

Rapidan Service Authority Annual Comprehensive Financial Report



Year Ended December 31, 2022

**Serving Greene, Madison
& Orange Counties, Virginia**

**RAPIDAN SERVICE AUTHORITY
RUCKERSVILLE, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022**

Serving Greene, Madison, and Orange Counties, Virginia

Prepared by the Accounting Department

**RAPIDAN SERVICE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022**

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RAPIDAN SERVICE AUTHORITY

BOARD MEMBERS

Greene County:	Steve Bowman Bill 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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RUCKERSVILLE, VA 22968
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RAPIDAN SERVICE AUTHORITY
3489 GERMANNA HWY
PO BOX 736
LOCUST GROVE, VA 22508
TEL 540-972-2133
FAX 540-972-7065

April 20, 2023

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 2022.

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 2021 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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Serving the Counties of Greene, Madison and Orange

April 20, 2023

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, 2022, 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 the 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 339 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 9% increase in population from 2020 to 2030 for Greene County. It shows Madison County as having a 2% growth rate and Orange County, the largest county in RSA's service area, having a growth rate of 6% from 2020 to 2030.

Accounting and Budgetary Controls

RSA maintains its accounting records on an 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 95% of the RSA's operating revenue in 2022. Water revenue increased by 29.7% from 2021 and sewer revenue increased by 0.3% from 2021. For the year, total operating revenue increased \$912,707 or 8.9% from 2021.

In 2022, RSA's operating expenses totaled approximately \$10.95 million. Operations and maintenance accounted for 59% of operating expenses, with depreciation representing 25% of the total and administration accounting for 16%. For the year, RSA's total operating expenses increased by \$262 thousand, or 2% from 2021.

FY 2022, RSA incurred \$185,495 in operating gain as compared to an operating loss of \$465,616 in 2021.

Debt Administration

Debt service coverage (gross revenue less direct operating expenses) was 4.88 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 \$636,667 in FYE 2022 and \$615,000 in FYE 2021. Debt payments in 2022 totaled \$819,809. At December 31, 2022, long-term outstanding debt totaled \$5,744,859 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 2022. 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

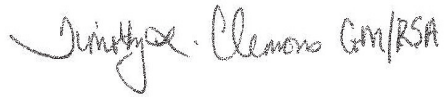
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rapidan Service Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2021. RSA has received this prestigious award 38 of the last 39 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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,

A handwritten signature in dark ink, reading "Timothy L. Clemons GM/RSA". The signature is written in a cursive, flowing style.

Timothy L. Clemons
General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

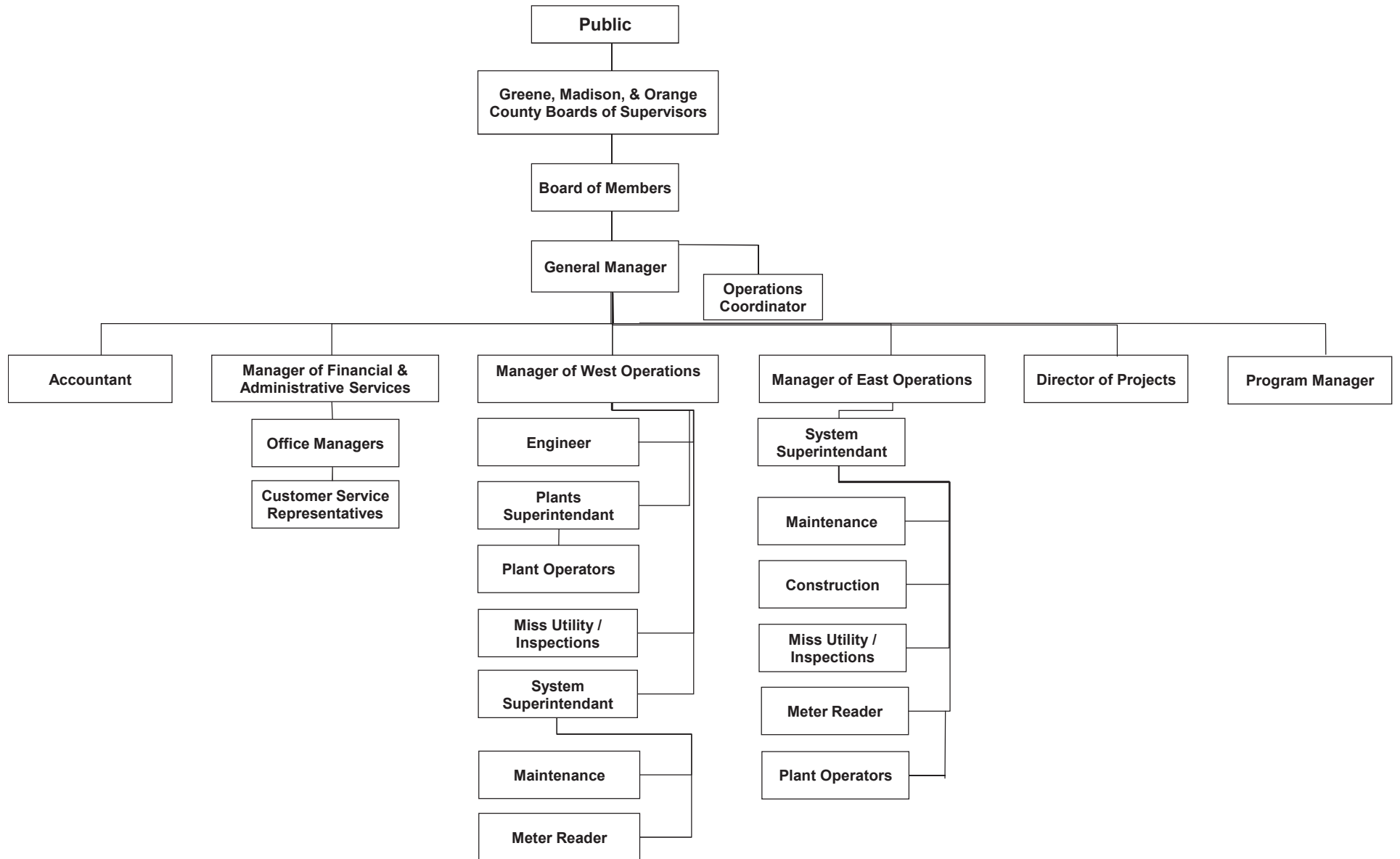
**Rapidan Service Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO





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 year ended December 31, 2022, 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, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Change in Accounting Principles

As described in Note 13 to the financial statements in 2022, the Authority adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2022, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 87. Our opinion is not modified with respect to this matter.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards* and the *Specifications for Audits of Authorities, Boards, and Commissions* 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 as listed in the table of contents 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 accompanying 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 opinion on the basic financial statements does 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.

Report on Summarized Comparative Information

We have previously audited the Rapidan Service Authority's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2023, 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 9, 2023

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, 2022. 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 6 through 9 of this report.

Overview of the Financial Statements

This discussion and analysis are 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 *Statement 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 *Statement 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 22 through 25 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 26 through 42 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 \$66,574,655 (net position). Of this amount, \$12,439,401 (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 \$6,653.
- The Authority's total net position increased by \$2,023,111.
- The Authority's restricted assets increased \$2.6 thousand to \$630.3 thousand during the current fiscal year.

Financial Analysis

Net Position

The Authority's net position increased by \$2.023 million during the fiscal year 2022, which represents a 3.1% increase from the prior fiscal year ending net position. At December 31, 2022, total net position was \$66.57 million as compared to \$64.55 million the previous year.

