



RAPIDAN SERVICE AUTHORITY

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2023

**SERVING ORANGE & MADISON
COUNTIES, VIRGINIA**

**RAPIDAN SERVICE AUTHORITY
RUCKERSVILLE, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023**

Serving Orange and Madison Counties, Virginia

Prepared by the Accounting Department

**RAPIDAN SERVICE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023**

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Front Cover	1
Title Page	2
Table of Contents	3-4
Authority Board of Members	5
Letter of Transmittal, Chairman	6
Letter of Transmittal, General Manager	7-10
Certificate of Achievement	11
Organization Chart	12

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13-16
Management's Discussion and Analysis	17-22
Basic Financial Statements:	<u>Exhibit</u> <u>Page</u>
Statements of Net Position	1 24-25
Statements of Revenues, Expenses, and Changes in Net Position	2 26
Statements of Cash Flows	3 27
Notes to Financial Statements	28-46

Other Supplementary Information:	<u>Schedule</u> <u>Page</u>
Supporting Schedules:	
Comparative Schedule of Revenues—Budget and Actual	1 49
Comparative Schedule of Operating Expenses—Budget and Actual	2 50-51

	<u>Table</u>	<u>Page</u>
<u>STATISTICAL SECTION</u>		
Net Position by Component, Last Ten Fiscal Years	1	53
Change in Net Position, Last Ten Fiscal Years	2	54
Operating Revenues by Source, Last Ten Fiscal Years	3	55
Operating Expenses by Source, Last Ten Fiscal Years	4	56

**RAPIDAN SERVICE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023**

TABLE OF CONTENTS (Continued)

	Table	Page
<u>STATISTICAL SECTION (CONTINUED)</u>		
Nonoperating Revenues and Expenses, Last Ten Fiscal Years	5	57
Water Consumed and Wastewater Treated, Last Ten Fiscal Years	6	58
Annual Number of EDU's Purchased, Last Ten Fiscal Years	7	59
Number of Water and Sewer Accounts by Type, Last Ten Fiscal Years	8	60
Water and Sewer Rates, Last Ten Fiscal Years	9	61
Schedule of Rates, At December 31, 2023	10	62
Five Largest Customers, Current Year and Nine Years Ago	11	63
Ratio of Outstanding Debt, Last Ten Fiscal Years	12	64
Pledged-Revenue Coverage, Last Ten Fiscal Years	13	65
Demographic and Economic Statistics, Last Ten Years	14	66
Construction Permits, Last Ten Calendar Years	15	67
Principal Employers, Current Year and Nine Years Ago	16	68
Number of Employees by Identifiable Activity, Last Ten Fiscal Years	17	69
Operating and Capital Indicators, Last Ten Fiscal Years	18	70
Fact Sheet		71-73
Greene County— Informational Map		74
Madison County— Informational Map		75
Orange County— Informational Map		76
		Page
<u>COMPLIANCE SECTION</u>		
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 <i>Government Auditing Standards</i>		77-78

RAPIDAN SERVICE AUTHORITY

BOARD MEMBERS

Madison County: Troy Copping, Vice Chairman
 Pete Elliott

Orange County: Mark Johnson, Chairman
 Keith Marshall
 Theodore "Ted" Voorhees

OFFICERS

Timothy L. Clemons, Secretary-Treasurer

Timothy L. Clemons, General Manager



April 18, 2024

TO: Madison County Board of Supervisors
Orange County Board of Supervisors
Towns of Gordonsville, Madison, and Orange
Citizens of 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 2023.

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 2022 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,

R. Mark Johnson
Chairman, Board of Members
Rapidan Service Authority



April 18, 2024

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, 2023, 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 Orange and Madison Counties. Each County's Board of Supervisors appoints representatives to serve on the RSA Board of Members. Orange County appoints three members, and Madison County appoints two 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 Orange and Madison. 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. 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 five water and wastewater treatment plants within its chartered service area. 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 and to the Town of Gordonsville as well as 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 two Counties that comprise RSA's service area are typically rural with a majority of the population commuting to jobs outside of the Counties. Both counties are expected to see some future growth. The Weldon Cooper Center for Public Service is estimating a 2% increase in population from 2020 to 2030 for Madison County 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 difficult 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 2023. Water revenue decreased by 24.6% from 2022 and sewer revenue decreased by 4.9% from 2022. For the year, total operating revenue decreased \$1.56 million or 14% from 2022. The decrease was due to the exit of Greene County from the Authority.

In 2023, RSA's operating expenses totaled approximately \$10.61 million. Operations and maintenance accounted for 60% of operating expenses, with depreciation representing 25% of the total and administration accounting for 15%. For the year, RSA's total operating expenses decreased by \$333 thousand, or 3% from 2022.

FY 2023, RSA incurred \$1,039,350 in operating loss as compared to an operating gain of \$185,495 in 2022. The decrease was due to the exit of Greene County from the Authority.

Debt Administration

Debt service coverage (gross revenue less direct operating expenses) was 5.13 times the annual debt service. Section 5.2 of the Authority's Revenue Bonds requires coverage of 1.15. Principal payments made on long-term indebtedness was \$646,667 in FYE 2023 and \$636,667 in FYE 2022. Debt payments in 2023 totaled \$797,974. At December 31, 2023, long-term outstanding debt totaled \$5,036,107 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 2023. 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, 2022. RSA has received this prestigious award 39 of the last 40 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 black ink that reads "Timothy L. Clemons GM/RSA". The signature is written in a cursive style with a large initial 'T'.

Timothy L. Clemons
General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

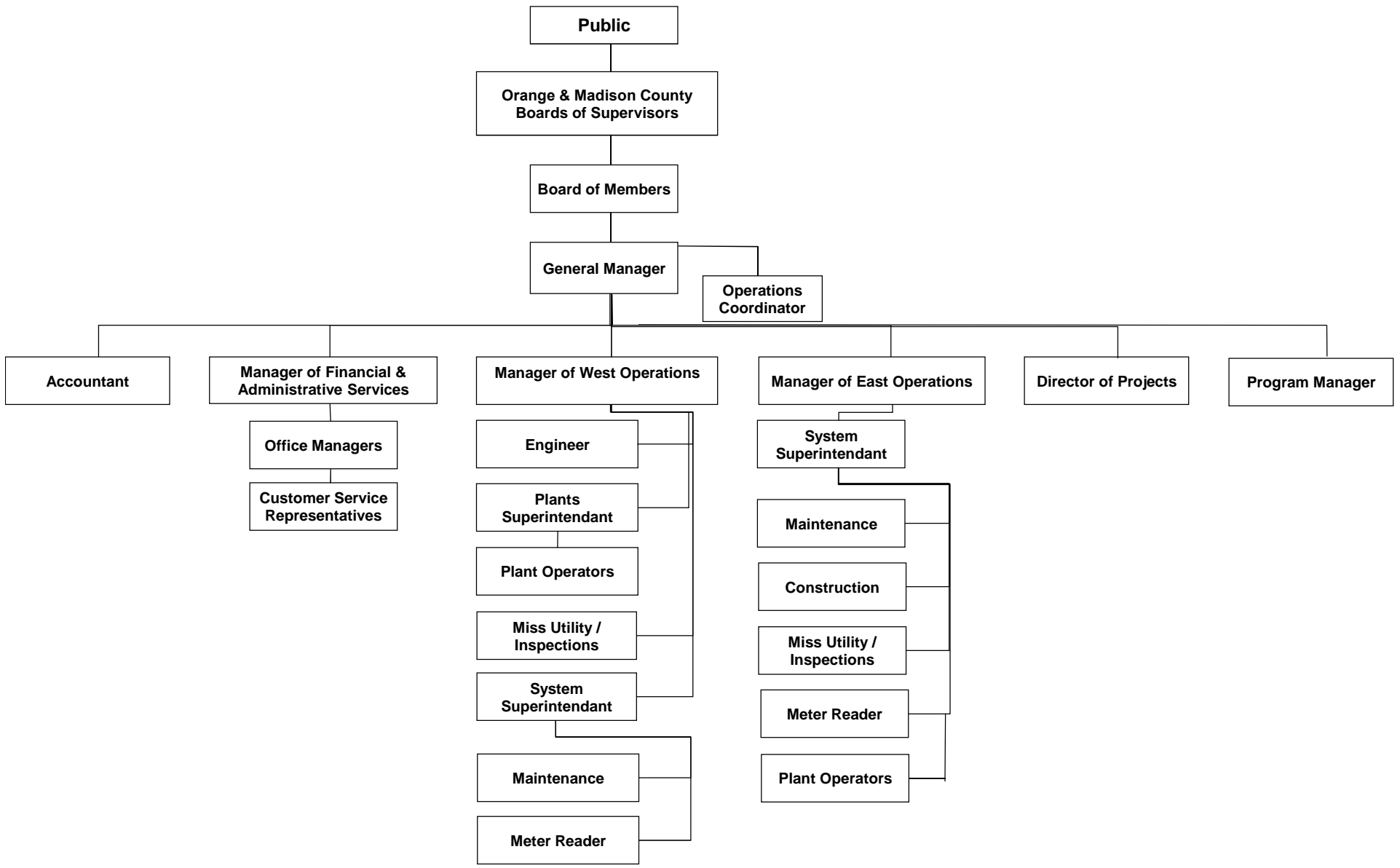
**Rapidan Service Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

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, 2023, 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, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rapidan Service Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements: (Continued)

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.

