PRINCE WILLIAM COUNTY
SERVICE AUTHORITY

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended
June 30, 2024 and June 30, 2023

Woodbridge, Virginia

Service Authority
Prince William County

We have proudly served Prince William County for over 40 years, distributing clean drinking water and returning treated wastewater to the environment. Today, we serve about 380,000 people in Virginia's second largest county—one of the most diverse communities in the nation.

On July 1, 2024, the Prince William County Service Authority began doing business as Prince William Water to better communicate our mission as a water utility and the role we share as environmental ambassadors. Prince William Water will continue to uphold our commitments to our customers as we provide high-quality drinking water treated to stringent state and federal standards, well-maintained infrastructure and reliable operation, exceptional service with fair and affordable rates, and environmental leadership and active engagement with our community.

As you will see in this annual comprehensive financial report, we value our customers and take exceptional care in managing the funds entrusted to us. We are proud to continue serving our community as Prince William Water and are focused on maintaining our strong financial condition.

Calvin D. Farr, Jr., General Manager

Service Authority
Prince William County

PRINCE WILLIAM COUNTY SERVICE AUTHORITY

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the Finance Division:
Brian E. Sipes, CPA
Director of Finance

For the Fiscal Years Ended **June 30, 2024** and **June 30, 2023**

Woodbridge, Virginia

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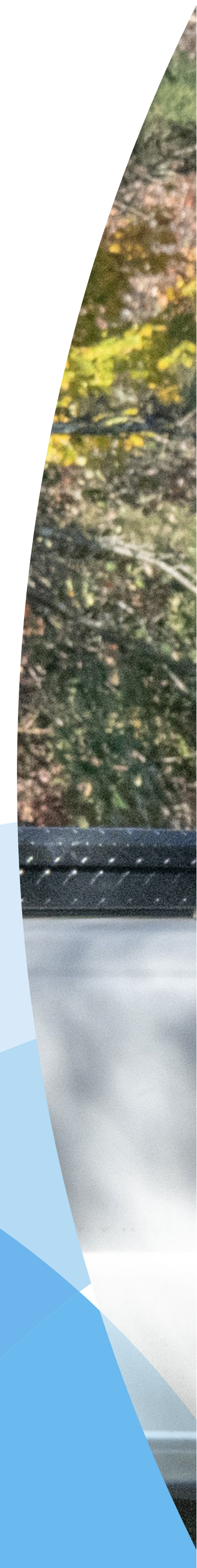


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Service Authority
Prince William County

December 9, 2024

Board of Directors of
Prince William Water
Woodbridge, Virginia

Ladies and Gentlemen:

The Annual Comprehensive Financial Report (ACFR) for the Prince William County Service Authority (the Authority) for the fiscal years ended June 30, 2024 and 2023 is submitted herewith. Financial data, including all appropriate disclosures, have been prepared in accordance with the standards for financial reporting promulgated or permitted by the Governmental Accounting Standards Board (GASB).

Management is responsible, in all material respects, for the accuracy of the data and the completeness and fairness of the presentations, including all disclosures. We believe the data presents fairly the financial position and results of operations of the Authority.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) found in the financial section of the ACFR, and should be read in conjunction with it.

The Authority

The Authority was created by a resolution of the Board of County Supervisors (BOCS) of Prince William County, Virginia (the County) on January 11, 1983. The Authority is chartered by the State Corporation Commission and is an independent public body responsible for providing a comprehensive county-wide water and sewer system. The management of the Authority is vested in a Board of eight members appointed by the County's BOCS. The Authority's Board appoints the General Manager, who is responsible for the daily management of the Authority. Effective July 1, 2024, the Authority began doing business as Prince William Water. Our updated name and logo helps to clarify our mission as a water utility.

Economic Conditions and Outlook

Prince William County is the second-largest county in the Commonwealth of Virginia with a population of over 496,000, as of June 30, 2024. The County is located approximately 35 miles southwest of Washington, D.C. and encompasses a total area of 348 square miles that includes independent cities and towns, state and federal park properties, and the Quantico Marine Corps Base. A highly-educated, racially and ethnically diverse population makes the county one of the most globally represented communities in the region. Steeped in rich history, surrounded by beautiful parks and open space, Prince William County is a community of choice where individuals, families and businesses choose to live, work and play.

According to the 2018-2022 American Community Survey, the 2022 median household income in the County was $120,398 which ranks near the top among regions in the Commonwealth of Virginia, and the entire United States. Employment within the service area is well diversified, and as of June 2024, the average unemployment rate was 2.6%, which is below the national level and the same as the Virginia state-wide level. The total civilian labor force in Prince William County at June 30, 2024, was estimated at approximately 258,000 persons, up 0.1% from 2023 and up 11.2% from 2015. Based on the most current available data, the County has experienced improvement in the residential real estate market, as the average assessed value in 2024 was up 59.8% from the low point in 2015.

The Authority's major customers are well-established entities consisting of schools, local utilities, internet data centers, multi-family housing complexes, retail outlets, and a hospital. In total, the ten largest customers represent 6.7% of total consumption revenues. Overall, the Authority's customer base is primarily residential accounts, representing more than 90% of the accounts. The Authority continues to experience growth in customer accounts, with an additional 356 accounts added during fiscal year 2024, representing an increase of 0.4% over the prior year.

The Authority's emergency planning and preparedness ensure the continuity of operations and delivery of essential services to our customers during the coronavirus pandemic. The Authority's financial position and operating results reflect sufficient funds available to pay for operating costs and long-term debt, as well as to invest in the infrastructure improvements needed to maintain and replace critical capital assets.

Long-Term Financial Planning

In order to facilitate long-term planning, the Authority maintains a model of its finances projecting 20 years into the future, with particular attention to the immediate five year period. This model includes projections of water and sewer capacity utilization, system growth and related availability fee revenue, operating revenues and expenses, debt service requirements, and cash flows.

The Authority also maintains and updates a Capital Improvements Program (CIP) on an annual basis, which details capital projects that are necessary for system expansion, rehabilitation and improved system reliability. This program details planned spending for the ensuing five year period, and aggregate capital spending anticipated for identified projects in subsequent years.

The Authority uses this data to facilitate projection of necessary rate increases and additional capacity requirements, to ensure proper debt coverage as well as to provide for adequate funding for the Authority's ongoing activities and obligations.

The Authority uses a Strategic Plan developed with input from the Board of Directors, management, and staff as a tool to ensure that financial planning will support the future needs, priorities and vision of the organization. Within the plan, a set of goals, both financial and operational, are created each year to prioritize future actions to align with the strategic vision.

The Authority maintains a AAA/Aaa rating from Standard & Poor's Ratings Services (S&P) and Moody's Investors Service, Inc. (Moody's), respectively, on its outstanding revenue bonds, the highest ratings that can be awarded to local governments. This further demonstrates and validates the Authority's sound financial condition and the positive impact of long-term financial planning.

Internal Control Structure and Budgetary Controls

The Authority's management is responsible for establishing and maintaining a system of internal accounting controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and financial records for preparing financial statements and maintaining asset accountability are reliable. The concept of reasonable assurance recognizes that estimates and judgments made by management are required to assess the expected benefits and related costs of internal accounting control procedures and that the cost of a control should not exceed the benefits likely to be derived. Management reviews internal controls on a continuing basis.

The Authority prepares an annual budget for operating expenditures and capital outlays. The proposed budget is prepared by management and submitted to the Board of Directors for approval. The Authority's spending budget for fiscal year 2025 reflects an 8.9% increase from the prior year budget. The Authority controls current year expenses at both the functional and operating division levels. Division directors are responsible for budgetary items that are controllable within their divisions. The Division of Management and Budget is responsible for monitoring expenses by function for the Authority as a whole. Controlling all expenses at different levels strengthens overall budgetary and management controls.

Independent Audit

The Virginia State Code Section 15.2-2511 requires an annual audit be performed. The Authority's financial statements for the year ended June 30, 2024 and 2023 have been audited by PBMares, LLP, a firm of licensed certified public accountants. The fiscal year 2024 Independent Auditor's Report is located in the financial section of this document.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Prince William County Service Authority for its ACFR for the fiscal year ended June 30, 2023. This was the 35th consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized ACFR, which must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this year's ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for continued recognition under this program.

