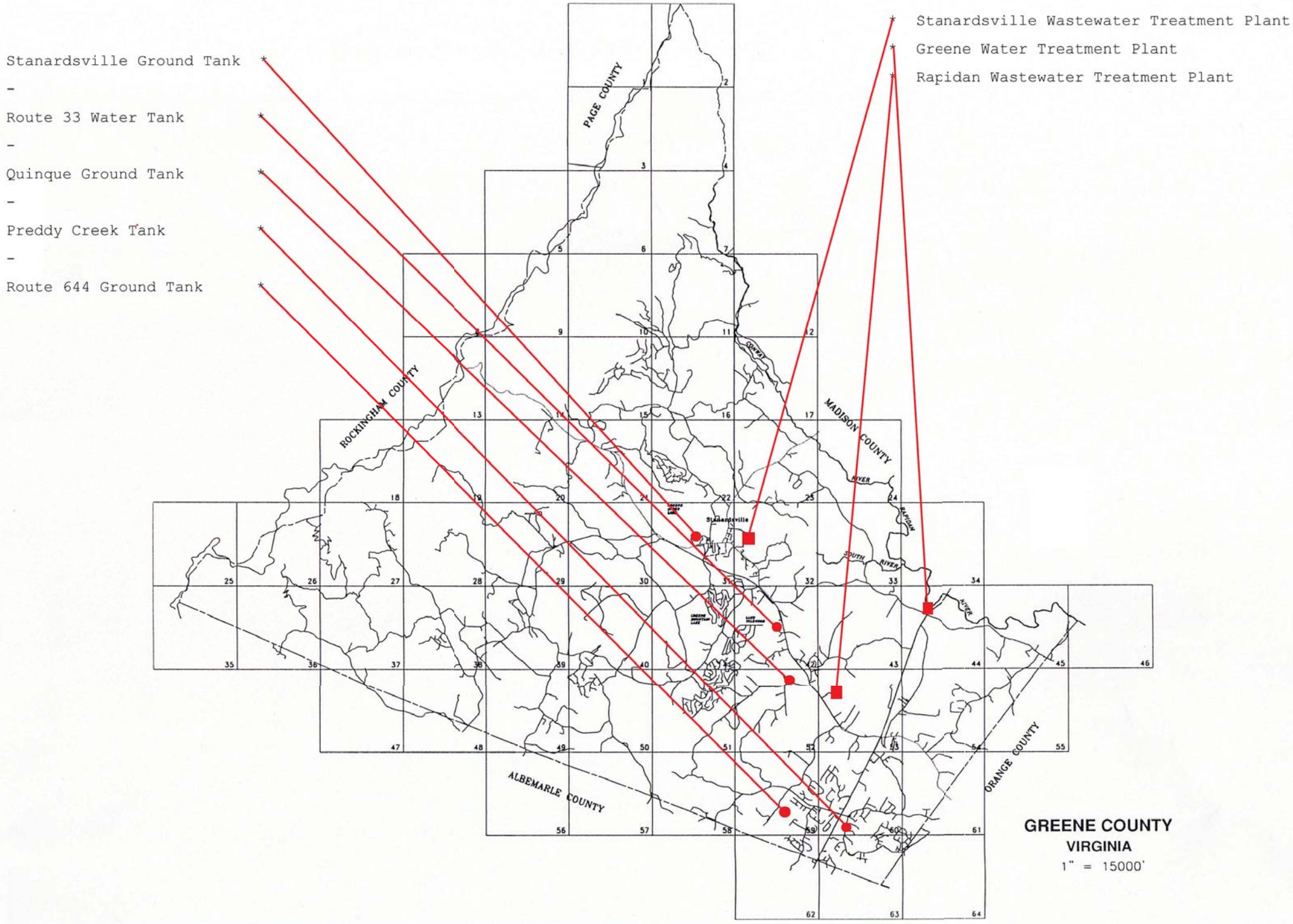
On November 1, 1987, RSA acquired ownership of the Lake of the Woods (LOW) water and sewer system. The original LOW system has been expanded and now includes Wilderness Shores, Somerset Farms, Germanna Community College, Germanna Heights and commercial development along Route 3. The RSA East system is located 15 miles west of Fredericksburg, Virginia on State Route 3.