Auditors' 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 auditors' 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 auditors' 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 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 March 29, 2024, 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
March 29, 2024

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, 2023. 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 \$52,347,268 (net position). Of this amount, \$9,840,973 (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors.

Financial Highlights: (Continued)

- The Authority's deferred outflows of resources decreased by \$4,859.
- The Authority's total net position decreased by \$14,227,388.
- The Authority's restricted assets decreased \$176.6 thousand to \$453.7 thousand during the current fiscal year.

Financial Analysis

Net Position

The Authority's net position decreased by \$14.2 million during the fiscal year 2023, which represents a 21.4% decrease from the prior fiscal year ending net position. At December 31, 2023, total net position was \$52.35 million as compared to \$66.57 million the previous year.

	Condensed Statements of Net Position			
	2023	2022	Increase (Decrease)	% Change
Current and other assets	\$ 11,429,675	\$ 15,396,377	\$ (3,966,702)	(25.8) %
Capital assets	47,100,187	59,432,054	(12,331,867)	(20.7)
Total assets	<u>\$ 58,529,862</u>	<u>\$ 74,828,431</u>	<u>\$ (16,298,569)</u>	<u>(21.8)</u>
Deferred charge on refunding	\$ 3,985	\$ 8,844	\$ (4,859)	(54.9)
Total deferred outflows of resources	<u>\$ 3,985</u>	<u>\$ 8,844</u>	<u>\$ (4,859)</u>	<u>(54.9)</u>
Total assets and deferred outflows of resources	<u>\$ 58,533,847</u>	<u>\$ 74,837,275</u>	<u>\$ (16,303,428)</u>	<u>(21.8) %</u>
Long-term liabilities outstanding	\$ 4,255,890	\$ 4,993,169	\$ (737,279)	(14.8) %
Other liabilities	1,701,902	2,815,200	(1,113,298)	(39.5)
Total liabilities	<u>\$ 5,957,792</u>	<u>\$ 7,808,369</u>	<u>\$ (1,850,577)</u>	<u>(23.7)</u>
Deferred inflows of resources	\$ 228,787	454,250	\$ (225,463)	100.0
Net position:				
Net investment in capital assets	\$ 42,506,295	\$ 54,135,254	\$ (11,628,959)	(21.5)
Unrestricted	9,840,973	12,439,402	(2,598,429)	(20.9)
Total net position	<u>\$ 52,347,268</u>	<u>\$ 66,574,656</u>	<u>\$ (14,227,388)</u>	<u>(21.4)</u>
Total liabilities and net position	<u>\$ 58,533,847</u>	<u>\$ 74,837,275</u>	<u>\$ (16,077,965)</u>	<u>(21.5) %</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.

Financial Analysis: (Continued)

Net Position: (Continued)

Net investment in capital assets: (Continued)

In a comparison of 2023-2022, the net position invested in capital assets, net of related debt was \$42.51 million at December 31, 2023 and represents 81% of total net position. The net position invested in capital assets decreased by 21.5% or \$11.63 million from 2022.

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 2023-2022, unrestricted net position decreased \$2.60 million during the fiscal year 2023 to \$9.84 million, an 20.9% decrease from the prior year. Unrestricted net position is 19% of the total net position.

Changes in Revenues, Expenses & Changes in Net Position

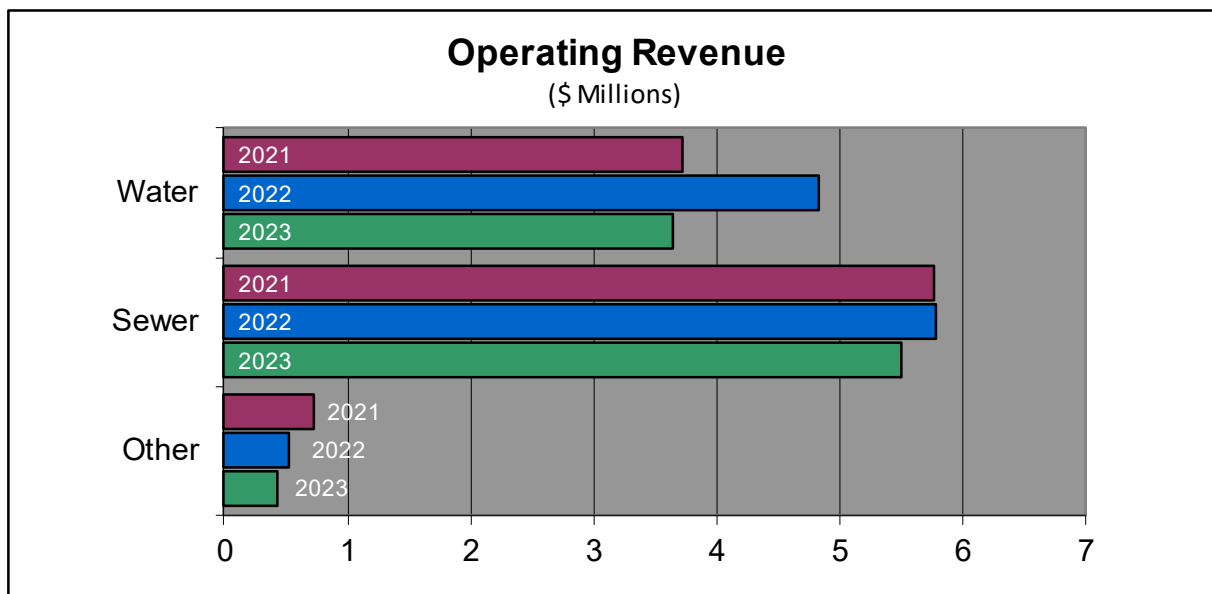
While the Statements of Net Position reflect the change in the Authority's financial position, the Statements of Revenues, Expenses and Changes in Net Position provide insight as to the nature and source of those changes. A comparison of the current fiscal year's actual and budgeted income is found on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

The following table summarizes changes in revenues and expenses between fiscal year 2023 and 2022.

	Condensed Statements of Revenues, Expenses & Change in Net Position			
	2023	2022	Increase (Decrease)	% Change
Revenues:				
Operating revenues	\$ 9,574,276	\$ 11,132,400	\$ (1,558,124)	(14.0) %
Availability fees	2,590,000	1,675,000	915,000	54.6
Other revenue	1,002,710	375,235	627,475	167.2
Total revenues	<u>\$ 13,166,986</u>	<u>\$ 13,182,635</u>	<u>\$ (15,649)</u>	<u>(0.1)</u>
Expenses:				
Operating expenses	\$ 7,911,560	\$ 8,192,349	\$ (280,789)	(3.4)
Depreciation expense	2,702,066	2,754,555	(52,489)	(1.9)
Interest expense	151,307	183,142	(31,835)	(17.4)
Other	21,429,988	992,500	20,437,488	100.0
Total expenses	<u>\$ 32,194,921</u>	<u>\$ 12,122,546</u>	<u>\$ 20,072,375</u>	<u>165.6</u>
Income (loss) before capital contributions	\$ (19,027,935)	\$ 1,060,089	\$ (20,088,024)	(1,894.9)
Capital contributions	<u>\$ 4,800,548</u>	<u>\$ 882,565</u>	<u>\$ 3,917,983</u>	<u>443.9</u>
Increase (decrease) in net position	\$ (14,227,387)	\$ 1,942,654	\$ (16,170,041)	(832.4)
Net position, beginning of year	<u>66,574,655</u>	<u>64,632,002</u>	<u>1,942,653</u>	<u>3.0</u>
Net position, end of year	<u>\$ 52,347,268</u>	<u>\$ 66,574,656</u>	<u>\$ (14,227,388)</u>	<u>(21.4) %</u>

Financial Analysis: (Continued)

Changes in Revenues, Expenses & Changes in Net Position: (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 2023-2022, operating revenues decreased by \$1.56 million or -14% to \$9.57 million. Water and sewer revenue decreased \$1.47 million or -13.2% whereas other revenue, primarily new service installations, decreased \$87.6 thousand or -1% from the year ending 2022. The decrease in revenue was due to losing the Greene County service area in June of 2023.