Acknowledgments

The preparation of the annual ACFR could not have been accomplished without the dedicated services of the Authority's Finance staff. All individuals who assisted in this effort have my sincere appreciation for their contributions made in the preparation of this report. I would also like to thank the Board of Directors, the General Manager, the Deputy General Managers and the Division of Management and Budget for their continued interest and support in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully submitted,

Brian Sipes

Brian E. Sipes, CPA
Director of Finance

Paul Colangelo, Jr.
Chair

B. Paul O'Meara
Vice Chair

Joyce P. Eagles
Secretary/Treasurer

Jim Almond

Dean E. Dickey

Charles A. Grymes

Dr. K. Jack Kooyoomjian

Marlo Thomas Watson

AUDIT COMMITTEE
Joyce P. Eagles, AC Chair
B. Paul O'Meara, Jr.
Dr. K. Jack Kooyoomjian
Marlo Thomas Watson

BOARD OF DIRECTORS
Paul Colangelo, Jr., Chair
B. Paul O'Meara, Jr., Vice Chair
Joyce P. Eagles, Secretary-Treasurer
Jim Almond
Dean E. Dickey
Charles A. Grymes
Dr. K. Jack Kooyoomjian
Marlo Thomas Watson

Calvin D. Farr, Jr.
General Manager/Chief Executive Officer

- **Don Pannell** — Deputy General Manager/ Chief Operating Officer
  - **Samer Beidas** — Director, Engineering & Planning
  - **Glenn Pearson** — Director, Environmental Services & Water Reclamation
  - **Doug Shoop** — Director, Operations & Maintenance
  - **Shannon Spence** — Director, Project Management Office
- **Shailaja Poluru** — Director, People and Talent
- **Hari Kurup** — Chief Information Technology Officer
  - **Jeanetta Williams** — Director, Data Management
  - **Tony Piccione** — Director, Information Technology
- **Astrid B. Nelson** — Deputy General Manager / Chief Administrative Officer
  - **Kathy Bentz** — Director, Communications & Community Engagement
  - **Brian Sipes** — Director, Finance
  - **Lyle Beefelt** — Director, Management & Budget

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Prince William County Service Authority
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

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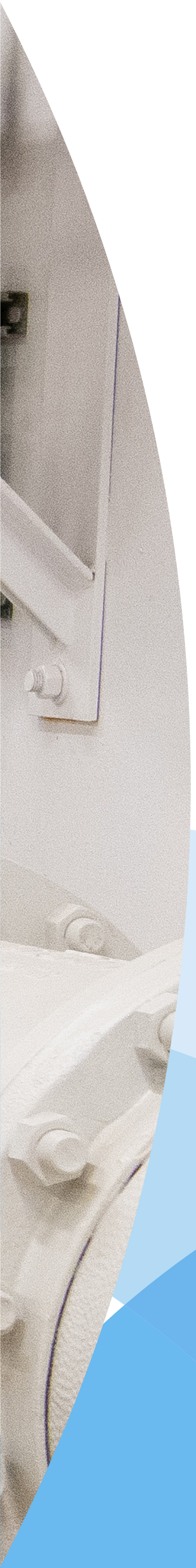

FINANCIAL SECTION

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PBMares
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Directors
Prince William County Service Authority

Opinion

We have audited the accompanying financial statements of the Prince William County Service Authority (Authority), as of and for the years ended June 30, 2024 and 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 16-30 and the required supplementary information on pages 87-97 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
December 9, 2024

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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Prince William County Service Authority's ACFR presents management's analysis of the Authority's financial performance during the fiscal year ended June 30, 2024. This analysis should be read in conjunction with the basic financial statements, which are located in the next section of the ACFR.

Financial Highlights

The Authority provides water and wastewater services in Prince William County, which is the second largest county in Virginia with an estimated population of 496,000 and a median household income of $120,398. In fiscal year 2024, the Authority's financial condition remained very strong, highlighted by the following:

- The Authority's cash position and debt coverage remain strong. Cash and investments at June 30, 2024 increased $0.2 million to $328.2 million as cash flows from operating, capital, financing and investing activities offset each other. Investment income increased by $9.4 million as a result of rising interest rates. The Authority maintained the highest bond ratings from Moody's and S&P and exceeded all debt coverage requirements.
- Operating revenues increased by $10.6 million or 8.1% to $140.2 million primarily due to rate increases in April 2023 and January 2024, and a 2.4% increase in the volume of water and sewer sold. The Authority's Board of Directors adopted rate increases for 2023, 2024 and 2025 to address projected increases in operating costs and capital replacement needs.
- Revenue from availability fees increased by $25.6 million to $52.9 million primarily due to availability fees paid by commercial customers with high water needs. Equivalent residential units (ERUs) of 3,303 were certified, resulting in a 0.5% increase in customer accounts. An ERU is the established average use of a single-family residence.
- Operating expenses increased $9.3 million over the prior fiscal year to $113.6 million primarily due to higher prices from inflation and general economic conditions. Purchased resources increased by $6.1 million as a result of higher operating and capital costs of the Authority's wholesale providers of water and water reclamation services.
- The Authority continued to make infrastructure improvements, which were also impacted by rising costs. In fiscal year 2024, total capital assets increased by $60.2 million, or 5.3% primarily due to $107.5 million in additions as the Authority continued to improve, replace and expand its infrastructure in FY 2024, which was partially offset by depreciation and disposals. Significant projects included large capital investments in the H.L. Mooney Advanced Wastewater Reclamation Facility (HLM AWRF), improved water transmission capabilities across the Occoquan River, and wastewater collection system improvements.
- Net position increased in fiscal year 2024 by $55.1 million to $1.46 billion as the Authority continues to make investments in infrastructure.

Additional discussion of operating results is included in subsequent sections of Management's Discussion and Analysis.

The Authority's financial position and results from operations ensure the Authority will continue to have sufficient funds available to pay for operating costs and long-term debt, as well as to invest in infrastructure improvements needed to maintain and replace capital assets.

Overview of the Financial Statements

The Authority operates as an enterprise fund. Enterprise funds are a type of proprietary fund and function similar to a private business in that user charges and fees are expected to cover costs. The Authority's basic financial statements are presented using the accrual basis of accounting, which provides for revenue recognition in the period in which water and water reclamation services are provided and expense recognition when goods and services are received. Additionally, the Authority's basic financial statements utilize the flow of economic resources measurement focus, in which all assets, deferred outflows of resources, liabilities and deferred inflows of resources are reflected on the Statements of Net Position. The Statements of Changes in Revenues, Expenses and Net Position include all transactions, such as revenues and expenses, that increase or decrease net position.

This ACFR is presented in three sections: introductory, financial and statistical. The introductory section includes a letter of transmittal submitted by the Authority's Director of Finance, a listing of the Authority's Board of Directors and organizational chart as of June 30, 2024, and a copy of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting that has been awarded to the Authority for the fiscal year ended June 30, 2023.

The financial section consists of the Independent Auditor's Report, Management's Discussion and Analysis, and the Authority's basic financial statements which are discussed below, and are presented comparatively for the fiscal years ended June 30, 2024 and 2023.

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements
- Required Supplementary Information

The Statements of Net Position report the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, providing information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). These statements may be used to evaluate the capital structure, liquidity, and financial flexibility of the Authority. The Statements of Revenues, Expenses and Changes in Net Position reflect revenue and expense activity of the Authority for the fiscal years presented. These statements allow the user to measure the Authority's profitability and creditworthiness by the financial performance of the Authority's operations, and to determine whether the Authority has successfully recovered its operating costs through user fees and other charges. The Statements of Cash Flows present the Authority's inflows and outflows of cash during the financial reporting periods by reporting cash receipts, cash payments, and the net changes in cash. Cash flows are categorized by operating, non-capital financing, capital and related financing, and investing activities. The Notes to Financial Statements and the Required Supplementary Information provide necessary disclosures essential to a full understanding of the data provided in the aforementioned basic financial statements.

The statistical section includes selected financial, operational, and demographic information presented on a multi-year basis.

Financial Analysis of the Authority

During fiscal year 2024, the Authority maintained its sound financial condition, as demonstrated by the Authority's continued AAA bond rating from S&P and Aaa rating from Moody's. These ratings reflect the Authority's continued growth in total net position and strong cash and investment portfolio, along with the strategic management of its debt borrowings. These are all outlined in the financial statements and schedules included in this report. While exercising prudent fiscal discipline, the Authority continues to ensure it is able to provide safe, reliable and environmentally compliant water and water reclamation services to its customers.

Net Position

The Authority's net position increased by $55.1 million during fiscal year 2024, which represented a 3.9% increase from the prior fiscal year net position. At June 30, 2024, total net position was $1.46 billion as compared to $1.40 billion the previous year.