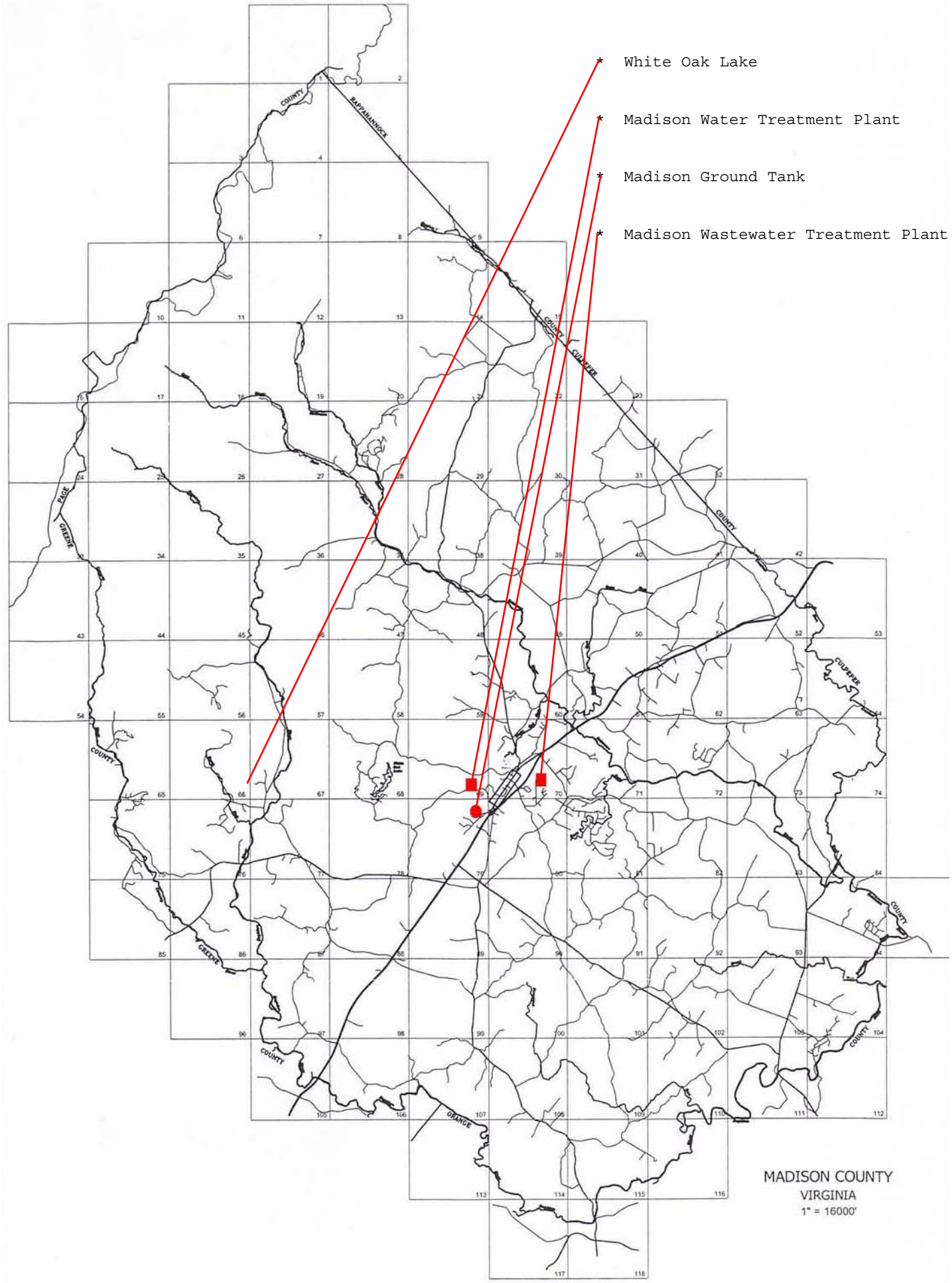
The East water system consists of 2½" to 12" PVC and AC mains and 163 fire hydrants. Water storage consists of two 500,000 gallon elevated steel tanks on Flat Run Road, and a 250,000 steel elevated tank in Wilderness Shores subdivision. In 1991, a 1.6 million gpd water treatment plant was put into service, consisting of dual train Neptune Microfloc treatment units. The water source is the Rapidan River intake pump station with two 2,000 gpm pumps and one 1,100 gpm pump. The plant is connected to the LOW subdivision via 12' PVC transmission main along the Route 3. In 2002, RSA installed 12" PVC water main along Lakeview Parkway from Fairfax Lane to Gold Valley Road to enhance the transfer of water throughout the subdivision. In 2004, a new 500,000 gallon concrete clearwell tank and high service pump station were placed in service at the Wilderness Water Treatment Plant. In 2012, Orange County installed a new 500,000 gallon elevated water tank on the middle school site and upgraded 4,700 feet of 12" water main on Confederate Drive and Yorktown Boulevard. The water system consists of approximately 74 miles of water mains. There are approximately 5,083 connections on the East system including 5 subdivisions and 3 shopping centers.