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 2023-2022, other nonoperating revenue increased by \$627.48 thousand or 167.2% to \$1,002,710. Availability fees were up \$915 thousand or 55% to \$2.59 million. Capital contributions for 2023 totaled \$4.8 million, compared to \$992.5 thousand in 2022.

Operating & nonoperating expenses

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

Financial Analysis: (Continued)

Changes in Revenues, Expenses & Changes in Net Position: (Continued)

Operating & nonoperating expenses: (Continued)

In a comparison of 2023-2022, operating expenses decreased \$280.79 thousand or -3.4% to \$7.91 million at the end of 2023. Depreciation expense totaled \$2.750 million at the end of 2023. Interest expense was down \$31.8 thousand or -17.4% to \$151.3 thousand at year end. The decrease in expenses was due to losing the Greene County service area in June of 2023.

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, 2023, capital assets net of accumulated depreciation was \$25.52 million, a decrease of \$33.91 million or -57.1% from FYE 2022. As of December 31, 2022, capital assets net of accumulated depreciation was \$59.4 million, a increase of \$145.68 thousand or 0.2% from FYE 2021.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and the changes therein for the years ended December 31, 2023 and 2022.

	<u>Capital Assets, Net of Accumulated Depreciation</u>			
	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Land	\$ 579,616	\$ 1,117,306	\$ (537,690)	(0) %
Water and sewer systems	17,920,852	54,181,508	(36,260,656)	(67)
Buildings	75,651	207,792	(132,141)	(64)
Vehicles and equipment	737,780	470,236	267,544	57
Office equipment	28,615	45,439	(16,824)	(37)
Construction in progress	6,179,454	3,409,774	2,769,680	81
Total capital assets	<u>\$ 25,521,968</u>	<u>\$ 59,432,055</u>	<u>\$ (33,910,087)</u>	<u>(57.1) %</u>

Capital assets

Major capital asset activity for the current fiscal year included:

<u>Current Year Projects:</u>	<u>2023</u>
East Water System Upgrades	\$ 3,075,177
East Sewer System Upgrades	490,631
Madison Water System Upgrades	129,142
Madison WTP Intake Upgraded	166,370

Capital Assets and Debt Administration: (Continued)

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 \$4,597,877 in bonds and notes outstanding compared to \$5,305,644 last year, a 13% 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 1.19% 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.

Basic Financial Statements

RAPIDAN SERVICE AUTHORITY

Exhibit 1

Statements of Net Position
At December 31, 2023
(With Comparative Totals for the Prior Year)

	At December 31,	
	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,700,227	\$ 12,231,429
Investments (Note 2)		
Accounts receivable (net of allowance for uncollectible accounts) (Note 2)	629,164	1,658,979
Insurance receivable	8,725	-
Lease receivable-Current Portion	105,661	227,948
Inventory of materials and supplies, at cost	346,707	371,875
Prepaid items	46,284	36,994
Restricted current assets:		
Cash and cash equivalents (Note 6)	453,686	630,326
Total current assets	\$ 11,290,454	\$ 15,157,551
Noncurrent assets:		
Lease Receivable - Non-current	\$ 139,221	\$ 238,826
Capital assets: (Note 7)		
Land and improvements	\$ 579,616	\$ 1,117,306
Water and sewer system	71,022,899	106,875,947
Buildings	137,574	529,524
Vehicles and equipment	2,312,710	1,994,251
Office equipment	144,216	396,514
Accumulated depreciation	(33,276,282)	(54,891,262)
Subtotal	\$ 40,920,733	\$ 56,022,280
Construction in progress (Note 8)	6,179,454	3,409,774
Net capital assets	\$ 47,100,187	\$ 59,432,054
Total noncurrent assets	\$ 47,239,408	\$ 59,670,880
Total assets	\$ 58,529,862	\$ 74,828,431
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	\$ 3,985	\$ 8,844

Statements of Net Position
 At December 31, 2023 (Continued)
 (With Comparative Totals for the Prior Year)

	At December 31,	
	2023	2022
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 286,188	\$ 456,875
Accrued payroll	76,263	74,951
Accrued payroll taxes	32,241	33,772
Retirement plan and benefits plan payable	27,895	10,472
Due to other governments	-	804,534
Accrued interest payable	45,412	52,581
Compensated absences - current portion (Note 4)	43,823	43,922
Current Liabilities (payable from restricted assets):		
Customer deposits	453,686	630,326
Bond principal - current portion (Note 4)	736,394	707,768
Total current liabilities	<u>\$ 1,701,902</u>	<u>\$ 2,815,201</u>
Noncurrent liabilities:		
Compensated absences - noncurrent portion (Note 4)	\$ 394,407	\$ 395,293
Bond principal - noncurrent portion (Note 4)	3,861,483	4,597,876
Total noncurrent liabilities	<u>\$ 4,255,890</u>	<u>\$ 4,993,169</u>
Total liabilities	<u>\$ 5,957,792</u>	<u>\$ 7,808,370</u>
DEFERRED INFLOWS OF RESOURCES		
Leases (Note 11)	228,787	454,250
NET POSITION		
Net investment in capital assets	\$ 42,506,295	\$ 54,135,254
Unrestricted	9,840,973	12,439,401
Total net position	<u>\$ 52,347,268</u>	<u>\$ 66,574,655</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, 2023
(With Comparative Totals for the Prior Year)

	Year Ended December 31,	
	2023	2022
Operating revenues:		
Water Revenues	\$ 3,641,714	\$ 4,830,527
Sewer Revenues	5,496,047	5,777,751
Other Revenues	436,515	524,122
Total operating revenues	<u>\$ 9,574,276</u>	<u>\$ 11,132,400</u>
Operating expenses:		
Administrative	\$ 1,552,358	\$ 1,776,794
Operations and maintenance	6,359,202	6,415,555
Depreciation expense	2,702,066	2,754,555
Total operating expenses	<u>\$ 10,613,626</u>	<u>\$ 10,946,904</u>
Operating income (loss)	<u>\$ (1,039,350)</u>	<u>\$ 185,496</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 423,637	\$ (93,539)
Interest expense	(151,307)	(183,142)
Gain (Loss) on disposal of assets	-	1,000
Lease revenue	190,406	259,170
Insurance recoveries	388,667	-
Greene County Settlement	(1,350,000)	-
Other income (expenses)	(1,160,637)	(783,897)
Availability fees	2,590,000	1,675,000
Total nonoperating revenues (expenses)	<u>\$ 930,766</u>	<u>\$ 874,592</u>
Income (loss) before capital contributions and special items	<u>\$ (108,584)</u>	<u>\$ 1,060,088</u>
Capital contributions	\$ 4,800,548	\$ 882,565
Transfer of operations	<u>(18,919,351)</u>	<u>-</u>
Change in net position	\$ (14,227,387)	\$ 1,942,653
Net position, beginning of year	<u>66,574,655</u>	<u>64,632,002</u>
Net position, end of year	<u>\$ 52,347,268</u>	<u>\$ 66,574,655</u>

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

Statements of Cash Flows
Year Ended December 31, 2023
(With Comparative Totals for the Prior Year)