Condensed Statements of Net Position

	2022	2021	Increase (Decrease)	% Change
Current and other assets	\$ 15,396,377	\$ 13,015,198	\$ 2,381,179	18.3 %
Capital assets	59,432,054	59,286,378	145,676	0.2
Total assets	<u>\$ 74,828,431</u>	<u>\$ 72,301,576</u>	<u>\$ 2,526,855</u>	<u>3.5</u>
Deferred charge on refunding	\$ 8,844	\$ 15,497	\$ (6,653)	(42.9)
Total deferred outflows of resources	<u>\$ 8,844</u>	<u>\$ 15,497</u>	<u>\$ (6,653)</u>	<u>(42.9)</u>
Total assets and deferred outflows of resources	<u>\$ 74,837,275</u>	<u>\$ 72,317,073</u>	<u>\$ 2,520,202</u>	<u>3.5 %</u>
Long-term liabilities outstanding	\$ 4,993,169	\$ 5,646,386	\$ (653,217)	(11.6) %
Other liabilities	2,815,201	2,119,143	696,058	32.8
Total liabilities	<u>\$ 7,808,370</u>	<u>\$ 7,765,529</u>	<u>\$ 42,841</u>	<u>0.6</u>
Deferred inflows of resources	<u>\$ 454,250</u>	<u>-</u>	<u>\$ 454,250</u>	<u>100.0</u>
Net position:				
Net investment in capital assets	\$ 54,135,254	\$ 53,300,910	\$ 834,344	1.6
Unrestricted	<u>12,439,401</u>	<u>11,250,634</u>	<u>1,188,767</u>	<u>10.6</u>
Total net position	<u>\$ 66,574,655</u>	<u>\$ 64,551,544</u>	<u>\$ 2,023,111</u>	<u>3.1</u>
Total liabilities and net position	<u>\$ 74,837,275</u>	<u>\$ 72,317,073</u>	<u>\$ 2,065,952</u>	<u>2.9 %</u>

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 2022-2021, the net position invested in capital assets, net of related debt was \$54.14 million at December 31, 2022 and represents 81% of total net position. The net position invested in capital assets increased by 1.6% or \$834 thousand from 2021.

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 2022-2021, unrestricted net position increased \$1.19 million during the fiscal year 2022 to \$12.44 million, an 10.6% increase from the prior year. Unrestricted net position is 19% of the total net position.

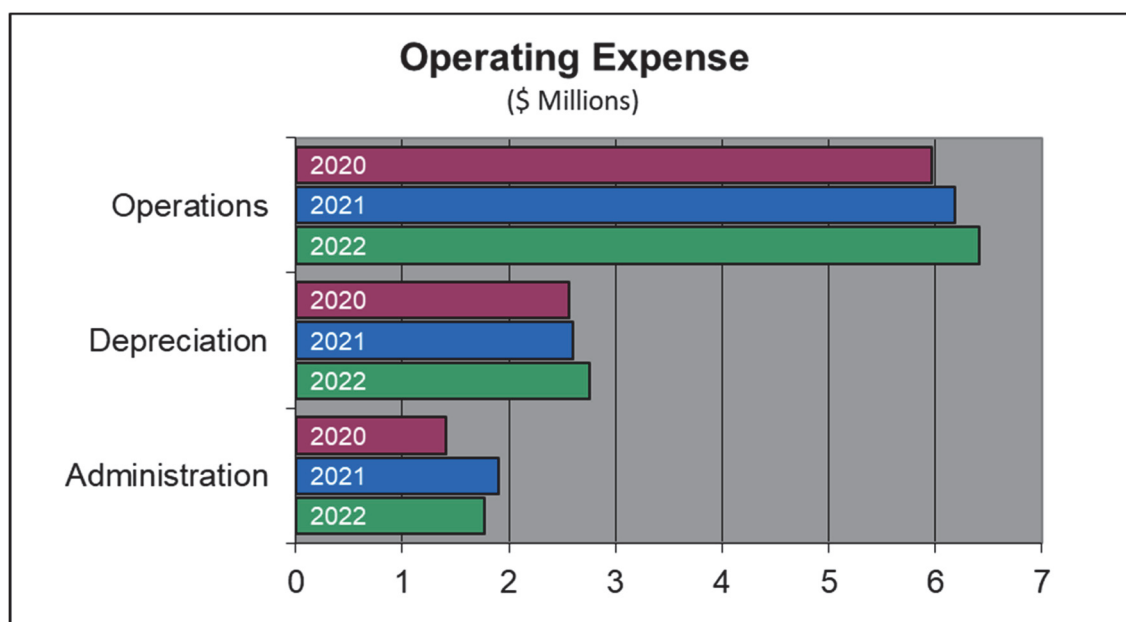
Financial Analysis: (Continued)

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.

The following table summarizes changes in revenues and expenses between fiscal year 2022 and 2021.

Condensed Statements of Revenues, Expenses & Change in Net Position				
	2022	2021	Increase (Decrease)	% Change
Revenues:				
Operating revenues	\$ 11,132,400	\$ 10,219,692	\$ 912,708	8.9 %
Availability fees	1,675,000	1,480,000	195,000	13.2
Other revenue	375,235	451,383	(76,148)	(16.9)
Total revenues	<u>\$ 13,182,635</u>	<u>\$ 12,151,075</u>	<u>\$ 1,031,560</u>	<u>8.5</u>
Expenses:				
Operating expenses	\$ 8,192,349	\$ 8,089,327	\$ 103,022	1.3
Depreciation expense	2,754,555	2,595,981	158,574	6.1
Interest expense	183,142	213,820	(30,678)	(14.3)
Other	992,501	-	992,501	100.0
Total expenses	<u>\$ 12,122,547</u>	<u>\$ 10,899,128</u>	<u>\$ 1,223,419</u>	<u>11.2</u>
Income (loss) before capital contributions	\$ 1,060,088	\$ 1,251,947	\$ (191,859)	(15.3)
Capital contributions	<u>\$ 882,565</u>	<u>\$ 3,200,000</u>	<u>\$ (2,317,435)</u>	<u>(72.4)</u>
Increase (decrease) in net position	\$ 1,942,653	\$ 4,451,947	\$ (2,509,294)	(56.4)
Net position, beginning of year	64,632,002	63,494,547	1,137,455	1.8
Net position, end of year	<u>\$ 66,574,655</u>	<u>\$ 67,946,494</u>	<u>\$ (1,371,839)</u>	<u>(2.0) %</u>



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 2022-2021, operating revenues increased by \$912.7 thousand or 8.9% to \$11.1 million. Water and sewer revenue increased \$1.12 million or 11.8% whereas other revenue, primarily new service installations, decreased \$207.7 thousand or -28.4% from the year ending 2021. The increase in revenue was due to reinstating fees and rate increases.

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 2022-2021, other nonoperating revenue decreased by \$76.1 thousand or -16.9% to \$375,235. Availability fees were up \$195.0 thousand or 13.2% to \$1.68 million. Capital contributions for 2022 totaled \$882.6 thousand, compared to \$3.2 million in 2021. The decrease was due to a decrease in the fair value of investments.

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.

In a comparison of 2022-2021, operating expenses increased \$103.0 thousand or 1.3% to \$8.19 million at the end of 2022. Depreciation expense totaled \$2.755 million at the end of 2022. Interest expense was down \$30.7 thousand or -14.3% to \$183.1 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, 2022, capital assets net of accumulated depreciation was \$59.43 million, an increase of \$145.7 thousand or 0.2% from FYE 2021. As of December 31, 2021, capital assets net of accumulated depreciation was \$5.29 million, a increase of \$3.25 million or 6% from FYE 2020

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and the changes therein for the years ended December 31, 2022 and 2021.

Capital Assets, Net of Accumulated Depreciation				
	2022	2021	Increase (Decrease)	% Change
Land	\$ 1,117,306	\$ 1,117,306	\$ -	- %
Water and sewer systems	54,181,508	54,691,081	(509,573)	(1)
Buildings	207,792	226,725	(18,933)	(8)
Vehicles and equipment	470,236	656,737	(186,501)	(28)
Office equipment	45,438	41,026	4,412	11
Construction in progress	3,409,774	2,553,504	856,270	34
Total capital assets	<u>\$ 59,432,054</u>	<u>\$ 59,286,379</u>	<u>\$ 145,675</u>	<u>0.2 %</u>

Major capital asset activity for the current fiscal year included:

Current Year Projects:

	2022
East Water System Upgrades	\$ 637,901
East Water Treatment Plant	583,320
Madison Water Sewer	411,710

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 \$5,305,644 in bonds and notes outstanding compared to \$6,000,965 last year, a 12% 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 1.28% over this 10-year period.