The following table reflects the Authority's net position at June 30, 2024 and 2023:

Condensed Statements of Net Position

	2024	2023	Increase (Decrease)	% Change
Capital assets, net	$ 1,193,488,230	$ 1,133,266,359	$ 60,221,871	5.3%
Cash & Investments	328,156,412	327,988,527	167,885	0.1
Other current and non-current assets	73,376,191	74,786,032	(1,409,841)	(1.9)
Total assets	1,595,020,833	1,536,040,918	58,979,915	3.8
Deferred outflows of resources	5,767,554	5,763,840	3,714	0.1
Total assets and deferred outflows of resources	$ 1,600,788,387	$ 1,541,804,758	$ 58,983,629	3.8
Bonds and VRA loans payable	$ 84,192,964	$ 78,656,456	$ 5,536,508	7.0
Lease liabilities	1,085,969	72,702	1,013,267	1,393.7
SBITA liabilities	43,935	73,030	(29,095)	(39.8)
Other liabilities	44,825,804	48,119,797	(3,293,993)	(6.8)
Total liabilities	130,148,672	126,921,985	3,226,687	2.5
Deferred inflows of resources	12,504,427	12,631,822	(127,395)	(1.0)
Total liabilities and deferred inflows of resources	142,653,099	139,553,807	3,099,292	2.2
Net position:				
Net investment in capital assets	1,094,885,632	1,040,793,401	54,092,231	5.2
Restricted	17,063,507	17,023,157	40,350	0.2
Unrestricted	345,359,778	344,434,393	925,385	0.3
Total net position	1,457,308,917	1,402,250,951	55,057,966	3.9
Total liabilities, deferred inflows of resources and net position	$ 1,600,788,387	$ 1,541,804,758	$ 58,983,629	3.8%

At June 30, 2023, total net position was $1.40 billion, which is an increase of $5.9 million, or 0.4% from the prior year net position.

The following table reflects the Authority's net position at June 30, 2023 and 2022:

Condensed Statements of Net Position

	2023	2022	Increase (Decrease)	% Change
Capital assets, net	$ 1,133,266,359	$ 1,095,176,910	$ 38,089,449	3.5%
Cash & Investments	327,988,527	359,861,417	(31,872,890)	(8.9)
Other current and non-current assets	74,786,032	82,422,878	(7,636,846)	(9.3)
Total assets	1,536,040,918	1,537,461,205	(1,420,287)	(0.1)
Deferred outflows of resources	5,763,840	7,249,804	(1,485,964)	(20.5)
Total assets and deferred outflows of resources	$ 1,541,804,758	$ 1,544,711,009	$ (2,906,251)	(0.2)
Bonds and VRA loans payable	$ 78,656,456	$ 88,040,075	$ (9,383,619)	(10.7)
Lease liabilities	72,702	93,907	(21,205)	(22.6)
SBITA liabilities	73,030	-	73,030	100.0
Other liabilities	48,119,797	41,357,866	6,761,931	16.3
Total liabilities	126,921,985	129,491,848	(2,569,863)	(2.0)
Deferred inflows of resources	12,631,822	18,847,323	(6,215,501)	(33.0)
Total liabilities and deferred inflows of resources	139,553,807	148,339,171	(8,785,364)	(5.9)
Net position:				
Net investment in capital assets	1,040,793,401	1,000,621,917	40,171,484	4.0
Restricted	17,023,157	19,313,429	(2,290,272)	(11.9)
Unrestricted	344,434,393	376,436,492	(32,002,099)	(8.5)
Total net position	1,402,250,951	1,396,371,838	5,879,113	0.4
Total liabilities, deferred inflows of resources and net position	$ 1,541,804,758	$ 1,544,711,009	$ (2,906,251)	(0.2)%

Net Investment in Capital Assets

Investments in capital assets are essential to the Authority's infrastructure and the ability to provide quality services to its customers. Net investment in capital assets consists of property, plant, and equipment, leases, subscription-based information technology agreements, construction in progress and advance capacity payments, and is after the deduction of any related long-term debt outstanding.

2024-2023 Comparison

Net investment in capital assets was $1.1 billion at June 30, 2024 and represented 75.1% of total net position. Net investment in capital assets increased by 5.2% or $54.1 million over the prior year. The primary factors for this increase were $107.5 million in capital asset additions, primarily consisting of $78.9 million in construction in progress and $20.0 million in lines and improvements. Additionally, loan draws on the Authority's VRA loan #5 totaling $15.5 million were made during FY24. The additions were partially offset by a $5.5 million reduction in bonds and VRA loans payable due to scheduled debt service payments. The Authority continued to progress on substantial critical infrastructure upgrade projects, which increased capital asset additions.

2023-2022 Comparison

Net investment in capital assets was $1.0 billion at June 30, 2023 and represented 74.2% of total net position. Net investment in capital assets increased by 4.0% or $40.2 million over the prior year. The principal factors for this increase were $84.1 million in capital asset additions, primarily consisting of $66.2 million in construction in progress and $10.1 million in lines and improvements, partially offset by $45.4 million in depreciation and amortization and a $9.3 million reduction in bonds and VRA loans payable through scheduled debt service payments.

Restricted Net Position

Restricted net position is comprised of restricted cash and investments and related interest receivable, and is generally subject to external restrictions on how it may be utilized. Restricted cash and investments consist principally of money market funds held by a trustee for debt service and capital project accounts, in addition to customer deposits and other project-related escrow funds.

2024-2023 Comparison

Restricted net position was $17.1 million at June 30, 2024 and represented 1.2% of total net position. Restricted net position was largely unchanged from the prior fiscal year.

2023-2022 Comparison

Restricted net position was $17.0 million at June 30, 2023 and represented 1.2% of total net position. The net decrease of $2.3 million is primarily due to decreases in restricted cash and cash equivalents and investments.

Unrestricted Net Position

Unrestricted net position is used to fund ongoing operating needs and the Authority's CIP. Unrestricted net position is comprised of the Authority's unrestricted cash and investments, receivables, equity interest in UOSA, and other non-capital assets, less other liabilities. Unrestricted cash and investments consist of government securities, bank deposits and other cash equivalents. These assets may be used to finance day-to-day operations without restrictions established by debt covenants or other requirements. When making investments, the Authority considers cash flow requirements as well as the quality and return of potential investments, with the primary goal of preservation of invested capital. The equity interest in UOSA represents the Authority's share of UOSA's net position and is not liquid.

2024-2023 Comparison

Unrestricted net position increased $0.9 million during fiscal year 2024 to $345.4 million, a 0.3% increase from the prior year. Unrestricted net position comprises 23.7% of total net position. The increase is primarily due to a $1.7 million reduction in unrestricted cash and investments, a $3.8 million reduction in the Authority's equity interest in UOSA and other normal fluctuations in unrestricted asset and liability accounts. At June 30, 2024, unrestricted cash and investments represented 90.5% of unrestricted net position.

2023-2022 Comparison

Unrestricted net position decreased $32.0 million during fiscal year 2023 to $344.4 million, an 8.5% decrease from the prior year. Unrestricted net position comprises 24.6% of total net position. The principal factor for this decrease was a $28.8 million reduction in unrestricted cash and investments, which was partially offset by a $5.9 million reduction in the Authority's equity interest in UOSA and other normal fluctuations in unrestricted asset and liability accounts. At June 30, 2023, unrestricted cash and investments represented 91.3% of unrestricted net position.

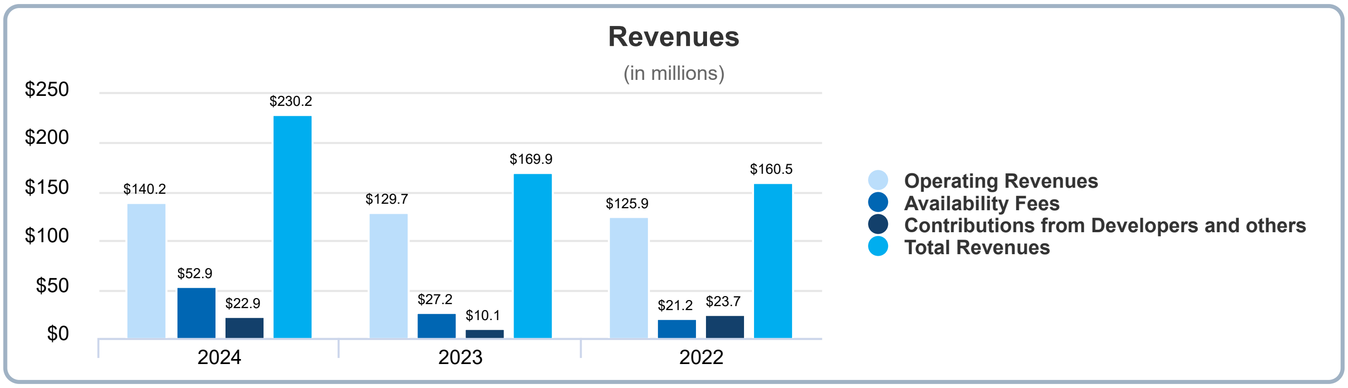
Changes in Revenues, Expenses and Net Position

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 that follow provide insight as to the nature and source of those changes.