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Receipts from customers and users	\$ 10,604,092	\$ 10,699,893
Payments to suppliers	(7,467,622)	(5,524,648)
Payments to and on behalf of employees	(2,537,505)	(2,284,464)
Net cash provided by (used for) operating activities	<u>\$ 598,965</u>	<u>\$ 2,890,781</u>
Cash flows from noncapital financing activities		
Special items	\$ (1,350,000)	\$ -
Net cash provided by (used for) noncapital financing activities	<u>\$ (1,350,000)</u>	<u>\$ -</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	\$ (4,489,001)	\$ (2,017,665)
Proceeds from sale of assets	-	1,000
Principal payments on loans and bonds	(646,666)	(636,667)
Availability fees	2,590,000	1,675,000
Proceeds from insurance recovery	379,942	
Interest payments	(214,719)	(241,969)
Net cash provided by (used for) capital and related financing activities	<u>\$ (2,380,444)</u>	<u>\$ (1,220,301)</u>
Cash flows from investing activities:		
Interest received	\$ 423,637	\$ (93,539)
Net cash provided by (used for) investing activities	<u>\$ 423,637</u>	<u>\$ (93,539)</u>
Increase (decrease) in cash and cash equivalents	\$ (2,707,842)	\$ 1,576,941
Cash and cash equivalents at beginning of year (including \$630,326 and \$627,746, respectively reported in restricted accounts)	<u>12,861,755</u>	<u>11,284,814</u>
Cash and cash equivalents at end of year (including \$453,686 and \$630,326, respectively reported in restricted accounts)	<u>\$ 10,153,913</u>	<u>\$ 12,861,755</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (1,039,350)	\$ 185,496
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	2,702,066	2,754,555
Lease revenue	190,406	259,170
Other income (expenses)	(1,160,637)	(783,897)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,029,815	(432,507)
(Increase) decrease in due from other governments	-	67,464
(Increase) decrease in lease receivable	221,892	241,256
(Increase) decrease in prepaid items	(9,290)	6,678
(Increase) decrease in inventories	25,168	20,901
Change in beginning balance	-	80,458
Other nonoperating revenues		
Increase (decrease) in lease deferred inflows of resources	(225,463)	(253,779)
Increase (decrease) in compensated absences	(985)	60,613
Increase (decrease) in payables and accrued expenses	(1,134,657)	684,373
Net cash provided by (used for) operating activities	<u>\$ 598,965</u>	<u>\$ 2,890,781</u>
Supplemental Disclosure:		
Noncash investing, capital, and financing activities:		
Capital assets contributed	<u>\$ 4,800,548</u>	<u>\$ 882,565</u>

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

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023

NOTE 1—BASIS OF PRESENTATION:

In the interest of efficient water quality management, the Authority organized under the auspices of Orange and Madison 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 Orange and County of Madison. These governmental entities do not have an ongoing financial responsibility to the Authority.

The Authority's governing body is composed of three members from Orange County and two members from Madison County appointed by each of the Counties.

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 Orange and County of Madison. 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, 2023 (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 \$100,031 of gross receivables of \$729,195 in 2023.

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, 2023 (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, 2023 amounted to \$2,702,066.

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, 2023 (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>2023</u>	<u>2022</u>
Annual Leave	\$ 283,167	\$ 278,867
Sick Leave	<u>155,063</u>	<u>160,348</u>
Total Compensated Absences	<u>\$ 438,230</u>	<u>\$ 439,215</u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (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 2023, the Authority amortized \$4,859 of deferred refunding on revenue bonds. The deferred charge on refunding remaining at December 31, 2023 is \$3,985.

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

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

Deferred Outflows/Inflows of Resources: (Continued)

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.

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

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

Leases: (Continued)

Key Estimates and Judgments: (Continued)

- 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.

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.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

NOTE 4—LONG-TERM LIABILITIES:

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

<u>Year Ending</u> <u>December 31,</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 673,333	\$ 253,179
2025	703,334	219,043
2026	290,000	181,311
2027	300,000	164,149
2028-2032	1,700,000	538,586
2033-2034	775,000	69,218
Total	\$ <u>4,441,667</u>	\$ <u>1,425,486</u>

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.	\$ 3,615,000
\$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	826,667
Premiums on Bonds Issued	<u>156,210</u>
Total revenue bonds	\$ <u>4,597,877</u>
Compensated Absences	\$ <u>438,230</u>
Total long-term obligations	\$ <u><u>5,036,107</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, 2023 (Continued)

NOTE 4—LONG-TERM LIABILITIES: (CONTINUED)

Changes in Long-term Liabilities for the year ended December 31, 2023:

	<u>Balance January 1, 2023</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance December 31, 2023</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Direct Placements:					
Revenue Bonds	\$ 5,088,333	\$ -	\$ 646,666	\$ 4,441,667	\$ 673,333
Compensated Absences	<u>439,215</u>	<u>194,185</u>	<u>195,170</u>	<u>438,230</u>	<u>43,823</u>
Totals	\$ 5,527,548	\$ 194,185	\$ 841,836	\$ 4,879,897	\$ 717,156
 Premiums on Bonds Issued	 <u>217,311</u>	 <u>-</u>	 <u>61,101</u>	 <u>156,210</u>	 <u>63,061</u>
 Total obligations for financial statement presentation	 \$ <u><u>5,744,859</u></u>	 \$ <u><u>194,185</u></u>	 \$ <u><u>902,937</u></u>	 \$ <u><u>5,036,107</u></u>	 \$ <u><u>780,217</u></u>

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

	<u>2023</u>
Revenue Bonds:	
2009B Series	\$ 3,615,000
Unamortized Premium	39,566
Less Current Portion	<u>(270,000)</u>
Long Term 2009B Series Revenue Bond	\$ <u><u>3,384,566</u></u>
 2019B Series	 \$ 826,667
Unamortized Premium	116,644
Less Current Portion	<u>(403,333)</u>
Long Term 2019B Series Revenue Bond	\$ <u><u>539,978</u></u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (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, 2023, there were no bonds outstanding that are considered defeased.

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, 2023.

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 Authority will match up to 6.0% of employee's regular earnings if the employee elects to make a contribution. Vesting begins after three years of service and employee accounts are fully vested after seven full years of service. The Authority has authorized the RSA Board to establish and amend all plan provisions.

The total payroll for all Rapidan Service Authority employees for 2023 was \$2,529,233. The payroll for those covered by the plan was \$1,569,825.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

NOTE 5—RETIREMENT PLAN: (CONTINUED)

In 2023 the Rapidan Service Authority contributed \$45,884 for its covered employees or 2.92% of the covered payroll. The employees contributed \$106,874, or 6.81% 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, 2023	\$ 3,696,317
Contributions:	
Employer	45,884
Employee	50,784
Employee roll-in	56,090
Plus:	
Unrealized gain (loss)	500,661
Less:	
Distributions	<u>(122,753)</u>
Balance, December 31, 2023	<u>\$ 4,226,983</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, 2023 (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, 2023 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, 2023 were rated by Standard & Poor’s using Standard & Poor’s rating scale.

Authority's Rated Debt Investments - 2023		
<u>Rated Debt Investments Value</u>	<u>Fair Quality Rating</u>	
	<u>AAAm</u>	<u>AA+f</u>
Local Government Investment Pool	\$ 3,645,985	\$ -
VML/VACO Virginia Investment Pool Bond Fund	-	4,904,801
Total	\$ <u>3,645,985</u>	\$ <u>4,904,801</u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

NOTE 6—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities - 2023*			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
VML/VACO Virginia Investment Pool	\$ 4,904,801	\$ -	\$ 4,904,801
Local Government Investment Pool	3,645,985	3,645,985	-
Total	<u>\$ 8,550,786</u>	<u>\$ 3,645,985</u>	<u>\$ 4,904,801</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, 2023 (Continued)

NOTE 7—CAPITAL ASSETS:

Details of changes in capital assets for the year ended December 31, 2023 are as follows:

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Capital assets not being depreciated:				
Land and improvements	\$ 1,117,306	\$ -	\$ 537,690	\$ 579,616
Construction in progress	<u>3,409,774</u>	<u>4,225,804</u>	<u>1,456,124</u>	<u>6,179,454</u>
Total capital assets not being depreciated	<u>\$ 4,527,080</u>	<u>\$ 4,225,804</u>	<u>\$ 1,993,814</u>	<u>\$ 6,759,070</u>
Capital assets, being depreciated:				
Water system	\$ 38,320,932	\$ 1,825,934	\$ 20,292,158	\$ 19,854,708
Accumulated depreciation	<u>(22,671,871)</u>	<u>(913,266)</u>	<u>(10,789,109)</u>	<u>(12,796,028)</u>
Total	<u>\$ 15,649,061</u>	<u>\$ 912,668</u>	<u>\$ 9,503,049</u>	<u>\$ 7,058,680</u>
Sewer system	\$ 68,555,015	\$ 4,251,937	\$ 21,638,761	\$ 51,168,191
Accumulated depreciation	<u>(30,022,568)</u>	<u>(1,579,109)</u>	<u>(12,873,876)</u>	<u>(18,727,801)</u>
Total	<u>\$ 38,532,447</u>	<u>\$ 2,672,828</u>	<u>\$ 8,764,885</u>	<u>\$ 32,440,390</u>
Buildings	\$ 529,524	\$ -	\$ 391,950	\$ 137,574
Accumulated depreciation	<u>(321,732)</u>	<u>(18,934)</u>	<u>(278,744)</u>	<u>(61,922)</u>
Total	<u>\$ 207,792</u>	<u>\$ (18,934)</u>	<u>\$ 113,206</u>	<u>\$ 75,652</u>
Vehicles and equipment	\$ 1,994,251	\$ 442,000	\$ 123,541	\$ 2,312,710
Accumulated depreciation	<u>(1,524,015)</u>	<u>(174,457)</u>	<u>(123,541)</u>	<u>(1,574,931)</u>
Total	<u>\$ 470,236</u>	<u>\$ 267,543</u>	<u>\$ -</u>	<u>\$ 737,779</u>
Office equipment	\$ 396,514	\$ -	\$ 252,298	\$ 144,216
Accumulated depreciation	<u>(351,076)</u>	<u>(16,300)</u>	<u>(251,776)</u>	<u>(115,600)</u>
Total	<u>\$ 45,438</u>	<u>\$ (16,300)</u>	<u>\$ 522</u>	<u>\$ 28,616</u>
Capital assets, net	<u>\$ 59,432,054</u>	<u>\$ 8,043,609</u>	<u>\$ 20,375,476</u>	<u>\$ 47,100,187</u>