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.

RAPIDAN SERVICE AUTHORITY
Exhibit 1
Statements of Net Position
At December 31, 2022
(With Comparative Totals for the Prior Year)

	At December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,231,429	\$ 10,657,068
Accounts receivable (net of allowance for uncollectible accounts) (Note 2)	1,658,979	1,226,472
Due from other governments	-	67,464
Lease receivable-Current Portion	227,948	-
Inventory of materials and supplies, at cost	371,875	392,776
Prepaid items	36,994	43,672
Restricted current assets:		
Cash and cash equivalents (Note 6)	630,326	627,746
Total current assets	\$ 15,157,551	\$ 13,015,198
Noncurrent assets:		
Lease Receivable - Non-current	\$ 238,826	\$ -
Capital assets: (Note 7)		
Land and improvements	\$ 1,117,306	\$ 1,117,306
Water and sewer system	106,875,947	104,864,513
Buildings	529,524	529,524
Vehicles and equipment	1,994,251	1,980,781
Office equipment	396,514	377,458
Accumulated depreciation	(54,891,262)	(52,136,708)
Subtotal	\$ 56,022,280	\$ 56,732,874
Construction in progress (Note 8)	3,409,774	2,553,504
Net capital assets	\$ 59,432,054	\$ 59,286,378
Total noncurrent assets	\$ 59,670,880	\$ 59,286,378
Total assets	\$ 74,828,431	\$ 72,301,576
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 8,844	\$ 15,497

Statements of Net Position
At December 31, 2022 and 2021 (Continued)
(With Comparative Totals for the Prior Year)

	At December 31,	
	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 456,875	\$ 522,155
Accrued payroll	74,951	61,873
Accrued payroll taxes	33,772	25,555
Retirement plan and benefits plan payable	10,472	8,770
Due to other governments	804,534	-
Unearned revenue	-	80,458
Accrued interest payable	52,581	59,405
Compensated absences - current portion (Note 4)	43,922	37,860
Current Liabilities (payable from restricted assets):		
Customer deposits	630,326	627,746
Bond principal - current portion (Note 4)	<u>707,768</u>	<u>695,321</u>
Total current liabilities	\$ <u>2,815,201</u>	\$ <u>2,119,143</u>
Noncurrent liabilities:		
Compensated absences - noncurrent portion (Note 4)	\$ 395,293	\$ 340,742
Bond principal - noncurrent portion (Note 4)	<u>4,597,876</u>	<u>5,305,644</u>
Total noncurrent liabilities	\$ <u>4,993,169</u>	\$ <u>5,646,386</u>
Total liabilities	\$ <u>7,808,370</u>	\$ <u>7,765,529</u>
DEFERRED INFLOWS OF RESOURCES		
Leases (Note 11)	<u>454,250</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	\$ 54,135,254	\$ 53,300,910
Unrestricted	<u>12,439,401</u>	<u>11,250,634</u>
Total net position, as restated	\$ <u><u>66,574,655</u></u>	\$ <u><u>64,551,544</u></u>

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

Statements of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2022
(With Comparative Totals for the Prior Year)

	Year Ended December 31,	
	2022	2021
Operating revenues:		
Water Revenues	\$ 4,830,527	\$ 3,724,803
Sewer Revenues	5,777,751	5,763,090
Other Revenues	<u>524,122</u>	<u>731,799</u>
Total operating revenues	\$ <u>11,132,400</u>	\$ <u>10,219,692</u>
Operating expenses:		
Administrative	\$ 1,776,794	\$ 1,908,563
Operations and maintenance	6,415,555	6,180,764
Depreciation expense	<u>2,754,555</u>	<u>2,595,981</u>
Total operating expenses	\$ <u>10,946,904</u>	\$ <u>10,685,308</u>
Operating income (loss)	\$ <u>185,496</u>	\$ <u>(465,616)</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 115,065	\$ 32,289
Net increase (decrease) in the fair value of investments	(208,604)	(55,061)
Interest expense	(183,142)	(213,820)
Gain on disposal of assets	1,000	214
Lease revenue	259,170	248,487
Other income (expenses)	(783,897)	225,454
Availability fees	<u>1,675,000</u>	<u>1,480,000</u>
Total nonoperating revenues (expenses)	\$ <u>874,592</u>	\$ <u>1,717,563</u>
Income (loss) before capital contributions	\$ <u>1,060,088</u>	\$ <u>1,251,947</u>
Capital contributions	\$ <u>882,565</u>	\$ <u>3,200,000</u>
Change in net position	\$ 1,942,653	\$ 4,451,947
Net position, beginning of year, as restated	<u>64,632,002</u>	<u>60,099,597</u>
Net position, end of year	\$ <u><u>66,574,655</u></u>	\$ <u><u>64,551,544</u></u>

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

Statements of Cash Flows
Year Ended December 31, 2022
(With Comparative Totals for the Prior Year)

	Year Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Receipts from customers and users	\$ 10,699,893	\$ 10,109,462
Payments to suppliers	(5,524,648)	(5,425,781)
Payments to and on behalf of employees	(2,284,464)	(2,275,917)
Net cash provided by (used for) operating activities	\$ 2,890,781	\$ 2,407,764
Cash flows from capital and related financing activities:		
Purchases of capital assets	\$ (2,017,665)	\$ (2,664,807)
Proceeds from sale of assets	1,000	17,983
Principal payments on loans and bonds	(636,667)	(615,000)
Availability fees	1,675,000	1,480,000
Interest payments	(241,969)	(268,699)
Net cash provided by (used for) capital and related financing activities	\$ (1,220,301)	\$ (2,050,523)
Cash flows from investing activities:		
Interest received	\$ 115,065	\$ 32,289
Increase (decrease) in fair value of investments subject to fair value reporting and classified as cash equivalents	(208,604)	(55,061)
Net cash provided by (used for) investing activities	\$ (93,539)	\$ (22,772)
Increase (decrease) in cash and cash equivalents	\$ 1,576,941	\$ 334,469
Cash and cash equivalents at beginning of year (including \$627,746 and \$576,326, respectively reported in restricted accounts)	11,284,814	10,950,345
Cash and cash equivalents at end of year (including \$630,326 and \$627,746 respectively reported in restricted accounts)	\$ 12,861,755	\$ 11,284,814
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 185,496	\$ (465,616)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	2,754,555	2,595,981
Lease revenue	259,170	248,487
Other income (expenses)	(783,897)	225,454
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(432,507)	(110,230)
(Increase) decrease in due from other governments	67,464	-
(Increase) decrease in lease receivable	241,256	-
(Increase) decrease in prepaid items	6,678	(3,223)
(Increase) decrease in inventories	20,901	(142,707)
Change in beginning balance	80,458	-
Increase (decrease) in lease deferred inflows of resources	(253,779)	-
Increase (decrease) in compensated absences	60,613	9,057
Increase (decrease) in payables and accrued expenses	684,373	50,561
Net cash provided by (used for) operating activities	\$ 2,890,781	\$ 2,407,764
Supplemental Disclosure:		
Noncash investing, capital, and financing activities:		
Capital assets contributed	\$ 882,565	\$ 3,200,000

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

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements At December 31, 2022

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

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 \$52,988 of gross receivables of \$1,711,967 in 2022.

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

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:

<u>Items</u>	<u>Years</u>
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, 2022 amounted to \$2,754,555.

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.)

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Legal Compliance: (Continued)

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

"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.

<u>Liability For</u>	<u>2022</u>
Annual Leave	\$ 278,867
Sick Leave	<u>160,348</u>
Total Compensated Absences	<u>\$ 439,215</u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

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

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.

Deferred Charge on Refunding:

In fiscal year 2022, the Authority amortized \$6,653 of deferred refunding on revenue bonds. The deferred charge on refunding remaining at December 31, 2022 is \$8,844.