The following table summarizes changes in revenues and expenses between fiscal year 2024 and 2023:

Condensed Statements of Revenues, Expenses and Changes in Net Position

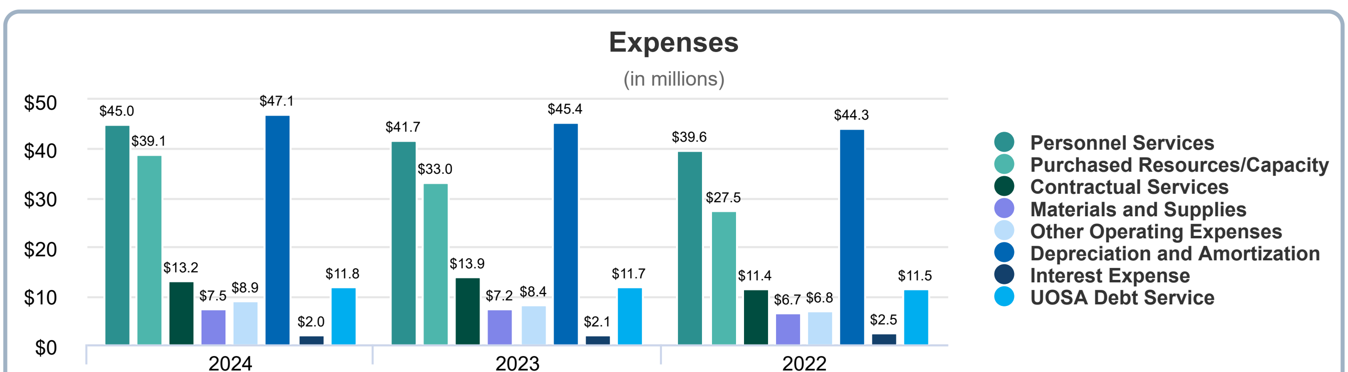
	2024	2023	Increase (Decrease)	% Change
Water and sewer user charges	$ 137,771,219	$ 127,582,472	$ 10,188,747	8.0%
Development charges	1,399,633	1,257,710	141,923	11.3
Other	1,078,269	842,073	236,196	28.0
Total operating revenues	140,249,121	129,682,255	10,566,866	8.1
Availability fees	52,873,404	27,231,803	25,641,601	94.2
Investment income	16,672,255	7,219,921	9,452,334	130.9
Grant revenues	13,625	164,421	(150,796)	(91.7)
Equity interest in UOSA	(3,764,827)	(5,856,627)	2,091,800	35.7
Other	1,238,932	1,399,017	(160,085)	(11.4)
Total non-operating revenues	67,033,389	30,158,535	36,874,854	122.3
Contributions from developers and others	22,918,615	10,105,960	12,812,655	126.8
Total revenues	230,201,125	169,946,750	60,254,375	35.5
Personnel services	44,952,760	41,740,654	3,212,106	7.7
Purchased resources	39,092,198	32,959,417	6,132,781	18.6
Contractual services	13,152,419	13,942,372	(789,953)	(5.7)
Materials and supplies	7,489,493	7,241,953	247,540	3.4
Other	8,867,949	8,397,392	470,557	5.6
Total operating expenses	113,554,819	104,281,788	9,273,031	8.9
Depreciation and amortization	47,084,831	45,362,784	1,722,047	3.8
Interest expense	1,996,495	2,102,225	(105,730)	(5.0)
Payments for UOSA debt service	11,839,011	11,652,837	186,174	1.6
Purchased capacity	668,003	668,003	-	-
Total expenses	175,143,159	164,067,637	11,075,522	6.8
Change in net position	55,057,966	5,879,113	49,178,853	836.5
Total net position, beginning of year	1,402,250,951	1,396,371,838	5,879,113	0.4
Total net position, end of year	$ 1,457,308,917	$ 1,402,250,951	$ 55,057,966	3.9%



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

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2023	2022	Increase (Decrease)	% Change
Water and sewer user charges	$ 127,582,472	$ 123,650,905	$ 3,931,567	3.2%
Development charges	1,257,710	1,497,025	(239,315)	(16.0)
Other	842,073	775,640	66,433	8.6
Total operating revenues	129,682,255	125,923,570	3,758,685	3.0
Availability fees	27,231,803	21,225,247	6,006,556	28.3
Investment income	7,219,921	(5,189,453)	12,409,374	(239.1)
Grant revenue	164,421	1,483,020	(1,318,599)	(88.9)
Equity interest in UOSA	(5,856,627)	(7,919,751)	2,063,124	26.1
Other	1,399,017	1,339,017	60,000	4.5
Total non-operating revenues	30,158,535	10,938,080	19,220,455	175.7
Contributions from developers and others	10,105,960	23,683,518	(13,577,558)	(57.3)
Total revenues	169,946,750	160,545,168	9,401,582	5.9
Personnel services	41,740,654	39,568,806	2,171,848	5.5
Purchased resources	32,959,417	27,542,977	5,416,440	19.7
Contractual services	13,942,372	11,438,105	2,504,267	21.9
Materials and supplies	7,241,953	6,691,542	550,411	8.2
Other	8,397,392	6,805,891	1,591,501	23.4
Total operating expenses	104,281,788	92,047,321	12,234,467	13.3
Depreciation and amortization	45,362,784	44,260,700	1,102,084	2.5
Interest expense	2,102,225	2,511,491	(409,266)	(16.3)
Payments for UOSA debt service	11,652,837	11,467,146	185,691	1.6
Purchased capacity	668,003	668,004	(1)	-
Total expenses	164,067,637	150,954,662	13,112,975	8.7
Change in net position	5,879,113	9,590,506	(3,711,393)	(38.7)
Total net position, beginning of year	1,396,371,838	1,386,781,332	9,590,506	0.7
Total net position, end of year	$ 1,402,250,951	$ 1,396,371,838	$ 5,879,113	0.4%



Operating Revenues

Operating revenues consist of water and sewer user charges, development charges and other operating revenues, which primarily consist of refuse collection fees, lab testing fees, and grinder pump maintenance fees. Operating revenues are, in part, based on local environmental and economic factors. Demand for water is affected by climatological influences such as temperature, precipitation amounts, and precipitation frequency.

The Authority's Board of Directors adopts rates and fees to cover the cost of service provided. Water and sewer user charges consist of fixed and variable charges. Variable charges are based on the amount of water used. The amount of water used during the peak season of May through October for outdoor watering and commercial cooling is influenced by the weather. Development charges are impacted by development in the County during the year.

2024-2023 Comparison

Operating revenues increased $10.6 million, or 8.1% over the prior fiscal year to $140.2 million. The increase is primarily due to a $10.2 million increase in water and sewer user charges, which is a result of adopted rate increases in April 2023 and January 2024, increased consumption due to account growth and warmer, drier summer weather as compared to the prior year. The Authority's customer base grew by 356 accounts to 98,128, or 0.4% higher than as of the end of fiscal year 2023. In addition, the Authority increased its trash collection and lab fees during fiscal year 2024 , resulting in higher administrative fee revenue of $376,000 as compared to the prior year.

2023-2022 Comparison

Operating revenues increased $3.8 million, or 3.0% over the prior fiscal year to $129.7 million. The increase is primarily due to a $3.9 million increase in water and sewer user charges, which is a result of an adopted rate increase in April 2023 and increased consumption due to account growth and drier weather as compared to the prior year. The Authority's customer base grew by 958 accounts to 97,772, or 1.0% higher than as of the end of fiscal year 2022. In addition, the Authority resumed certain collection processes in early fiscal year 2022 after being paused during the pandemic, resulting in higher administrative fee revenue of $330,000 as compared to the prior year.

Non-Operating Revenues

Non-operating revenues consist of availability fees, investment income, grant revenues and other non-operating revenues, which consist of property rental income, proceeds from the sale of capital assets and other miscellaneous revenues. Availability fees cover the cost of a customer's pro-rata share of capacity and infrastructure. Availability fees are charged in ERUs at the time of certification, which authorizes a customer to establish service and physically connect to the Authority's system.