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
 At December 31, 2023 (Continued)

NOTE 8—CONSTRUCTION IN PROGRESS:

Details of construction work in progress for the year ended December 31, 2023 are as follows:

Description	Balance January 1, 2023	Cost of Construction	Expense/ Transfer to Capital assets	Balance December 31, 2023
Gordonsville Sewer mains upgrade	\$ 145,009	\$ 25,624	\$ 170,633	\$ -
Greenville Sewer system	1,625	-	-	1,625
Route 15 Meter Rehab	2,150	-	2,150	-
East Water Wild Treatment Train	2,235,768	3,075,177	1,679	5,309,266
East Sewer System upgrades	648,173	490,631	865,408	273,396
Rte 20 Wtr - Meter Rehab	-	27,107	-	27,107
Madison WTP - Intake Upgrade	-	166,370	-	166,370
East wtr - A&K BLvd 8" wtr main reloc	-	3,330	3,330	-
Easte Office fire damage repair	-	120,614	-	120,614
Madison Water System	322,835	129,142	413,023	38,954
Madison Sewer	43,359	-	-	43,359
GIS System	10,854	26,109	-	36,963
Utility Billing System	-	17,000	-	17,000
East Maintenance Shop	-	15,150	-	15,150
West Maintenance Shop	-	120,591	-	120,591
Computer hardware/sotware upgrades	-	9,059	-	9,059
Total	\$ 3,409,773	\$ 4,225,904	\$ 1,456,223	\$ 6,179,454

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, 2023 (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 2023, the Authority recognized lease and interest revenue in the amount of \$185,774 and \$6,546, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>End Date</u>	<u>Remaining Lease Term (in months)</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Ending Balance</u>
Water Tower	4/30/2025	28 months	annual	1.82%	27,433
Water Tower	8/30/2028	56 months	monthly	4.19%	149,508
Water Tower	6/1/2034	125 months	annual	1.30%	43,886
Water Tower	10/31/2028	58 months	annual	4.69%	24,055
				Total	<u>\$ 244,882</u>

NOTE 11—UPCOMING FINANCIAL REPORTING PRONOUNCEMENTS:

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.

Implementation Guide No. 2021-1, *Implementation Guidance Update --2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.*

Implementation Guide No. 2023-1, *Implementation Guidance Update --2023, effective for fiscal years beginning after June 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, 2023 (Continued)

NOTE 12—SPECIAL ITEMS: TRANSFER OF OPERATIONS:

Under an intergovernmental agreement between Rapidan Service Authority and the County of Greene, Virginia, dated June 22, 2023, the County withdrew from the water and sewer system service agreement that was in place. The purpose and intent of this agreement is for the County to assume control over the water and sewer operations and services previously provided by Rapidan Service Authority. As a result of this agreement, Rapidan Service Authority transferred the following assets to the County, which are recorded in the financial statements

Transferred Assets (Net)	<u>Carrying Values</u>
Land	\$ 537,689
Buildings	113,206
Infrastructure	18,267,934
Equipment	<u>523</u>
Total capital assets	\$ <u>18,919,352</u>
Net Position of Transferred Water and Sewer operations	
Net investment in capital assets	\$ <u><u>18,919,352</u></u>

As a result of this agreement, the Authority also paid \$1,350,000 of cash.

NOTE 13—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

In February 2023, the Authority established its own plan through VRS.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

RAPIDAN SERVICE AUTHORITY

Notes to Financial Statements
At December 31, 2023 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required employer contribution rate for the period February 2023 to June 30, 2023 was 3.17% of covered employee compensation.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$19,170 the period ended February 1 to June 30, 2023.

Other Supplementary Information

Supporting Schedules

Comparative Schedule of Revenues--Budget and Actual
 Years Ended December 31, 2023

	2023		
	Budget	Actual	Variance Favorable (Unfavorable)
Water Sales & Penalties	\$ 5,633,637	3,641,714	(1,991,923)
Sewer Operations	5,988,611	5,496,047	(492,564)
Sale of Materials & Supplies	39,000	39,647	647
Maintenance Revenue	16,000	12,465	(3,535)
Inspection Fees	40,200	28,109	(12,091)
Miscellaneous/Other	140,700	127,222	(13,478)
Service Installations	186,000	174,200	(11,800)
Lake of The Woods Non-User Fees	61,400	54,872	(6,528)
Totals	\$ 12,105,548	\$ 9,574,276	\$ (2,531,272)

Comparative Schedule of Operating Expenses--Budget and Actual
Years Ended December 31, 2023

	2023		Variance Favorable (Unfavorable)
	Budget	Actual	
Administrative:			
Personnel	\$ 816,000	\$ 886,946	\$ (70,946)
Maintenance	43,000	59,122	(16,122)
Rent Expense	-	33,225	(33,225)
Miscellaneous	100	445	(345)
Insurance	157,400	146,352	11,048
Billing and Collection	135,000	110,125	24,875
Audit and Consulting	119,000	32,605	86,395
Wtr/Swr Regulatory Fees	57,600	88,794	(31,194)
Legal/Bond/Bank Fees	229,700	142,101	87,599
Depreciation	59,373	59,373	-
Board Member Compensation	9,000	7,688	1,312
Training and Education	17,000	15,965	1,035
Office Supplies and Postage	15,550	15,996	(446)
Utilities	9,000	4,146	4,854
Communications	79,500	56,183	23,317
Advertising	4,600	3,729	871
Transportation Vehicle Expense	12,100	9,961	2,139
Total Administrative	\$ 1,763,923	\$ 1,672,756	\$ 91,167
Greene, Route 15 and Route 20			
Water Operations:			
Operating Labor	\$ 309,668	\$ 148,117	\$ 161,551
Engineering and Design	39,334	21,086	18,248
Maintenance	510,600	140,588	370,012
Treatment Supplies and Materials	42,600	22,573	20,027
Vehicle Expense/Gas and Oil	13,200	2,674	10,526
Utilities	106,000	57,052	48,948
Purchased Water	447,790	439,176	8,614
Testing/Biosolids Mgmt	64,000	5,077	58,923
Depreciation	458,616	458,616	-
Total Greene, Route 15 and Route 20			
Water Operations	\$ 1,991,808	\$ 1,294,959	\$ 696,849
Greene Sewer Operations:			
Operating Labor	\$ 179,700	\$ 64,946	\$ 114,754
Engineering and Design	6,200	3,543	2,657
Maintenance	524,000	162,136	361,864
Treatment Supplies and Materials	52,000	21,388	30,612
Vehicle Expense/Gas & Oil	9,400	1,231	8,169
Utilities	116,000	72,749	43,251
Testing/Biosolids Mgmt	74,000	44,566	29,434
Depreciation	418,801	418,801	-
Total Greene Sewer Operations	\$ 1,380,101	\$ 789,360	\$ 590,741

Comparative Schedule of Operating Expenses--Budget and Actual
Years Ended December 31, 2023