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 includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) 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 includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. A certain item related to leases are reported as deferred inflows of resources. For more information on this item, reference the related notes.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Leases

Rapidan Service Authority leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Authority recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable.
- The Authority monitors changes in circumstances that would require a remeasurement or modification of its leases. The Authority will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Comparative Amounts:

Comparative amounts for the prior year are presented for informational purposes only.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

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:

Year Ending December 31,	Direct Borrowings and Direct Revenue Bonds	
	Principal	Interest
2023	\$ 646,667	\$ 285,959
2024	673,333	253,179
2025	703,333	219,043
2026	290,000	181,311
2027	300,000	164,149
2028-2032	1,700,000	538,586
2033-2034	<u>775,000</u>	<u>69,218</u>
Total	<u>\$ 5,088,333</u>	<u>\$ 1,711,445</u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 4-LONG-TERM LIABILITIES: (CONTINUED)

Long-term liabilities include the following at December 31:

	<u>Principal</u>
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.	\$ 3,875,000
\$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	1,213,333
Premiums on Bonds Issued	<u>217,311</u>
Total revenue bonds	\$ <u>5,305,644</u>
Compensated Absences	\$ <u>439,215</u>
Total long-term obligations	\$ <u><u>5,744,859</u></u>

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 4-LONG-TERM LIABILITIES: (CONTINUED)

Changes in Long-term Liabilities for the year ended December 31, 2022:

	Balance January 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance December 31, 2022	Amount Due Within One Year
Direct Borrowings and Direct Placements:					
Revenue Bonds	\$ 5,705,000	\$ -	\$ 616,667	\$ 5,088,333	\$ 646,667
Revenue Note	20,000	-	20,000	-	-
Compensated Absences	378,602	191,377	130,764	439,215	43,922
Totals	\$ 6,103,602	\$ 191,377	\$ 767,431	\$ 5,527,548	\$ 690,589
Premiums on Bonds Issued	275,965	-	58,654	217,311	61,101
Total obligations for financial statement presentation	\$ <u>6,379,567</u>	\$ <u>191,377</u>	\$ <u>826,085</u>	\$ <u>5,744,859</u>	\$ <u>751,690</u>

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

	2022
Revenue Bonds:	
2009B Series	\$ 3,875,000
Unamortized Premium	46,107
Less Current Portion	<u>(260,000)</u>
Long Term 2009B Series Revenue Bond	\$ <u>3,661,107</u>
2019B Series	\$ 1,213,333
Unamortized Premium	171,204
Less Current Portion	<u>(386,667)</u>
Long Term 2019B Series Revenue Bond	\$ <u>997,870</u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 4—LONG-TERM LIABILITIES: (CONTINUED)

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, 2022, 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.

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, 2022.

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 5—RETIREMENT PLAN: (CONTINUED)

The total payroll for all Rapidan Service Authority employees for 2022 was \$2,368,074. The payroll for those covered by the plan was \$1,435,080.

In 2022 the Rapidan Service Authority contributed \$73,202 for its covered employees or 5.10% of the covered payroll. The employees contributed \$101,414, or 7.07% 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, 2022	\$ 4,109,901
Contributions:	
Employer	73,202
Employee	101,414
Plus:	
Unrealized gain (loss)	(589,193)
Less:	
Distributions	<u>(22,409)</u>
Balance, December 31, 2022	<u>\$ 3,672,915</u>

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 6-DEPOSITS AND INVESTMENTS: (CONTINUED)

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 & 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).

Custodial Credit Risk (Investments)

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

The Authority’s investments at December 31, 2022 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, 2022 were rated by Standard & Poor’s using Standard & Poor’s rating scale.

<u>Authority's Rated Debt Investments - 2022</u>			
<u>Rated Debt Investments Value</u>	<u>Fair Quality Rating</u>		
	<u>AAAm</u>	<u>AA+f/S1</u>	
Local Government Investment Pool	\$ 4,620,242	\$ -	
VML/VACO Virginia Investment Pool Bond Fund	-	4,704,238	
Total	\$ <u>4,620,242</u>	\$ <u>4,704,238</u>	

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 6-DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities - 2022*			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
VML/VACO Virginia Investment Pool	\$ 4,704,238	\$ -	\$ 4,704,238
Local Government Investment Pool	4,620,242	4,620,242	-
Total	<u>\$ 9,324,480</u>	<u>\$ 4,620,242</u>	<u>\$ 4,704,238</u>

* 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.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents customer deposits.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 7—CAPITAL ASSETS:

Details of changes in capital assets for the year ended December 31, 2022 are as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Capital assets not being depreciated:				
Land and improvements	\$ 1,117,306	\$ -	\$ -	\$ 1,117,306
Construction in progress	2,553,504	2,188,239	1,331,969	3,409,774
Total capital assets not being depreciated	<u>\$ 3,670,810</u>	<u>\$ 2,188,239</u>	<u>\$ 1,331,969</u>	<u>\$ 4,527,080</u>
Capital assets, being depreciated:				
Water system	\$ 37,273,781	\$ 1,047,151	\$ -	\$ 38,320,932
Accumulated depreciation	<u>(21,722,767)</u>	<u>(949,104)</u>	<u>-</u>	<u>(22,671,871)</u>
Total	<u>\$ 15,551,014</u>	<u>\$ 98,047</u>	<u>\$ -</u>	<u>\$ 15,649,061</u>
Sewer system	\$ 67,590,733	\$ 964,282	\$ -	\$ 68,555,015
Accumulated depreciation	<u>(28,450,666)</u>	<u>(1,571,902)</u>	<u>-</u>	<u>(30,022,568)</u>
Total	<u>\$ 39,140,067</u>	<u>\$ (607,620)</u>	<u>\$ -</u>	<u>\$ 38,532,447</u>
Buildings	\$ 529,524	\$ -	\$ -	\$ 529,524
Accumulated depreciation	<u>(302,799)</u>	<u>(18,933)</u>	<u>-</u>	<u>(321,732)</u>
Total	<u>\$ 226,725</u>	<u>\$ (18,933)</u>	<u>\$ -</u>	<u>\$ 207,792</u>
Vehicles and equipment	\$ 1,980,781	\$ 13,470	\$ -	\$ 1,994,251
Accumulated depreciation	<u>(1,324,044)</u>	<u>(199,971)</u>	<u>-</u>	<u>(1,524,015)</u>
Total	<u>\$ 656,737</u>	<u>\$ (186,501)</u>	<u>\$ -</u>	<u>\$ 470,236</u>
Office equipment	\$ 377,458	\$ 43,321	\$ 24,265	\$ 396,514
Accumulated depreciation	<u>(336,432)</u>	<u>(38,909)</u>	<u>(24,265)</u>	<u>(351,076)</u>
Total	<u>\$ 41,026</u>	<u>\$ 4,412</u>	<u>\$ -</u>	<u>\$ 45,438</u>
Capital assets, net	<u><u>\$ 59,286,379</u></u>	<u><u>\$ 1,477,644</u></u>	<u><u>\$ 1,331,969</u></u>	<u><u>\$ 59,432,054</u></u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 8—CONSTRUCTION IN PROGRESS:

Details of construction work in progress for the year ended December 31, 2022 are as follows:

Description	Balance January 1, 2022	Cost of Construction	Expense/ Transfer to Capital assets	Balance December 31, 2022
Gordonsville Sewer mains upgrade	\$ -	\$ 145,009	\$ -	\$ 145,009
Greensville Sewer system	1,625	-	-	1,625
Greene Sewer Stanardsville	828	275,098	275,926	-
Route 15 Meter Rehab	2,150	-	-	2,150
East Water Wild Treatment Train	2,283,714	583,320	720,427	2,146,607
East Sewer System upgrades	184,503	691,919	139,088	737,334
Greene WTP Upgrade	43,650	-	43,650	-
CIP - Madison Water System	1,461	411,710	90,336	322,835
12874 CIP Mdison Sewer	35,265	8,094	-	43,359
GIS System	307	10,547	-	10,854
CIP Computer hardware/sotware upgrades	-	62,542	62,542	-
Total	\$ 2,553,503	\$ 2,188,239	\$ 1,331,969	\$ 3,409,773