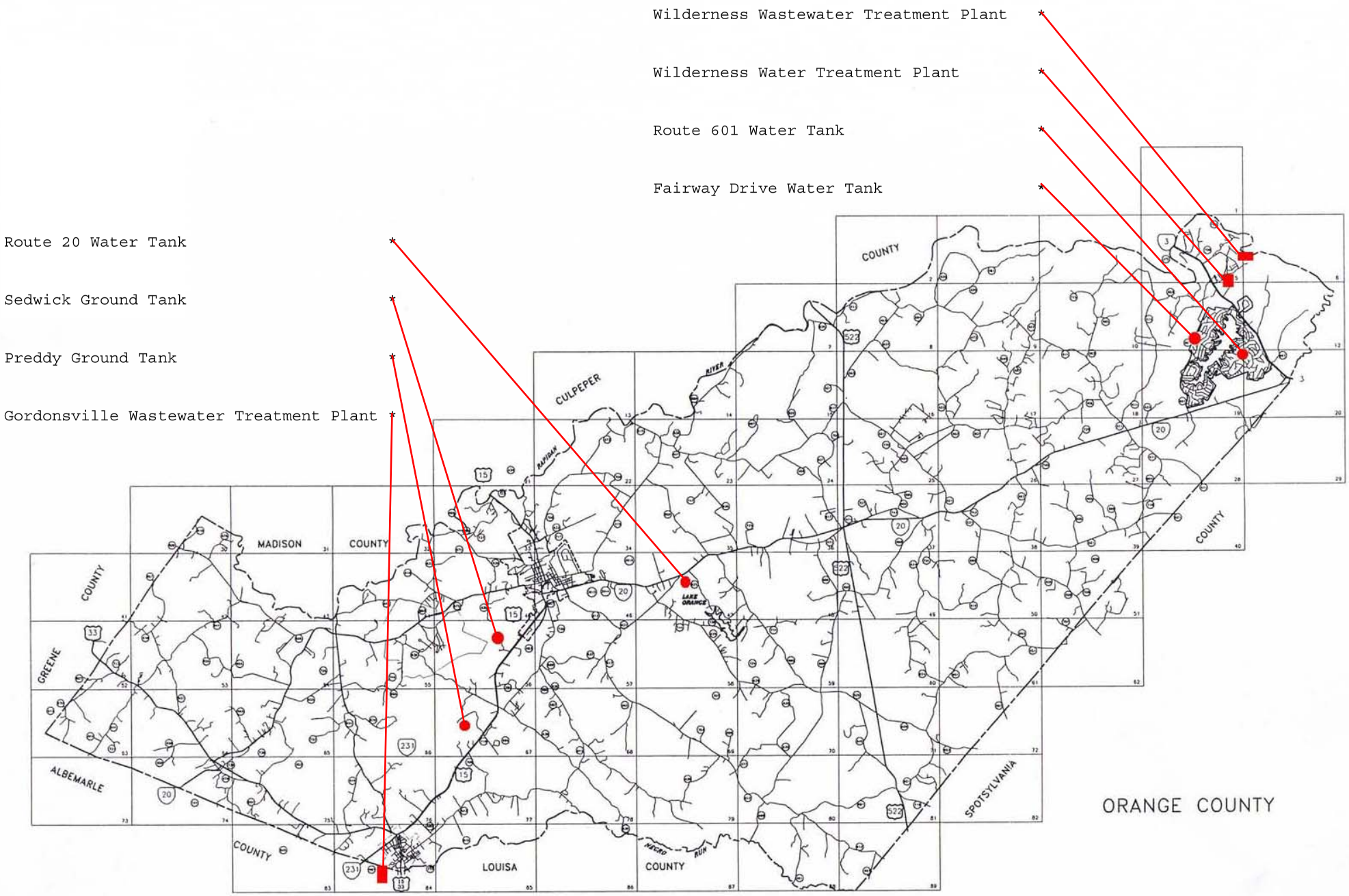
The LOW sewer system consists of a vacuum collection system with 13 vacuum stations and three lift stations. The system contains 4" to 10" vacuum mains, 10" concrete gravity mains, 3" to 8" PVC force mains and approximately 1,600 holding tanks. Sewage is held in these tanks until the vacuum pumps collect and transport the waste to the treatment plant. The previously existing 250,000 gpd treatment facility was in service until 1992. RSA also upgraded the trunk collection mains including 6" to 10" PVC, and 69 plug valves. The sewer system consists of approximately 92 miles of sewer mains. In 1992 and 1993, all thirteen vacuum stations were completely renovated. RSA continues to upgrade the vacuum system every year. Station R was constructed to transfer wastewater from the old plant to the new plant. The Wilderness Shores 15" gravity collection system was installed and the Germanna College sewer pump station and force main