2024-2023 Comparison

Non-operating revenues increased by $36.9 million or 122.3% in fiscal year 2024 mostly due to an increase of $25.6 million in availability fees due to increased certifications, a 3.8% increase in availability fees in January 2024, a $9.5 million increase in investment income due to rising interest rates, and a $2.1 million increase in the equity interest in UOSA. Availability fees cover the cost of a customer's pro-rata share of capacity and infrastructure and are charged in ERUs at the time of certification, which authorizes a customer to establish service and physically connect to the Authority's system. Revenue from availability fees is directly related to economic development in the County and increased in fiscal year 2024 as the number of ERUs sold increased by 1,582 to 3,303. This increase is largely attributable to commercial development. The equity interest in UOSA is a function of UOSA's annual performance and is a formula-based calculation of the Authority's percentage of capacity rights in the joint venture, multiplied by the change in UOSA's net position for the latest audited fiscal year. See Note 5 to the financial statements, Equity in Upper Occoquan Service Authority, for additional detail.

2023-2022 Comparison

Non-operating revenues increased by $19.2 million or 175.7% in fiscal year 2023 mostly due to an increase of $6.0 million in availability fees due to increased certifications, a $12.4 million increase increase in investment income due to rising interest rates, and a $2.1 million increase increase in the equity interest in UOSA, offset by lower grant revenue of $1.3 million. Availability fees cover the cost of a customer's pro-rata share of capacity and infrastructure and are charged in ERUs at the time of certification, which authorizes a customer to establish service and physically connect to the Authority's system. Revenue from availability fees is directly related to economic development in the County and increased in fiscal year 2023 as the number of ERUs sold increased by 329 to 1,721. The equity interest in UOSA is a function of UOSA's annual performance and is a formula-based calculation of the Authority's percentage of capacity rights in the joint venture, multiplied by the change in UOSA's net position for the latest audited fiscal year. See Note 5 to the financial statements, Equity in Upper Occoquan Service Authority, for additional detail.

Contributions from Developers and Others

Developer contributions may consist of cash, tangible property, including such items as water mains, sanitary sewer lines, pumping stations, fire hydrants, manholes and associated infrastructure received from developers and governmental entities. Fluctuations in the value of contributions from year to year are due to the number of development projects and the timing of when developers complete expansion projects and convey the related assets to the Authority.

2024-2023 Comparison

Revenue from developer contributions increased by $12.8 million or 126.8% compared to fiscal year 2023. Assets contributed to the Authority are variable from year to year and are impacted by factors including development activities in the Authority's service area and the local and national economy. Assets deeded to the Authority in fiscal years 2024 and 2023 were approximately $22.9 million and $10.1 million, respectively.

2023-2022 Comparison

Revenue from developer contributions decreased by $13.6 million or 57.3% compared to fiscal year 2022 due to the lingering effects of the slow down in development activity during the pandemic. Assets deeded to the Authority in fiscal years 2023 and 2022 were approximately $10.1 million and $23.7 million, respectively.

Operating Expenses

Operating expenses consist of personnel services, purchased resources, contractual services, materials and supplies, utilities and other operating expenses, which consist of insurance, training, travel and rent expenses.

2024-2023 Comparison

Operating expenses increased by $9.3 million, or 8.9% from fiscal year 2023. The Service Authority continues to experience increased costs due to inflation. The increase was primarily due to increases in purchased resources and personnel services expenses. Purchased resources increased $6.1 million due to an increase in wholesale water costs associated with higher demand and higher treatment costs incurred by wholesale water providers that are charged to the Authority through increased wholesale rates. Personnel services increased $3.2 million, or 7.7% from fiscal year 2023 primarily due to changes in staffing levels and annual merit increases.

2023-2022 Comparison

Operating expenses increased by $12.2 million, or 13.3% from fiscal year 2022. The increase was primarily due to increases in purchased resources, contractual services and personnel services expenses. Purchased resources increased $5.4 million due to an increase in wholesale water costs associated with higher demand and higher treatment costs incurred by wholesale water providers that are passed on to the Authority in increased wholesale rates. The Service Authority continues to experience increased costs due to inflation and supply chain challenges. Contractual services increased $2.5 million due to increases in information technology software and maintenance agreements. Personnel services increased $2.2 million, or 5.5% from fiscal year 2022 primarily due to changes in staffing levels and annual merit increases.

Non-Operating Expenses

Non-operating expenses consist of interest expense, payments for UOSA debt service and purchased capacity costs. Interest expense reflects the interest paid or accrued on outstanding debt, plus or minus the amortization of bond premiums, discounts, and deferred amounts on refunding. Payments for UOSA debt service represent the Authority's share of the annual debt obligations of the joint venture, including both principal and interest. Purchased capacity is the Authority's purchase of rights to transmission main capacity from wholesale providers.

2024-2023 Comparison

Non-operating expenses increased by $80,000 or 0.6% in fiscal year 2024 as compared to fiscal year 2023. An increase in payments for UOSA debt service, based on amortization schedules, was offset by lower interest expense resulting from decreased principal balances.

2023-2022 Comparison

Non-operating expenses decreased by approximately $224,000 or 14.7% in fiscal year 2023 as compared to fiscal year 2022. An increase in payments for UOSA debt service, based on amortization schedules, was offset by higher interest expense resulting from decreased principal balances.

Capital Assets and Debt Administration

The Authority maintains investments in a broad range of capital assets, which include land, buildings, water and sanitary sewer lines, water storage facilities (tanks), water reclamation plants, pumping stations, various machinery and equipment, computers, intangible right-to-use assets, advance capacity payments and vehicles.

At June 30, 2024, capital assets, net of accumulated depreciation and amortization, was $1.19 billion, an increase of $60.2 million or 5.3% over fiscal year 2023.

The following table summarizes the Authority's capital assets, net of accumulated depreciation and amortization, and the changes, therein, for the years ended June 30, 2024 and 2023.

Capital Assets, Net of Accumulated Depreciation and Amortization

	2024	2023	Increase (Decrease)	% Change
Lines and improvements	$ 687,395,605	$ 684,981,712	$ 2,413,894	0.4%
Equipment	87,681,713	92,698,014	(5,016,301)	(5.4)
Buildings	82,937,170	85,007,295	(2,070,125)	(2.4)
Construction in progress	194,944,383	124,658,282	70,286,101	56.4
Land	9,765,989	9,765,989	-	-
Vehicles	1,907,887	2,119,253	(211,366)	(10.0)
Intangible right-to-use assets (leases)	1,075,266	70,378	1,004,888	1,427.8
Intangible right-to-use assets (SBITAs)	612,014	1,044,052	(432,038)	(41.4)
Advance capacity payments	127,168,203	132,921,384	(5,753,181)	(4.3)
Total capital assets	$ 1,193,488,230	$ 1,133,266,359	$ 60,221,872	5.3%

At June 30, 2023, capital assets, net of accumulated depreciation and amortization, was $1.13 billion, an increase of $38.1 million or 3.5% over fiscal year 2022.

The following table summarizes the Authority's capital assets, net of accumulated depreciation and amortization, and the changes, therein, for the years ended June 30, 2023 and 2022.

Capital Assets, Net of Accumulated Depreciation and Amortization

	2023	2022	Increase (Decrease)	% Change
Lines and improvements	$ 684,981,712	$ 689,940,016	$ (4,958,304)	(0.7)%
Equipment	92,698,014	92,585,054	112,960	0.1
Buildings	85,007,295	87,977,110	(2,969,815)	(3.4)
Construction in progress	124,658,282	74,110,233	50,548,049	68.2
Land	9,765,989	9,765,989	-	-
Vehicles	2,119,253	2,730,081	(610,828)	(22.4)
Intangible right-to-use assets (leases)	70,378	163,788	(93,410)	(57.0)
Intangible right-to-use assets (SBITAs)	1,044,052	-	1,044,052	100.0
Advance capacity payments	132,921,384	137,904,638	(4,983,254)	(3.6)
Total capital assets	$ 1,133,266,359	$ 1,095,176,910	$ 38,089,450	3.5%

Additional information on the Authority's capital assets can be found in Note 1(g), Summary of Significant Accounting Policies, and Note 3, Property, Plant and Equipment, to the accompanying basic financial statements.

Capital Assets, Net of Accumulated Depreciation and Amortization

Capital projects are planned and organized within the following functional project categories:

- **Water Supply** – Booster pumping stations and water source projects.
- **Water Storage** – Tank projects intended to maintain stable water system pressure, provide fire flow and reserve storage, and provide water during peak demands that exceed supply, transmission capacity or pumping capacity.