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 10—LEASES RECEIVABLE:

On Jan 1, 2022, the Authority recorded an initial lease receivable and deferred inflow of resources of \$708,030, as the present value of the future minimum rent payments expected to be received during the lease term. In fiscal year 2022, the Authority recognized lease and interest revenue in the amount of \$250,828 and \$9,572, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>End Date</u>	<u>Length of Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Payment Amount</u>	<u>Discount Rate</u>	<u>Ending Balance</u>
Water Tower	4/30/2025	40 months	annual	\$ 27,600	1.82%	\$ 54,372
Water Tower	4/30/2025	40 months	annual	27,600	1.82%	54,372
Water Tower	8/14/2023	20 months	monthly	2,667	1.30%	21,255
Water Tower	2/21/2025	38 months	monthly	3,370	1.82%	112,480
Water Tower	6/1/2024	29 months	annual	40,406	1.30%	85,316
Water Tower	9/30/2024	33 months	annual	29,749	1.30%	30,344
Water Tower	10/1/2023	21 months	annual	4,860	1.30%	4,958
Water Tower	8/20/2025	44 months	annual	35,564	1.82%	103,677
Water Tower	7/31/2023	19 months	annual	12,101	1.30%	-
Total						<u>\$ 466,774</u>

NOTE 11—UPCOMING FINANCIAL REPORTING PRONOUNCEMENTS:

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.

Statement No. 99, Omnibus 2022, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, Compensated Absences, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2022 (Continued)

NOTE 12—SUBSEQUENT EVENTS:

The following events occurred after the financial statement date of December 31, 2022, but warrant disclosure in the financial statements:

1. On January 1, 2023, The Virginia Resources Authority entered into a Consent agreement agreeing to Greene County's withdrawal from Rapidan Service Authority. Once a certificate of withdrawal is issued by the Virginia State Corporation Commission, Greene County will withdraw from Rapidan Service Authority. There will be financial implications associated with this withdrawal, but the extent of these implications is unknown.
2. On February 1, 2023, the Authority joined the Virginia Retirement System (VRS). Future reports will contain Net Pension Liability (or Asset), Deferred Inflows of Resources, and Deferred Outflows of Resources related to VRS.
3. On April 28, 2023, the Authority's office in Locust Grove, Virginia was destroyed by fire. The office was primarily used for office space and no destruction of inventory occurred. The building was covered by insurance, and the proceeds are expected to cover the cost to rebuild.

NOTE 13—ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* and 92 *Omnibus 2020* during the year ended December 31, 2022. 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of January 1, 2022 related to the leases:

Lessor activity:		
Leases receivable	\$	708,030
Deferred inflows of resources - leases	\$	<u>708,030</u>

NOTE 14 – RESTATEMENT OF NET POSITION:

Beginning Net Position was restated as follows:

Net Position, January 1, 2022, as previously reported	\$	64,551,544
Implementation of GASB 87		<u>80,458</u>
Net Position, January 1, 2022, as restated	\$	<u>64,632,002</u>

Other Supplementary Information

Supporting Schedules

Comparative Schedule of Revenues--Budget and Actual
 Years Ended December 31, 2022

	2022		
	Budget	Actual	Variance Favorable (Unfavorable)
Water Sales & Penalties	\$ 3,985,170	\$ 4,830,527	\$ 845,357
Sewer Operations	5,804,619	5,777,751	(26,868)
Sale of Materials & Supplies	33,000	40,199	7,199
Maintenance Revenue	11,000	7,975	(3,025)
Inspection Fees	45,000	15,118	(29,882)
Miscellaneous/Other	114,547	170,970	56,423
Service Installations	360,250	229,500	(130,750)
Lake of The Woods Non-User Fees	71,600	60,360	(11,240)
Totals	\$ 10,425,186	\$ 11,132,400	\$ 707,214

Comparative Schedule of Operating Expenses--Budget and Actual
Years Ended December 31, 2022

	2022		Variance Favorable (Unfavorable)
	Budget	Actual	
Administrative:			
Personnel	\$ 808,962	\$ 804,899	\$ 4,063
Maintenance	30,900	56,046	(25,146)
Miscellaneous	100	138	(38)
Insurance	150,600	151,152	(552)
Billing and Collection	183,653	171,595	12,058
Audit and Consulting	158,000	126,844	31,156
Wtr/Swr Regulatory Fees	56,000	33,970	22,030
Legal/Bond/Bank Fees	394,100	328,018	66,082
Depreciation	65,335	65,335	-
Board Member Compensation	8,000	9,874	(1,874)
State Unemployment Tax	845	1,671	(826)
Training and Education	17,300	12,679	4,621
Office Supplies and Postage	14,150	14,665	(515)
Utilities	8,000	7,586	414
Communications	101,000	61,642	39,358
Advertising	3,600	3,804	(204)
Transportation Vehicle Expense	9,100	10,285	(1,185)
Total Adminisitrative	\$ 2,009,645	\$ 1,860,203	\$ 149,442
Greene, Route 15 and Route 20			
Water Operations:			
Operating Labor	\$ 269,296	\$ 291,993	\$ (22,697)
Engineering and Design	29,319	25,215	4,104
Maintenance	510,289	273,405	236,884
Treatment Supplies and Materials	42,600	43,521	(921)
Vehicle Expense/Gas and Oil	18,200	5,479	12,721
Utilities	106,000	91,493	14,507
Purchased Water	400,384	409,626	(9,242)
Testing/Biosolids Mgmt	25,000	9,825	15,175
Depreciation	511,990	511,990	-
Total Greene, Route 15 and Route 20			
Water Operations	\$ 1,913,078	\$ 1,662,547	\$ 250,531
Greene Sewer Operations:			
Operating Labor	\$ 125,975	\$ 128,639	\$ (2,664)
Engineering and Design	8,227	4,938	3,289
Maintenance	570,000	398,009	171,991
Treatment Supplies and Materials	37,000	38,677	(1,677)
Vehicle Expense/Gas & Oil	7,900	5,894	2,006
Utilities	101,000	110,121	(9,121)
Testing/Biosolids Mgmt	63,000	68,637	(5,637)
Depreciation	420,493	420,493	-
Total Greene Sewer Operations	\$ 1,333,595	\$ 1,175,408	\$ 158,187
Madison Water & Sewer Operations:			
Operating Labor	\$ 158,942	\$ 176,868	\$ (17,926)
Engineering and Design	2,819	1,279	1,540
Maintenance	137,868	122,933	14,935
Vehicle Expense/Gas & Oil	5,600	1,980	3,620
Utilities	33,000	31,282	1,718
Treatment Supplies & Materials	15,000	20,734	(5,734)
Testing Biosolids Mgmt	27,000	12,143	14,857
Depreciation	117,352	117,352	-
Total Madison Water & Sewer Operations	\$ 497,581	\$ 484,571	\$ 13,010

RAPIDAN SERVICE AUTHORITY

Schedule 2

Page 2 of 2

Comparative Schedule of Operating Expenses--Budget and Actual
Years Ended December 31, 2022