was completed. In 1999, Somerset Farms contributed a 12" water main and various water distribution mains along with a sewer pump station, 8" force main and 8" gravity mains to serve this 320-lot subdivision. In 1999, a new liner was installed in the original treatment pond on Route 3. This facility currently acts as a backup holding pond in the event of a system failure at the primary pump station. In 2000, the plant was re-rated to 715,000 gpd based on existing treatment. In 2001, vacuum stations in LOW were upgraded and equipped with primary and backup pumps. There are a total of 13 pump stations inside the Lake of the Woods development and 10 outside of Lake of the Woods with a total of 5,118 connections.

In 2012, RSA completed the Wilderness wastewater treatment plant upgrade with an expanded capacity to 2.0 MGD, using state of the art treatment processes. This upgrade was required to meet the stringent Chesapeake Bay regulations for total nitrogen and total phosphorus removal. The treatment processes include a three train, five stage Bardenpho process contained in cast-in-place concrete tanks with common walls and individual tank mixers and fine bubble diffusers plus dechlorination for the two aerobic zones. Three Clarifiers capture the solids followed by a rapid mix flocculation tank, and a continuous backwashing tertiary sand filtration system. Finally, the effluent is disinfected using a hypochlorite solution and aerated by coarse bubble diffusers before being discharged to the Rapidan River. The treatment's captured solids are thickened and sent to two aerobic digesters in concrete tanks and pressed through a new plate and frame press.


Stanardsville Ground Tank
Route 33 Water Tank
Quinque Ground Tank
Preddy Creek Tank
Route 644 Ground Tank
Stanardsville Wastewater Treatment Plant
Greene Water Treatment Plant
Rapidan Wastewater Treatment Plant
PAGE COUNTY
ROCKINGHAM COUNTY
MADISON COUNTY
ALBEMARLE COUNTY
ORANGE COUNTY
Stanardsville
GREENE COUNTY
VIRGINIA
1" = 15000'


White Oak Lake
Madison Water Treatment Plant
Madison Ground Tank
Madison Wastewater Treatment Plant
RAPPAHANNOCK
COUNTY
CULPEPER
COUNTY
PAGE
GREENE
COUNTY
CULPEPER
COUNTY
GREENE
COUNTY
ORANGE
COUNTY
MADISON COUNTY
VIRGINIA
1" = 16000'


Wilderness Wastewater Treatment Plant
Wilderness Water Treatment Plant
Route 601 Water Tank
Fairway Drive Water Tank
Route 20 Water Tank
Sedwick Ground Tank
Preddy Ground Tank
Gordonsville Wastewater Treatment Plant
ORANGE COUNTY
MADISON COUNTY
GREENE COUNTY
ALBEMARLE COUNTY
LOUISA COUNTY
CULPEPER COUNTY
SPOTSYLVANIA COUNTY
RAPIDAN RIVER
NEGRO RUN
LAKE ORANGE

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

To the Board of Directors
Rapidan Service Authority
Ruckersville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Rapidan Service Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Rapidan Service Authority's basic financial statements and have issued our report thereon dated May 17, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
May 17, 2022