  The Authority also proactively manages and funds efforts to repair, rehabilitate and upgrade its water storage tanks. These efforts are designed to preserve and extend the asset life of each water tank, and also to upgrade other components as required, including lighting, fencing, mixing devices, control valves, back-up generators, walkway and safety and security features, and SCADA systems.
- **Water Transmission** – Water main projects (transmission and distribution mains).
- **Sewage Pumping Stations (SPS)** – Pump station projects (pump sewage from a low point in one gravity sewer shed to another gravity sewer shed for conveyance to a water reclamation facility). These projects often involve installation of a bypass connection on the force main, which enables the Authority to continue handling the wastewater flows while maintenance is performed on a pump station.
- **Sewage Collection System** – Sewer main projects (convey sewage from commercial and residential customers to sewage pumping stations or water reclamation facilities).

  The Authority continues to proactively manage its wastewater collection system by funding a multi-year program to evaluate the condition of sewer mains and manholes, and by proactively performing rehabilitation and maintenance on those assets prior to their failure. In many instances, this approach extends asset life, reduces the frequency of failure events, and minimizes capital expenditures because cost-effective, trenchless rehabilitation methods can be used, as opposed to waiting for asset failure when costly, open-cut construction methods are required. These efforts also reduce infiltration and inflow of rain water from seeping into the wastewater collection system, thereby eliminating unnecessary costs for treatment and additional purchases of wastewater treatment capacity.
- **Water Reclamation Facilities** – Construction projects and facility modifications at the HLM AWRF.
- **Information Technology** – Projects that involve financial, accounting and other software upgrades, SCADA upgrades and modifications, geographic information system (GIS) improvements and hydraulic modeling studies.
- **Regional Utility** – Major expansion or upgrade projects to regional treatment facilities at which the Authority has purchased capacity rights.
- **Miscellaneous** – Projects not directly related to other categories.

The major capital projects completed during fiscal years 2024 and 2023 or, under planning, design and/or construction in each of the functional project categories are detailed as follows:

- **Water Supply**
  - Construction continued on the Route 1 transmission main in fiscal year 2024 and completion of phases 1 & 2 of the project is expected in fiscal year 2025.
  - Upgrades to the wells on Bull Run Mountain continued in fiscal year 2024. The modifications and improvements from this project will increase service reliability and will enhance system operations in the area.
  - Design/Build of the Montclair/Four Seasons Water System Improvements continued in fiscal year 2024. Construction of the design-build project began in 2023 and completion of the project is anticipated in fiscal year 2025.
  - Design and construction of the Unity Reed pumping station and discharge main continued in fiscal year 2024. Construction is anticipated to be completed in fiscal year 2027.
  - Design for an upgrade of the Hoadly booster pumping station began in fiscal year 2024. Construction activity is expected to begin in fiscal year 2025.
  - Construction of a segment of a new water transmission main along University Boulevard for the Dawkins Branch Water Main Extension continued in fiscal year 2024.
- **Water Storage**
  - Rehabilitation of the Airport water storage tank was completed in fiscal year 2024.

- **Sewage Pumping Stations**
  - Construction of the Koon's, Belmont and Spinnaker Court SPSs began in fiscal year 2024. Project completion for all is expected in fiscal year 2027.
  - Construction for Occoquan Forest and Nokesville SPS rehabilitations continued in fiscal year 2024 and completion of both projects is expected in fiscal year 2025.
  - Construction of the Heritage Hunt SPS force main continued in fiscal year 2024 and is anticipated to be completed in fiscal year 2025.
- **Sewage Collection System**
  - Construction for the Dumfries force main replacement continued in fiscal year 2024. Completion is anticipated in fiscal year 2025.
  - Construction of the I-66 Rest Area force main replacement began in fiscal year 2024. Project completion is anticipated in fiscal year 2026.
- **Water Reclamation Facilities**
  - Design-Build efforts for the HL Mooney Facility Wide Improvements project commenced in fiscal year 2022 and are anticipated to continue beyond fiscal year 2027. The scope of this project includes improvements to several areas of the plant, as well as headworks capacity improvements and refurbishment of facility freight elevators in the Control and Process and Solids Handling buildings.
- **Information Technology & Data Management**
  - Upgrade of the JD Edwards Financial Management System (FMS) platform to improve security and functionality was completed in fiscal year 2024.
  - Implementation and refinement of the Service Authority's Document Management System, which will create an organization-wide central document repository, continued in fiscal year 2024.
  - Implementation of PMWeb Project Management Information System (PMIS) software continued in fiscal year 2024.
  - Expansion of the deployment of the Cityworks asset management system integrations for the warehousing processes and work order management functionality for the H.L. Mooney AWRF began in fiscal year 2024. These efforts are anticipated to be completed in fiscal year 2027
  - Installation of new Supervisory Control and Data Acquisition (SCADA) equipment and software continued in fiscal year 2024.This project replaces obsolete SCADA equipment with current technology and provides for improved system reliability, security, process automation, and real-time monitoring and reporting.
  - Migration of the Service Authority's website content to an upgraded Web Content Management System continued in fiscal year 2024.

In addition to the capital projects mentioned, residential and commercial development activity continues throughout the County. Cooperative efforts with developers have led to the design and developer-funded construction of major interceptor sewers, sewage pumping stations, water transmission lines and associated infrastructure. In fiscal years 2024 and 2023, developers installed and conveyed to the Authority for ownership and operation approximately 28 miles and 15 miles, respectively, of additional water mains, sanitary sewers, and related infrastructure representing approximately $22.9 million and $10.1 million, respectively, in total value.

In fiscal year 2024, 444 development plans representing 748 residential units and 3.0 million square feet of commercial development were reviewed, and nearly 17 miles of water and sewer mains were inspected. In fiscal year 2023, 404 development plans representing 1,922 residential units and 9.3 million square feet of commercial development were reviewed, and over 36 miles of water and sewer mains were inspected.

Long-Term Debt

At June 30, 2024, the Authority's outstanding long-term debt, net of deferred amounts, was $84.2 million, compared to $78.7 million at the end of fiscal year 2023.

Outstanding Long-Term Debt

	2024	2023	Increase (Decrease)	% Change
VRA loans payable	$ 44,544,115	$ 35,229,809	$ 9,314,306	26.4%
Revenue bonds	39,648,849	43,426,647	(3,777,797)	(8.7)
Total long-term debt	$ 84,192,965	$ 78,656,456	$ 5,536,509	7.0%

At June 30, 2023, the Authority's outstanding long-term debt, net of deferred amounts, was $78.7 million, compared to $88.0 million at the end of fiscal year 2022.

Outstanding Long-Term Debt

	2023	2022	Increase (Decrease)	% Change
VRA loans payable	$ 35,229,809	$ 40,915,137	$ (5,685,328)	(13.9)%
Revenue bonds	43,426,647	47,124,938	(3,698,291)	(7.8)
Total long-term debt	$ 78,656,456	$ 88,040,075	$ (9,383,619)	(10.7)%

VRA Loans

The Authority has four outstanding financing agreements with VRA at June 30, 2024, with the proceeds of each being used to finance upgrades at the HLM AWRF in prior and future years.

2024-2023 Comparison

At June 30, 2024, approximately $44.5 million of long-term debt was outstanding with the VRA. The net increase in VRA loans of approximately $9.3 million was due to draws on VRA loan #5 during the fiscal year.

2023-2022 Comparison

At June 30, 2023, approximately $35.2 million of long-term debt was outstanding with the VRA. The net decrease in VRA loans of approximately $5.7 million was due to scheduled principal payments.

Revenue Bonds

Revenue bonds are issued to fund capital projects or defease or refund older, higher interest debt in order to reduce the cost of borrowing.

2024-2023 Comparison

At June 30, 2024, the Authority had approximately $39.6 million of outstanding revenue bonds, which were issued in 2013 and 2015. The 2015 bonds refunded the higher interest 2005 bonds effective July 1, 2015. The $3.8 million decrease during fiscal year 2024 resulted from regularly scheduled debt service payments and the amortization of related premiums. In June 2024, the Authority made an advance payment from unrestricted funds toward fiscal year 2025 debt service in the amount of $6.3 million.

2023-2022 Comparison

At June 30, 2023, the Authority had approximately $43.4 million of outstanding revenue bonds, which were issued in 2013 and 2015. The 2015 bonds refunded the higher interest 2005 bonds effective July 1, 2015. The $3.7 million decrease during fiscal year 2023 resulted from regularly scheduled debt service payments and the amortization of related premiums. In June 2023, the Authority made an advance payment from unrestricted funds toward fiscal year 2024 debt service in the amount of $1.5 million.