	2022		Variance
	Budget	Actual	Favorable (Unfavorable)
Gordonsville Sewer Operations:			
Operating Labor	\$ 113,768	\$ 77,212	\$ 36,556
Engineering and Design	2,449	3,850	(1,401)
Maintenance	175,500	156,465	19,035
Treatment Supplies & Materials	7,000	9,417	(2,417)
Vehicle Expense/Gas & Oil	2,500	8,024	(5,524)
Purchased Water	1,000	3,546	(2,546)
Utilities	50,000	50,206	(206)
Testing Biosolids Mgmt	30,000	15,709	14,291
Depreciation	100,079	100,079	-
Total Gordonsville Sewer Operations	\$ 482,296	\$ 424,508	\$ 57,788
Engineering:			
Operating Labor	\$ 63,765	\$ 107,126	\$ (43,361)
Maintenance	500	239	261
Vehicle Expense/Gas & Oil	6,000	5,627	373
Depreciation	6,431	6,431	-
Total Engineering	\$ 76,696	\$ 119,423	\$ (42,727)
Maintenance:			
Operating Labor	\$ 122,102	\$ 103,168	\$ 18,934
Maintenance	27,000	18,243	8,757
Materials for Resale	16,667	17,852	(1,185)
Utilities	3,000	3,527	(527)
Vehicles	3,915	5,785	(1,870)
Gas and Oil	13,500	11,451	2,049
Depreciation	26,423	26,423	-
Total Maintenance	\$ 212,607	\$ 186,449	\$ 26,158
Orange East Water & Sewer Operations:			
Operating Labor	\$ 814,293	\$ 793,605	\$ 20,688
Engineering and Design	46,468	8,355	38,113
Maintenance	1,376,000	1,075,867	300,133
New Service Installations	215,500	112,922	102,578
Treatment Supplies & Materials	475,000	640,412	(165,412)
Utilities	665,000	681,192	(16,192)
Vehicle Expense/Gas & Oil	80,000	80,754	(754)
Testing/Biosolids Mgmt	150,000	134,237	15,763
Depreciation	1,506,451	1,506,451	-
Total Orange East Water & Sewer Operations	\$ 5,328,712	\$ 5,033,795	\$ 294,917
TOTALS	\$ 11,854,210	\$ 10,946,904	\$ 907,306

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
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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
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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
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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
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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
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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.

Net Position by Component
Last Ten Fiscal Years

Primary Government	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net investment in capital assets	\$ 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	\$ 54,135,254
Unrestricted	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	12,439,401
Total primary government net position	<u>\$ 57,830,466</u>	<u>\$ 57,804,243</u>	<u>\$ 57,618,780</u>	<u>\$ 57,803,275</u>	<u>\$ 57,438,283</u>	<u>\$ 57,910,538</u>	<u>\$ 59,042,600</u>	<u>\$ 60,099,597</u>	<u>\$ 64,551,544</u>	<u>\$ 66,574,655</u>

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.

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
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
2022	11,132,400	10,946,904	874,592	1,060,088	882,565	1,942,653

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

Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year		Water Revenue		Sewer Revenue		Other Revenue		Total
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
2022		4,830,527		5,777,751		524,122		11,132,400

Operating Expenses by Source
Last Ten Fiscal Years

Fiscal Year	Employment Costs	Operations	Utilities	Administrative	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
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
2022	3,191,240	3,203,222	833,578	964,309	8,192,349	2,754,555	10,946,904

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)
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
2022	(93,539)	(183,142)	1,000	-	(783,897)	259,170	1,675,000	874,592

Water Consumed and Wastewater Treated
Last Ten Fiscal Years

Fiscal Year	Gallons of Water Purchased/ Treated (Millions)	Gallons of Wastewater Treated (Millions)
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
2022	732.9	563.0

Data internally compiled from Rapidan Service Authority.

Annual Number of EDU's Purchased
Last Ten Fiscal Years

Fiscal Year	Water EDUs*	Sewer EDUs*	Total EDUs*
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
2022	70	98	168

* Equivalent Dwelling Units

Data internally compiled from Rapidan Service Authority

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

Fiscal Year	Water										Total
	Residential					Non-Residential					
	Rte 15		LOW /			Rte 15		LOW /			
	Greene	G'ville	Rte 20	Wilderness	Madison	Greene	G'ville	Rte 20	Wilderness	Madison	
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
2022	2,736	99	139	5,094	178	283	20	13	75	112	8,749

Fiscal Year	Sewer										Total
	Residential					Non-Residential					
	Rte 15		LOW /			Rte 15		LOW /			
	Greene	G'ville	Rte 20	Wilderness	Madison	Greene	G'ville	Rte 20	Wilderness	Madison	
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
2022	898	778	0	5,126	92	182	14	0	77	84	7,251

Non-Users		
Fiscal Year	Greene County	LOW / Wilderness
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
2022	36	251

Data internally compiled from Rapidan Service Authority

Water and Sewer Rates
Last Ten Years

Water Rate per 1,000 Gallons										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Greene County	\$ 3.30	\$ 3.30	\$ 3.47	\$ 3.47	\$ 3.47	\$ 4.22	\$ 4.97	\$ 5.57	\$ 6.17	\$ 6.67
Rte 15	5.10	5.10	5.10	5.10	6.12	6.12	6.12	7.34	7.34	7.34
Rte 20	2.36	2.36	2.36	2.36	2.83	2.83	2.83	3.40	3.40	3.40
LOW/Wilderness	3.08	3.08	3.08	3.08	3.70	3.70	3.70	4.44	4.44	4.44
Madison County	4.62	5.08	5.59	5.59	5.59	8.27	9.27	10.27	11.27	12.27
Gordonsville (Contract)	3.83	4.30	4.30	4.30	5.16	5.55	5.60	5.81	5.81	6.22

Sewer Rate per 1,000 Gallons										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Greene County	\$ 7.98	\$ 7.98	\$ 8.38	\$ 8.38	\$ 8.38	\$ 8.78	\$ 9.18	\$ 9.68	\$ 10.08	\$ 10.38
Gordonsville	6.83	6.83	6.83	6.83	8.54	8.54	8.54	8.54	8.54	12.77
LOW/Wilderness	11.39	11.39	11.39	11.39	12.53	12.53	12.53	13.78	13.78	13.78
Madison County	8.64	9.50	10.45	10.45	10.45	16.35	17.35	18.35	19.35	20.35

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

Schedule of Rates

At December 31, 2022

	Water	Sewer
Greene County Water & Sewer Systems		
Minimum Monthly Charge 0-2000 gal.	\$16.34	\$28.82
Rate Per 1000 Gallons	\$6.67	\$10.38
% 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	\$6.22	
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.		\$28.54
Rate Per 1000 Gallons		\$12.77
% 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.	\$27.54	\$43.70
Rate Per 1000 Gallons	\$12.27	\$20.35
% of Water Usage		90%
Availability Fee Per EDU	\$10,000	\$10,000
Unmetered Accounts - Flat Fee		\$116.96
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

Five Largest Customers
Current Year and Nine Years Ago

2013		
Customer	Type	Annual Consumption
Customer 1	Municipality	66,459,000
Customer 2	Public School System	5,117,000
Customer 3	Public School System	4,505,000
Customer 4	Nursing Home	4,083,000
Customer 5	Mobile Home Park	3,691,000
2022		
Customer	Type	Annual Consumption
Customer 1	Municipality	88,047,900
Customer 2	Nursing Home	4,043,600
Customer 3	Mobile Home Park	3,875,200
Customer 4	Public School System	3,104,500
Customer 5	Public School System	2,940,500

Data internally compiled from Rapidan Service Authority

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
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
2022	5,088,333	-	217,311	5,305,644	16,740	317

Data internally compiled from Rapidan Service Authority

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Year Ended December 31,	Gross Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal	Debt Service Requirements Interest (3)	Total	Coverage
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
2022	12,190,134	8,192,349	3,997,785	636,667	183,142	819,809	4.88

(1) Includes availability fees & WQIF Grant funds received

(2) Excludes depreciation

(3) Interest does not include cip interest during construction

Demographic and Economic Statistics
Last Ten Years

Greene County				
Calendar Year	Population (1)	Per Capita Income	Total Personal Income (2)	Unemployment Rate (3)
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%
2022	21,165	51,152	not available	2.3%

Madison County				
Calendar Year	Population (1)	Per Capita Income	Total Personal Income (2)	Unemployment Rate (3)
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%
2022	14,017	55,148	not available	1.8%

Orange County				
Calendar Year	Population (1)	Per Capita Income	Total Personal Income (2)	Unemployment Rate (3)
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%
2022	37,109	57,849	not available	2.7%

(1) Data compiled through the Weldon Cooper Center for Public Service and is subject to changes as estimates are refined