	2023		Variance Favorable (Unfavorable)
	Budget	Actual	
Madison Water & Sewer Operations:			
Operating Labor	\$ 190,400	\$ 284,322	\$ (93,922)
Engineering and Design	3,300	5,678	(2,378)
Maintenance	156,400	115,744	40,656
Vehicle Expense/Gas & Oil	3,500	3,303	197
Utilities	34,000	37,478	(3,478)
Treatment Supplies & Materials	20,000	25,400	(5,400)
Testing Biosolids Mgmt	19,000	14,770	4,230
Depreciation	119,606	119,606	-
Total Madison Water & Sewer Operations	\$ 546,206	\$ 606,301	\$ (60,095)
Gordonsville Sewer Operations:			
Operating Labor	\$ 125,900	\$ 124,357	\$ 1,543
Engineering and Design	5,000	5,518	(518)
Maintenance	188,500	155,370	33,130
Treatment Supplies & Materials	15,000	12,679	2,321
Vehicle Expense/Gas & Oil	7,500	14,621	(7,121)
Purchased Water	1,000	795	205
Utilities	55,000	57,602	(2,602)
Testing Biosolids Mgmt	20,000	18,278	1,722
Depreciation	100,079	100,079	-
Total Gordonsville Sewer Operations	\$ 517,979	\$ 489,299	\$ 28,680
Engineering:			
Operating Labor	\$ 101,000	\$ 139,050	\$ (38,050)
Maintenance	400	108	292
Vehicle Expense/Gas & Oil	8,000	6,557	1,443
Depreciation	6,431	6,431	-
Total Engineering	\$ 115,831	\$ 152,146	\$ (36,315)
Maintenance:			
Operating Labor	\$ 173,300	\$ 146,916	\$ 26,384
Maintenance	25,000	64,970	(39,970)
Materials for Resale	20,000	19,074	926
Utilities	4,000	1,639	2,361
Vehicles	10,000	12,947	(2,947)
Gas and Oil	17,000	14,477	2,523
Depreciation	16,919	16,919	-
Total Maintenance	\$ 266,219	\$ 276,942	\$ (10,723)
Orange East Water & Sewer Operations:			
Operating Labor	\$ 1,099,100	\$ 1,197,007	\$ (97,907)
Engineering and Design	35,100	15,266	19,834
Maintenance	1,408,500	842,653	565,847
New Service Installations	199,200	107,372	91,828
Treatment Supplies & Materials	774,000	655,752	118,248
Utilities	670,000	793,076	(123,076)
Vehicle Expense/Gas & Oil	104,000	96,752	7,248
Testing/Biosolids Mgmt	100,000	101,748	(1,748)
Depreciation	1,522,239	1,522,241	(2)
Total Orange East Water & Sewer Operations	\$ 5,912,139	\$ 5,331,867	\$ 580,272
TOTALS	\$ 12,494,206	\$ 10,613,630	\$ 1,880,576

Statistical Section

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

Contents

Financial Trends Tables 1 through 5 Pages 65 through 69

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

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

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

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

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

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

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

Operating Information Tables 17 through 18 Pages 81 through 82

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

Sources:

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

Net Position by Component
Last Ten Fiscal Years

Primary Government	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net investment in capital assets	\$ 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	\$ 42,506,295
Unrestricted	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	9,840,973
Total primary government net position	\$ 57,804,243	\$ 57,618,780	\$ 57,803,275	\$ 57,438,283	\$ 57,910,538	\$ 59,042,600	\$ 60,099,597	\$ 64,551,544	\$ 66,574,655	\$ 52,347,268

Change in Net Position
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses</u>	<u>Total Nonoperating Revenues/ (Expenses)</u>	<u>Income/(Loss) before Capital Contributions</u>	<u>Capital Contributions</u>	<u>Change in Net Position</u>
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
2023	9,574,276	10,613,626	(17,988,585)	(19,027,935)	4,800,548	(14,227,387)

Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Water Revenue	Sewer Revenue	Other Revenue	Total
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
2023	3,641,714	5,496,047	436,515	9,574,276

Operating Expenses by Source
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Employment Costs</u>	<u>Operations</u>	<u>Utilities</u>	<u>Administrative</u>	<u>Subtotal, Expenses before Depreciation</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
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
2023	3,824,537	2,403,715	1,019,595	663,713	7,911,560	2,702,066	10,613,626

Nonoperating Revenues and Expenses
Last Ten Fiscal Years

Fiscal Year	Investment Income	Interest Expense	Gain (loss) on Disposal of Assets	Other Costs	Other Income (Expenses)	Lease Revenue	Availability Fees	Total Nonoperating Income/(Expenses)
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
2023	423,637	(151,307)	(18,919,351)	(1,350,000)	(771,970)	190,406	2,590,000	(17,988,585)

Water Consumed and Wastewater Treated
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gallons of Water Purchased/ Treated (Millions)</u>	<u>Gallons of Wastewater Treated (Millions)</u>
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
2023	619.3	571.8

Data internally compiled from Rapidan Service Authority.

Annual Number of EDU's Purchased
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water EDUs*</u>	<u>Sewer EDUs*</u>	<u>Total EDUs*</u>
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
2023	138	120	258

* 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					
	Greene	Rte 15 G'ville	Rte 20	LOW / Wilderness	Madison	Greene	Rte 15 G'ville	Rte 20	LOW / Wilderness	Madison	
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
2023	2,741	100	139	5,244	178	283	20	13	75	112	8,905

Fiscal Year	Sewer										Total
	Residential					Non-Residential					
	Greene	Rte 15 G'ville	Rte 20	LOW / Wilderness	Madison	Greene	Rte 15 G'ville	Rte 20	LOW / Wilderness	Madison	
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
2023	903	783	0	5,276	93	182	14	0	77	84	7,412

Non-Users		
Fiscal Year	Greene County	LOW / Wilderness
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
2023	36	231

Data internally compiled from Rapidan Service Authority

Water and Sewer Rates
Last Ten Years

Water Rate per 1,000 Gallons										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Greene County	\$ 3.30	\$ 3.47	\$ 3.47	\$ 3.47	\$ 4.22	\$ 4.97	\$ 5.57	\$ 6.17	\$ 6.67	\$ 6.67
Rte 15	5.10	5.10	5.10	6.12	6.12	6.12	7.34	7.34	7.34	7.34
Rte 20	2.36	2.36	2.36	2.83	2.83	2.83	3.40	3.40	3.40	3.40
LOW/Wilderness	3.08	3.08	3.08	3.70	3.70	3.70	4.44	4.44	4.44	4.44
Madison County	5.08	5.59	5.59	5.59	8.27	9.27	10.27	11.27	12.27	12.27
Gordonsville (Contract)	4.30	4.30	4.30	5.16	5.55	5.60	5.81	5.81	6.22	6.62

Sewer Rate per 1,000 Gallons										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Greene County	\$ 7.98	\$ 8.38	\$ 8.38	\$ 8.38	\$ 8.78	\$ 9.18	\$ 9.68	\$ 10.08	\$ 10.38	\$ 10.38
Gordonsville	6.83	6.83	6.83	8.54	8.54	8.54	8.54	8.54	12.77	12.77
LOW/Wilderness	11.39	11.39	11.39	12.53	12.53	12.53	13.78	13.78	13.78	13.78
Madison County	9.50	10.45	10.45	10.45	16.35	17.35	18.35	19.35	20.35	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, 2023

	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	\$6.62	
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

2014		
<u>Customer</u>	<u>Type</u>	<u>Annual Consumption</u>
Customer 1	Municipality	69,803,900
Customer 2	Public School System	7,343,700
Customer 3	Nursing Home	4,548,000
Customer 4	Mobile Home Park	4,133,000
Customer 5	Public School System	3,152,200
2023		
<u>Customer</u>	<u>Type</u>	<u>Annual Consumption</u>
Customer 1	Municipality	83,839,700
Customer 2	Public School System	3,428,000
Customer 3	Nursing Home	1,908,800
Customer 4	Nursing Home	1,711,100
Customer 5	Public School System	1,424,300

Data internally compiled from Rapidan Service Authority

Ratio of Outstanding Debt
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Revenue Note</u>	<u>Premium on Bonds</u>	<u>Total Debt (1)</u>	<u>Number of Accounts (2)</u>	<u>Debt per Account</u>
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
2023	4,441,667	-	156,210	4,597,877	17,037	270

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

<u>Year Ended December 31,</u>	<u>Gross Revenues (1)(4)</u>	<u>Operating Expenses (2)</u>	<u>Available for Debt Service</u>	<u>Principal</u>	<u>Debt Service Requirements Interest (3)</u>	<u>Total</u>	<u>Coverage</u>
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
2023	12,006,349	7,911,560	4,094,789	646,667	151,307	797,974	5.13

(1) Includes availability fees & WQIF Grant funds received

(2) Excludes depreciation

(3) Interest does not include cip interest during construction

(4) Excludes payment and transfer of assets to Greene County in 2023 - Note 12

Demographic and Economic Statistics
Last Ten Years

Greene County				
Calendar Year	Population (1)	Per Capita Income	Total Personal Income (2)	Unemployment Rate (3)
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%
2023	21,370	51,629	1,089,723,000	2.4%