Compliance

The Authority was in compliance with all bond and loan covenants during fiscal years 2024 and 2023. Detailed information regarding the Authority's long-term debt outstanding is presented in Notes 4, 6, 7, 8 and 9 to the accompanying basic financial statements. Revenue bond coverage calculations are disclosed in Tables 8 and 9 in the Statistical Section of the accompanying basic financial statements.

Economic Factors and Next Year's Budget and Rates

The Authority protects public health and the environment by reliably providing clean, safe and dependable water and wastewater reclamation services to our community. The operating and capital budgets are prepared in alignment with the Authority's mission and the Board of Director's vision.The fiscal year 2025 budget includes resources to:

- Protect public health and safety (including cyber security)
- Make significant investments in needed infrastructure
- Attract and retain staff, and continue to pursue performance excellence

Highlights of the Authority's fiscal year 2025 budget include:

- Total revenue is projected to increase by 11.1% to $183.0 million. Revenue from User Charges & Fees is projected to be up based on consumption trends, 2.0% account growth, adopted rate increases, and proposed additional rate increases to meet higher capital and operating costs. Revenue from Developer Charges is projected to increase 17.7% based on higher growth of Equivalent Residential Units (ERUs), which are projected to be 1,500 ERUs in fiscal year 2025, and Board-adopted availability fee increases.
- Total expenses are projected to be $127.0 million which represents a $10.4 million or 8.9% increase from the prior budget. The budget reflects increases to most expense categories due to inflationary pressures and general economic conditions.
- Total debt service is projected at $24.4 million. UOSA debt service is estimated at $13.0 million and represents the Authority's share of UOSA's debt obligations. VRA debt service totals $6.5 million and consists of loans to finance capital improvements to the H.L. Mooney AWRF, and debt service for Service Authority bonds is projected at $4.9 million, which is debt issued to finance purchased water capacity from Fairfax Water and the construction of the Linton Hall sewage pumping station. The Authority plans to seek additional VCWRLF or private financing to complete the H.L. Mooney AWRF improvements and to finance a portion of the sewage pumping station capital improvement plan.
- The Authority's fiscal year 2025-2029 CIP budget details capital projects that are necessary for system expansion, rehabilitation and improved system reliability. For fiscal year 2025, capital spending is budgeted at $161.0 million. Major CIP projects scheduled for fiscal year 2025 include improvements and replacements to elevated water storage tanks, sewer mains, pumping stations, water lines, H.L. Mooney Advanced Water Reclamation Facility, information technology and the SCADA system.

Contacting the Authority's Financial Management

The ACFR is designed to provide the reader with a general overview of the Authority's financial position and demonstrate the Authority's accountability for revenues received and expenditures made. Questions concerning information provided in this report or requests for additional financial information should be directed to:

Brian Sipes, CPA
Director of Finance
Prince William County Service Authority
P.O. Box 2266
Woodbridge, VA 22195-2266
Telephone 703-335-8920
E-mail requests may be sent to: finance@pwcsa.org

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Financial Statements

PRINCE WILLIAM COUNTY SERVICE AUTHORITY

Statements of Net Position

June 30, 2024 and 2023

Assets and Deferred Outflows of Resources	2024	2023
Current assets:		
Cash and cash equivalents (notes 1c and 2)		
Unrestricted	$ 37,636,092	$ 46,840,075
Restricted	15,462,098	13,642,686
Investments (notes 1d and 2)		
Unrestricted	137,300,847	199,485,527
Receivables		
User and development charges (net of allowance for uncollectibles of $200,000)	9,218,781	8,748,401
Unbilled water and sewer service (note 1k)	7,978,945	6,767,917
Interest		
Unrestricted	2,302,986	1,140,092
Restricted	28,242	37,127
Lease Receivables (notes 1w and 4)	551,565	678,190
Other receivables	689,678	310,058
Materials and supplies inventory (note 1e)	11,557,261	9,794,398
Prepaid expenses (note 1f)	1,677,452	1,340,288
Total current assets	224,403,947	288,784,759
Non-current assets:		
Investments (notes 1d and 2)		
Unrestricted	137,757,375	68,020,240
Property, plant and equipment, net of accumulated depreciation and amortization (notes 1g and 3)	1,193,488,230	1,133,266,359
Lease receivables (notes 1w and 4)	6,800,239	7,800,074
Net pension asset (notes 9 and 10)	1,345,392	3,237,019
HIC other postemployment benefits asset (notes 9 and 10)	227,775	169,765
Equity in Upper Occoquan Service Authority (notes 1h and 5)	30,997,875	34,762,702
Total non-current assets	1,370,616,886	1,247,256,159
Total assets	1,595,020,833	1,536,040,918
Deferred outflows of resources:		
Deferred charges on refunding (note 6)	1,166,597	1,372,404
Deferred pension outflows (notes 1n and 10)	3,125,479	2,576,948
Deferred OPEB outflows (note 10)	995,194	1,337,963
Deferred GLI OPEB outflows (notes 1o and 10)	426,559	412,199
Deferred HIC OPEB outflows (notes 1p and 10)	53,725	64,326
Total deferred outflows of resources	5,767,554	5,763,840
Total assets and deferred outflows of resources	$ 1,600,788,387	$ 1,541,804,758

See accompanying notes to financial statements.

Statements of Net Position (Continued)

June 30, 2024 and 2023

Liabilities, Deferred Inflows of Resources and Net Position		2024		2023
Current liabilities:				
Accounts payable and accrued expenses	$	18,547,807	$	20,428,267
Virginia Resources Authority (VRA) loans payable (notes 7 and 8)		5,811,852		5,711,366
Customer deposits		3,533,125		3,492,715
Leases (notes 1w and 4)		194,460		72,702
Subscription-Based Information Technology Agreements (note 14)		30,672		29,096
Bonds payable (notes 6 and 8)		3,705,000		3,575,000
Retainage payable		4,383,606		2,503,249
Accrued interest payable				
Bonds payable (note 6)		652,574		718,107
VRA loans payable (note 7)		214,376		197,370
Compensated absences (notes 1i and 9)		848,485		1,091,485
Other post employment benefits liability (notes 9 and 10)		826,371		880,614
Unearned revenue		23,663		22,884
Total current liabilities		38,771,991		38,722,855
Long-term liabilities:				
VRA loans payable (net of current portion of $5,811,852 and $5,711,366 at June 30, 2024 and 2023, respectively) (notes 7 and 8)		38,732,263		29,518,443
Bonds payable (net of current portion of $3,705,000 and $3,575,000 at June 30, 2024 and 2023, respectively) (notes 6 and 8)		35,943,849		39,851,647
Compensated absences (notes 1i and 9)		5,049,776		4,307,864
Leases (notes 1w, 9 and 10)		891,509		-
SBITAs (note 14)		13,263		43,934
Other postemployment benefits liability (notes 9 and 10)		10,027,436		12,962,609
GLI other postemployment benefits liability (notes 9 and 10)		1,544,956		1,514,633
Total long-term liabilities		92,203,052		88,199,130
Total liabilities		130,975,043		126,921,985
Deferred inflows of resources:				
Deferred lease rental income (notes 1w and 4)		6,724,730		7,954,486
Deferred pension plan inflows (notes 1n and 10)		1,336,501		2,470,623
Deferred OPEB inflows (note 10)		3,901,000		1,495,217
Deferred GLI OPEB inflows (notes 1o and 10)		268,424		375,747
Deferred HIC OPEB inflows (notes 1p and 10)		273,772		335,749
Total deferred inflows of resources		12,504,427		12,631,822
Total liabilities and deferred inflows of resources		143,479,470		139,553,807

Net position:		
Net investment in capital assets	$ 1,094,885,632	$ 1,040,793,401
Restricted for:		
Debt service	12,842,286	11,146,676
Other purposes		
Customer deposits	2,617,706	2,507,236
Pension	1,345,392	3,237,019
HIC other post employment benefits	227,775	169,765
Other nonmajor purposes	30,348	25,901
Unrestricted	345,359,778	344,434,393
Total net position	1,457,308,917	1,402,250,951
Total liabilities, deferred inflows of resources and net position	$ 1,600,788,387	$ 1,541,804,758