(2) Data compiled 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

Construction Permits
Last Ten Calendar Years

Fiscal Year	Greene	Madison	Orange
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
2022	120	N/A	264

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

Principal Employers

Current Year and Nine Years Ago

2013		2022	
Employer	# of Employees	Employer	# of Employees
Greene County	Greene County School Board	Greene County School Board	500 - 999 Employees
	Wal Mart	Wal Mart	250 - 499 Employees
	County of Greene	County of Greene	100 - 249 Employees
	Sunland Employee Leasing LLC	Lowe's Home Centers, Inc	100 - 249 Employees
	Lowe's Home Centers, Inc	Blue Ridge School	50 - 99 Employees
Madison County	Madison County School Board	Plow & Hearth LLC	250 - 499 Employees
	The Plow and Hearth	Madison County School Board	250 - 499 Employees
	Woodberry Forest School	Woodberry Forest School	250 - 499 Employees
	County of Madison	County of Madison	100 - 249 Employees
	Autumn Corporation	Madison Wood Preservers, Inc	50 - 99 Employees
Orange County	Orange County School Board	Orange County School Board	500 - 999 Employees
	Germanna Community College	County of Orange	250 - 499 employees
	Von Holtzbrinck Publishing	Von Holtzbrink Publishing	250 - 499 employees
	American Woodmark Corporation	Aerojet General Corp	250 - 499 employees
	Wal Mart	Wal Mart	250 - 499 employees

Data compiled through Virginia Employment Commission using 3rd quarter 2022 and 3rd quarter 2013 figures

Number of Employees by Identifiable Activity
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Plant Operators	15	17	15	14	14	14	14	14	14	13
Maintenance / Construction	15	14	14	13	14	14	14	14	17	13
Admin/Customer Service/Engineering	11	10	10	10	11	12	12	12	11	12
Total	<u>41</u>	<u>41</u>	<u>39</u>	<u>37</u>	<u>39</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>42</u>	<u>38</u>

Data internally compiled from Rapidan Service Authority

Operating and Capital Indicators
Last Ten Fiscal Years

Drinking Water	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Produced/Purchased (millions of gallons)										
Greene	212.6	223.8	220.1	210.4	205.9	203.7	212.4	233.6	239.9	230.1
Rte. 15	99.2	98.0	110.7	101.1	81.0	108.3	99.9	103.2	118.4	114.9
Rte 20	7.2	6.9	7.4	6.5	6.7	7.8	7.5	8.0	8.0	6.9
LOW/Wilderness	265.6	268.3	231.5	282.5	274.8	280.1	294.7	330.1	346.5	350.2
Madison	29.1	24.6	25.9	25.8	28.2	28.1	27.4	24.3	25.5	30.8
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	1,250,000
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	81
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	73	73	73	73	73	73	73	74	74	75
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	43
Gordonsville	18	18	18	18	18	18	18	18	18	18
LOW/Wilderness	90	90	90	90	90	90	90	92	92	93
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	64.8	71.0	71.8	66.8	72.0	83.8	72.5	82.4	79.3	92.9
Gordonsville	155.3	126.6	126.0	112.1	87.0	200.9	173.0	200.6	146.0	154.7
LOW/Wilderness	321.9	291.9	282.9	260.2	273.6	295.8	284.6	313.2	290.4	295.9
Madison	19.1	18.1	22.6	25.3	25.1	34.7	26.8	24.7	20.7	19.5

Data internally compiled from Rapidan Service Authority

Fact Sheet

The Rapidan Service Authority (RSA) presently employs 38 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 81 miles of mains with 394 fire hydrants are dispersed throughout the system. The Greene County water system serves over 3,000 connections in 47 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 43 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 170 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. 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 75 miles of water mains. There are approximately 5,083 connections on the East system including 6 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 93 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