Madison County				
Calendar Year	Population (1)	Per Capita Income	Total Personal Income (2)	Unemployment Rate (3)
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%
2023	14,026	56,535	791,493,000	2.2%

Orange County				
Calendar Year	Population (1)	Per Capita Income	Total Personal Income (2)	Unemployment Rate (3)
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%
2023	37,629	58,942	2,239,270,000	3.0%

(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
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
2023	N/A	53	N/A

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

Principal Employers
Current Year and Nine Years Ago

	2014		2023	
	Employer	# of Employees	Employer	# of Employees
Greene County	Greene County School Board	500 - 999 Employees	Greene County School Board	500 - 999 Employees
	Wal Mart	100 - 249 Employees	Wal Mart	250 - 499 Employees
	County of Greene	100 - 249 Employees	County of Greene	100 - 249 Employees
	Sunland Employee Leasing LLC	100 - 249 Employees	Lowe's Home Centers, Inc	100 - 249 Employees
	Lowe's Home Centers, Inc	100 - 249 Employees	Blue Ridge School	50 - 99 Employees
Madison County	Madison County School Board	250 - 499 Employees	Madison County School Board	250 - 499 Employees
	Plow & Hearth LLC	250 - 499 Employees	Woodberry Forest School	250 - 499 Employees
	Woodberry Forest School	250 - 499 Employees	Evergreen Enterprise	100 - 249 Employees
	County of Madison	100 - 249 Employees	County of Madison	100 - 249 Employees
	Autumn Corporation	100 - 249 Employees	Madison Wood Preservers, Inc	50 - 99 Employees
Orange County	Orange County School Board	500 - 999 Employees	Orange County School Board	500 - 999 Employees
	Germanna Community College	250 - 499 Employees	County of Orange	250 - 499 employees
	American Woodmark Corporation	250 - 499 employees	Von Holtzbrink Publishing	250 - 499 employees
	Von Holtzbrinck Publishing	250 - 499 employees	Aerojet General Corp	250 - 499 employees
	Wal Mart	250 - 499 employees	Wal Mart	250 - 499 employees

Data compiled through Virginia Employment Commission using 3rd quarter 2023 and 3rd quarter 2014 figures

Number of Employees by Identifiable Activity
Last Ten Fiscal Years

	<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>	<u>2023</u>
Plant Operators	17	15	14	14	14	14	14	14	13	13
Maintenance / Construction	14	14	13	14	14	14	14	17	13	13
Admin/Customer Service/Engineering	10	10	10	11	12	12	12	11	12	13
Total	<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>	<u>39</u>

Data internally compiled from Rapidan Service Authority

Operating and Capital Indicators
Last Ten Fiscal Years

Drinking Water	##	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Produced/Purchased (millions of gallons)											
Greene		223.8	220.1	210.4	205.9	203.7	212.4	233.6	239.9	230.1	115.2
Rte. 15		98.0	110.7	101.1	81.0	108.3	99.9	103.2	118.4	114.9	113.0
Rte 20		6.9	7.4	6.5	6.7	7.8	7.5	8.0	8.0	6.9	6.5
LOW/Wilderness		268.3	231.5	282.5	274.8	280.1	294.7	330.1	346.5	350.2	353.0
Madison		24.6	25.9	25.8	28.2	28.1	27.4	24.3	25.5	30.8	31.6
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	1,250,000	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	81	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	74	74	75	77
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	43	44
Gordonsville		18	18	18	18	18	18	18	18	18	18
LOW/Wilderness		90	90	90	90	90	90	92	92	93	95
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		71.0	71.8	66.8	72.0	83.8	72.5	82.4	79.3	92.9	45.2
Gordonsville		126.6	126.0	112.1	87.0	200.9	173.0	200.6	146.0	154.7	211.7
LOW/Wilderness		291.9	282.9	260.2	273.6	295.8	284.6	313.2	290.4	295.9	295.2
Madison		18.1	22.6	25.3	25.1	34.7	26.8	24.7	20.7	19.5	19.7

Data internally compiled from Rapidan Service Authority

Fact Sheet

The Rapidan Service Authority (RSA) presently employs 39 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. In June 2023, Greene County assumed operations and ownership of the Greene system.

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. In June 2023, Greene County assumed operations and ownership of the Greene system.

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.

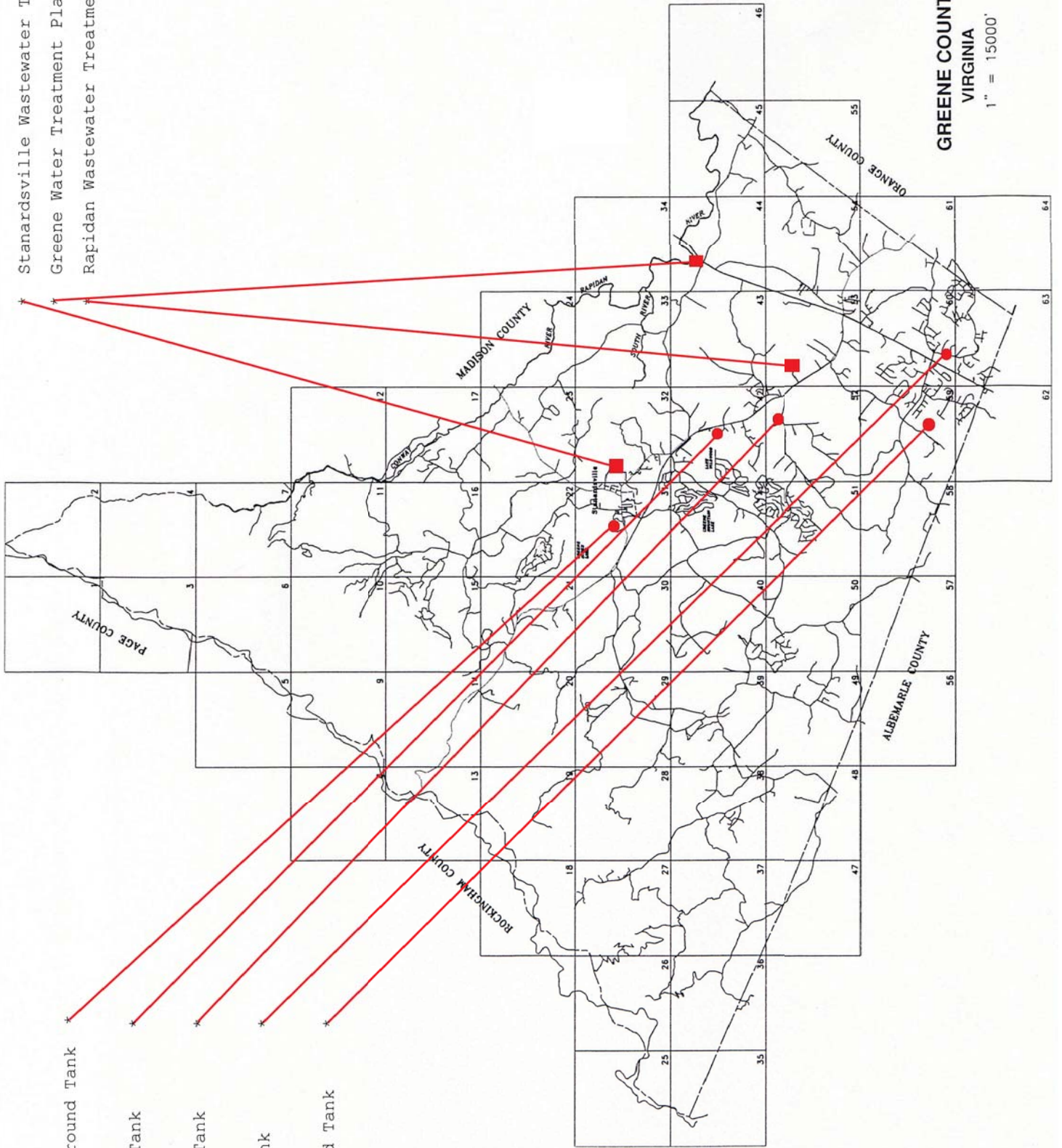
The East water system consists of 2½" to 12" PVC and AC mains and 190 fire hydrants. Water storage consists of two 500,000 gallon elevated steel tanks on Flat Run Road, and a 250,000 steel elevated tank in Wilderness Shores subdivision. In 1991, a 1.6 million gpd water treatment plant was put into service, 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 77 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 95 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.

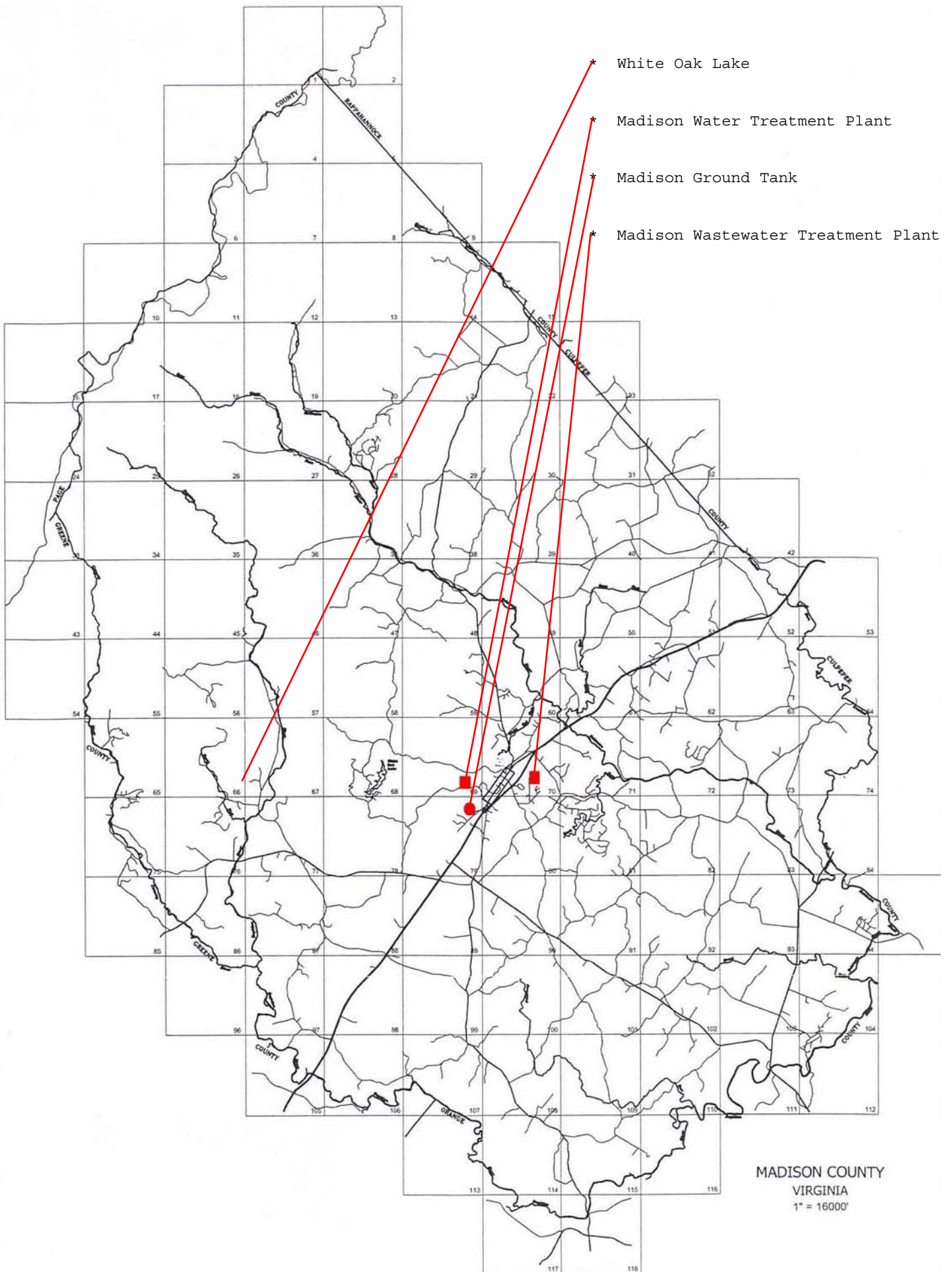
In 2012, RSA completed the Wilderness wastewater treatment plant upgrade with an expanded capacity to 2.0 MGD, using state of the art treatment processes. This upgrade was required to meet the stringent Chesapeake Bay regulations for total nitrogen and total phosphorus removal. The treatment processes 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 Wastewater Treatment Plant
 Greene Water Treatment Plant
 Rapidan Wastewater Treatment Plant

Stanardsville Ground Tank
 -
 Route 33 Water Tank
 -
 Quingue Ground Tank
 -
 Preddy Creek Tank
 -
 Route 644 Ground Tank



GREENE COUNTY
 VIRGINIA
 1" = 15000'



Wilderness Wastewater Treatment Plant

Wilderness Water Treatment Plant

Route 601 Water Tank

Fairway Drive Water Tank

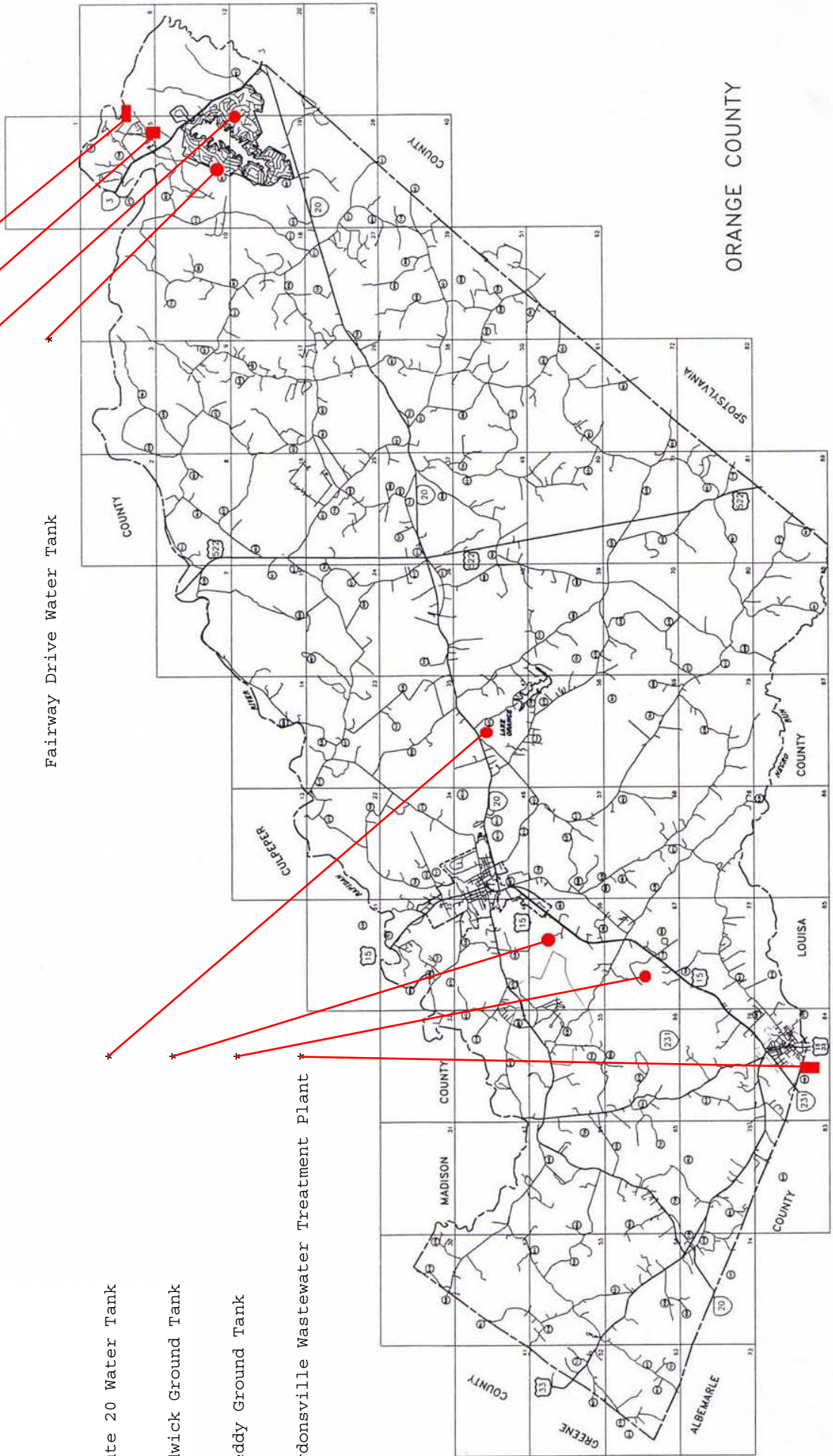
Route 20 Water Tank

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, 2023, 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 March 29, 2024.

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, Farmer, Cox Associates
(Charlottesville, Virginia
March 29, 2024