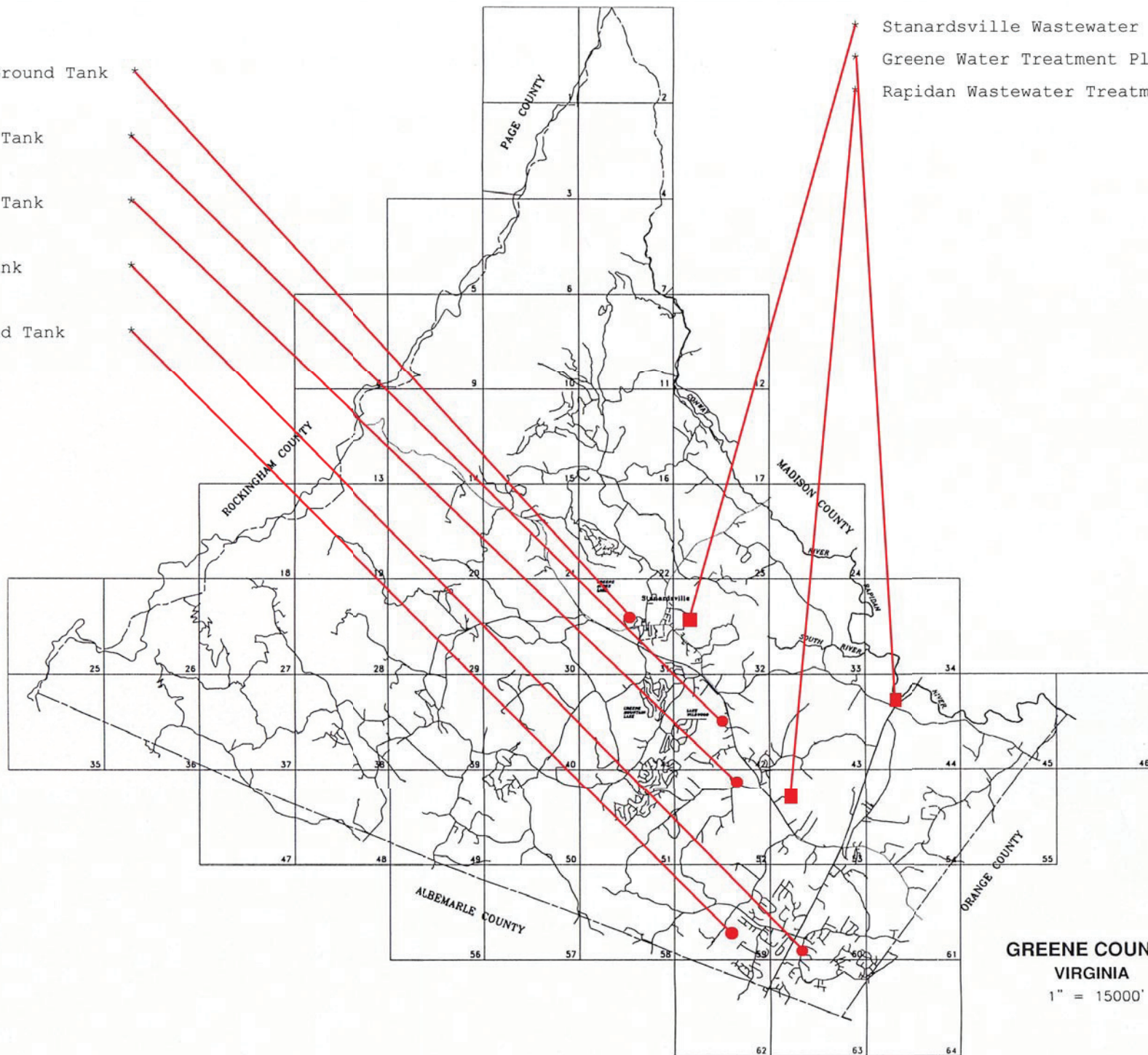
-
Preddy Creek Tank

-
Route 644 Ground Tank

Stanardsville Wastewater Treatment Plant

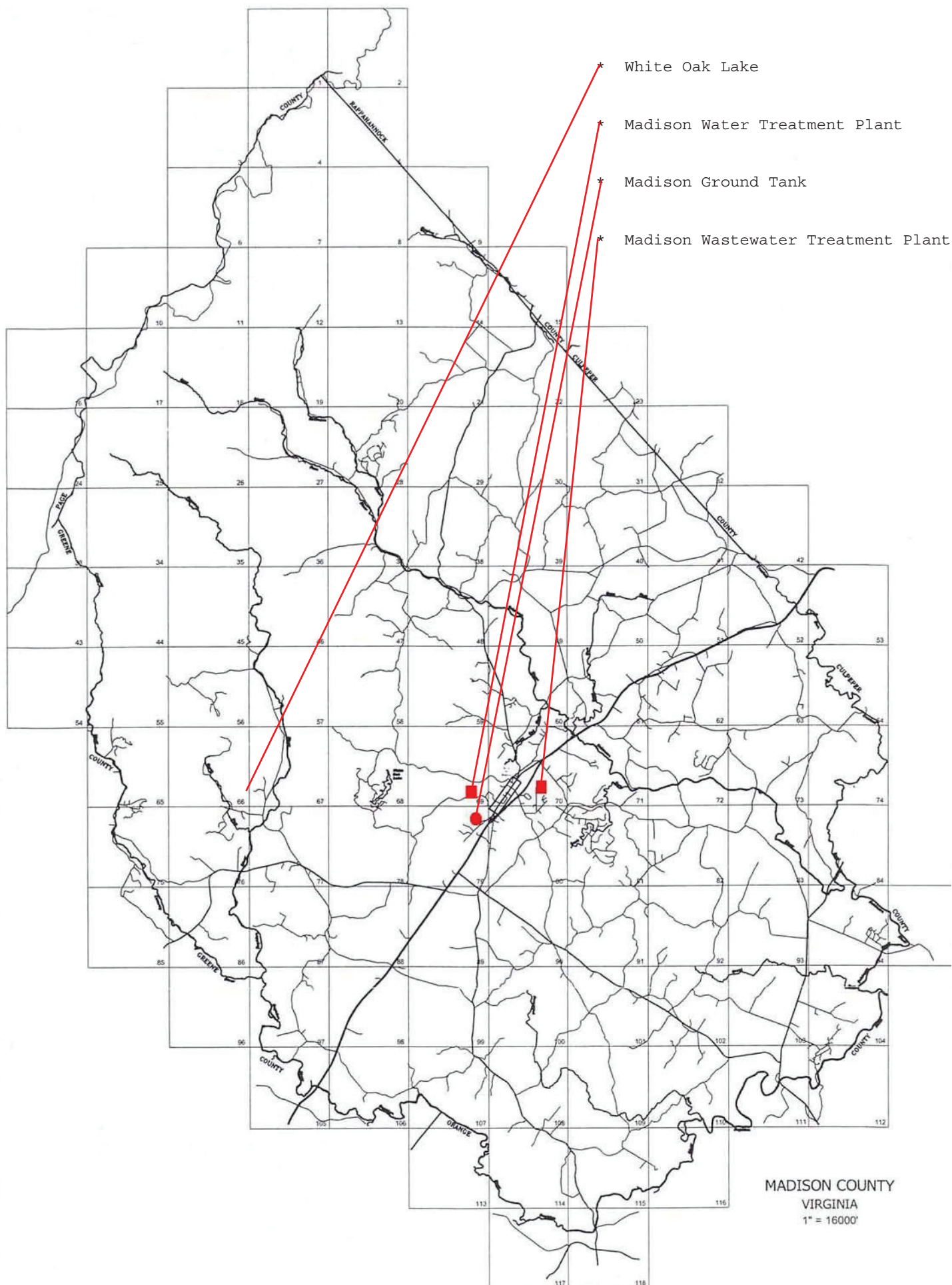
Greene Water Treatment Plant

Rapidan Wastewater Treatment Plant



GREENE COUNTY
VIRGINIA

1" = 15000'



Wilderness Wastewater Treatment Plant

Wilderness Water Treatment Plant

Route 601 Water Tank

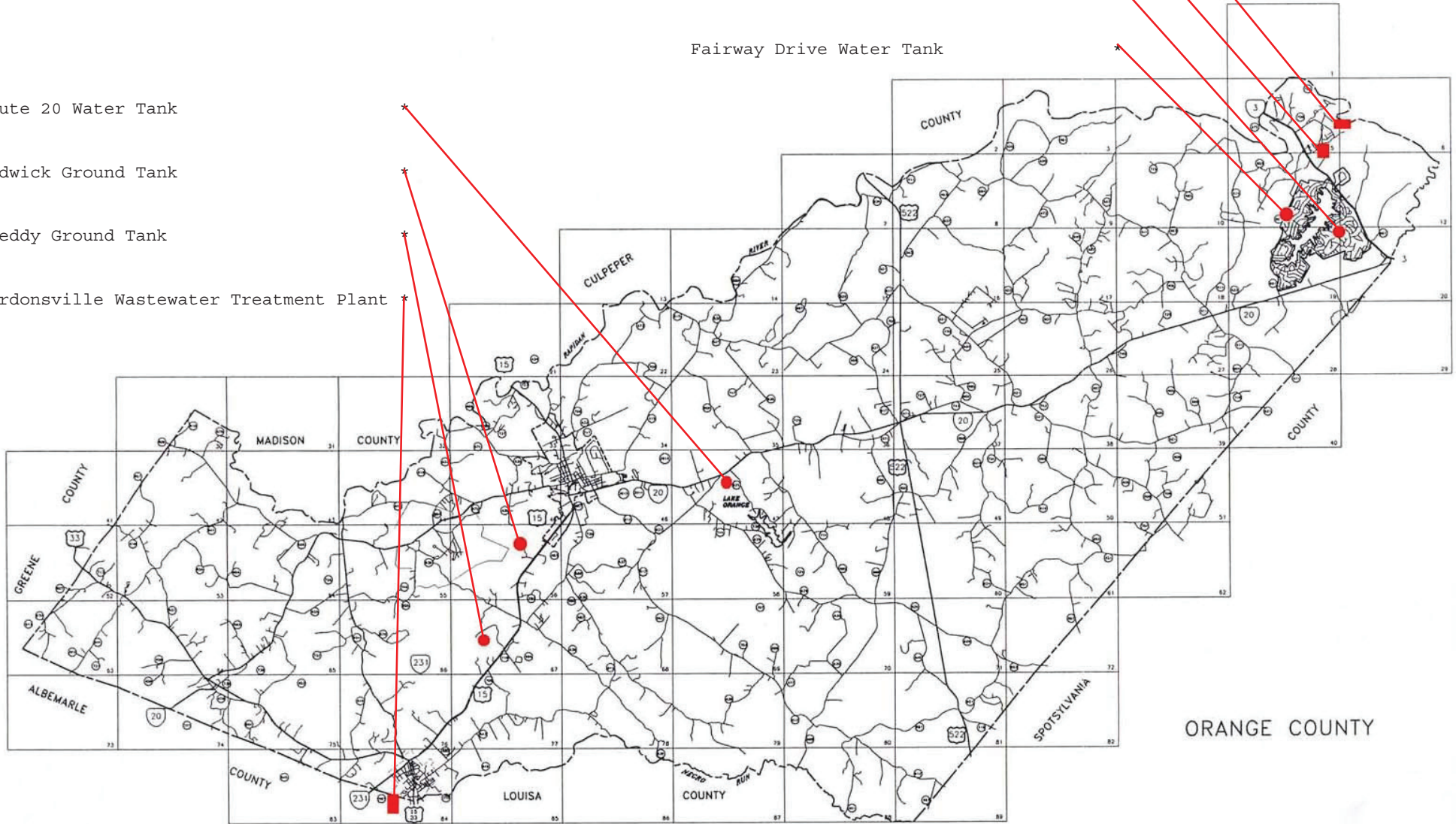
Fairway Drive Water Tank

Route 20 Water Tank

Sedwick Ground Tank

Preddy Ground Tank

Gordonsville Wastewater Treatment Plant



ORANGE COUNTY



**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, 2022, 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 9, 2023.

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 or significant deficiencies 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, Farney Cox Associates

Charlottesville, Virginia

May 9, 2023