PRINCE WILLIAM COUNTY SERVICE AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water and sewer user charges	$ 137,771,219	$ 127,582,472
Development charges	1,399,633	1,257,710
Other	1,078,269	842,073
Total operating revenues	140,249,121	129,682,255
Operating expenses:		
Personnel services	44,952,760	41,740,654
Purchased resources (notes 1m and 5)	39,092,198	32,959,417
Contractual services	13,152,419	13,942,372
Materials and supplies	7,489,493	7,241,953
Utilities	6,386,191	5,876,176
Other	2,481,758	2,521,216
Total operating expenses	113,554,819	104,281,788
Operating income before depreciation and amortization	26,694,302	25,400,467
Depreciation and amortization (notes 1g and 3)	47,084,831	45,362,784
Operating loss	(20,390,529)	(19,962,317)
Non-operating income (expense):		
Availability fees (note 1l)	52,873,404	27,231,803
Investment income	16,672,255	7,219,921
Grant revenues	13,625	164,421
Payments for UOSA debt service (note 5)	(11,839,011)	(11,652,837)
Equity interest in UOSA (note 5)	(3,764,827)	(5,856,627)
Interest expense	(1,996,495)	(2,102,225)
Purchased capacity (note 12)	(668,003)	(668,003)
Other	1,238,932	1,399,017
Total non-operating income, net	52,529,880	15,735,470
Gain (Loss) before contributions from developers and others	32,139,351	(4,226,847)
Contributions from developers and others (note 13)	22,918,615	10,105,960
Change in net position	55,057,966	5,879,113
Net position, beginning of year	1,402,250,951	1,396,371,838
Net position, end of year	$ 1,457,308,917	$ 1,402,250,951

See accompanying notes to financial statements.

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PRINCE WILLIAM COUNTY SERVICE AUTHORITY

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received from customers	$ 137,370,811	$ 128,507,478
Cash payments to suppliers for goods and services	(75,892,593)	(62,197,581)
Cash payments to employees for services	(44,269,632)	(43,486,811)
Miscellaneous income from other sources	784,711	475,559
Cash received from operating leases	234,973	901,027
Cash from other operating revenues	698,649	857,834
Net cash provided by operating activities	18,926,919	25,057,506
Cash flows from non-capital financing activities:		
Interest paid for UOSA debt service	(4,040,215)	(3,810,386)
Principal paid for UOSA debt service	(7,798,796)	(7,842,451)
Grants received	13,625	164,421
Net cash used in non-capital financing activities	(11,825,386)	(11,488,416)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(78,584,522)	(67,762,937)
Receipts from sale of property and equipment	286,714	49,085
Principal paid on lease & SBITA liabilities	(168,079)	(101,297)
Interest on lease & SBITA liabilities	(17,518)	(2,782)
Interest paid on bonds payable	(1,370,680)	(1,455,728)
Principal paid on bonds payable	(3,575,000)	(3,440,000)
Interest paid on VRA loans	(653,815)	(683,474)
Principal paid on VRA loans	(5,711,367)	(5,612,626)
VRA Loan Draw	15,025,672	-
Receipt of developer charges	52,984,704	27,271,803
Payments for future capacity	(668,003)	(668,003)
Net cash used in capital and related financing activities	(22,451,894)	(52,405,959)
Cash flows from investing activities:		
Purchase of investment securities	(196,259,335)	(99,441,357)
Interest received on cash and cash equivalents	2,917,450	982,233
Proceeds from sales and maturities of investments	194,565,000	132,585,000
Interest received from investment securities	6,742,675	4,861,662
Net cash provided by investing activities	7,965,790	38,987,538
Net change in cash and cash equivalents	(7,384,571)	150,669
Cash and cash equivalents at beginning of year	60,482,761	60,332,092
Cash and cash equivalents at end of year	$ 53,098,190	$ 60,482,761

See accompanying notes to financial statements.

Statements of Cash Flows (Continued)

Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (20,390,529)	$ (19,962,317)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	47,084,831	45,362,784
Other non-cash operating expenses	639,574	1,519,603
Pension expense	639,750	570,605
Other postemployment benefits expense	659,918	1,071,680
Miscellaneous income from other sources	784,711	475,559
Change in assets and liabilities:		
(Increase) in water and sewer receivable	(629,421)	(58,676)
(Increase) in unbilled water and sewer receivable	(1,211,028)	(429,262)
(Increase) decrease in other receivables	(379,620)	15,761
(Increase) in materials and supplies inventory	(1,762,863)	(1,338,044)
(Increase) in prepaid expenses	(337,164)	(106,833)
Increase (decrease) in accounts payable and accrued expenses	(5,014,185)	85,249
(Increase) in pension contributions	(430,776)	(1,293,444)
(Increase) in other post employment benefits contributions	(1,265,602)	(1,265,602)
Increase in compensated absences	498,913	255,209
Increase in customer deposits	40,410	155,234
Total adjustments	39,317,448	45,019,823
Net cash provided by operating activities	$ 18,926,919	$ 25,057,506
Supplemental schedule of non-cash investing, capital and financing activities:		
Capital contributions		
Estimated acquisition cost of plant and equipment received	$ 22,918,615	$ 10,105,960
Change in fair value of investments		
Decrease in fair value of investments	$ 5,666,545	$ 3,279,794
Equity interest in earnings of UOSA	$ (3,764,827)	$ (5,856,627)
Capital asset additions purchased on account	$ 12,226,559	$ 13,502,751

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

1 Summary of Significant Accounting Policies

The Prince William County Service Authority (the Authority) was created by a resolution of the Board of County Supervisors (BOCS) of Prince William County, Virginia (the County) on January 11, 1983. The Authority is chartered by the State Corporation Commission and is an independent public body responsible for providing a comprehensive county-wide water and sewer system, completely within the geographical boundaries of the County. The management of the Authority is vested in a Board of eight members appointed by the County's BOCS. The Authority also maintains an interest in the Upper Occoquan Service Authority (UOSA), a regional joint venture, which is included in the Authority's financial statements under the equity method of accounting, as further discussed in Note 5.

Effective July 1, 2024, the Authority will be doing business as Prince William Water. Our updated name and logo will help to clarify our mission as a water utility.

The following is a summary of the Authority's significant accounting policies:

(a) Basis of Presentation and Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises. The Authority's intent is that the costs of providing goods or services to customers on a continuing basis be financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, management control and accountability.

The Authority has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements when they become effective, as the GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority follows the accrual basis of accounting. Under this basis of accounting, revenue is recognized when earned and expenses are recorded when incurred. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for water consumption and wastewater treatment. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities, or result from non-exchange transactions and ancillary services.

When an expense is incurred for purposes in which both restricted and unrestricted net position are available, it is the Authority's policy to first apply restricted resources.

(b) Reporting Entity

To determine the appropriate reporting entity for the Authority, its relationship with the County was considered. Although the members of the Authority's Board of Directors are appointed by the BOCS, the County is not financially accountable for the Authority. In addition, there is no potential for the Authority to provide specific financial benefits to, or impose specific financial burdens on, the County, and the Authority is not fiscally dependent on the County. Accordingly, based on these criteria, the Authority is not included as a component unit in the County's financial statements.

(c) Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents.

(d) Investments

All investments are stated at fair value. Four estimates of fair value are obtained from independent financial sources, with the median value chosen as the stated fair value. Interest income from investments is recorded in the year earned.

(e) Materials and Supplies Inventory

Materials and supplies inventory, consisting of items held for consumption, are stated at weighted average cost using the moving average method. In addition, the Authority performs a manual count at the end of the fiscal year of fuel, chemicals and certain field supplies that are not yet used in operations, and values them at cost.

(f) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods. These costs are recorded as prepaid expenses in the accompanying Statements of Net Position and are expensed in the period they are used.

(g) Property, Plant and Equipment

The Authority capitalizes all property, plant and equipment with a cost greater than $5,000 if the asset will have an estimated useful life of five years or more.

Purchased property, plant and equipment are stated at historical cost. Contributed assets received from developers and others are recorded at acquisition cost on the date of donation. The acquisition cost is based on the Authority's estimated cost to construct or purchase similar assets. See Note 13, Contributions from Developers and Others, for additional details on contributed assets.

Property, plant and equipment includes construction in progress, which represents costs associated with the construction of assets that will be used in the Authority's operations when completed. Expenditures for repairs and upgrades which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. If determined to be permanently impaired, capital assets are reported at the lower of carrying or fair value. The Authority did not maintain any impaired capital assets at year end.

Depreciation and amortization for purchased, contributed and leased assets is recorded as depreciation and amortization expense on a straight-line basis over the following estimated useful lives:

Lines and improvements	50 years
Buildings	35 - 40 years
Equipment	5 - 15 years
Meters	15 years
Vehicles	5 - 10 years
Intangible right-to-use asset (lease)	1+ years, depending on lease terms
Intangible right-to-use asset (SBITA)	1+ years, depending on SBITA contract terms

Advance Capacity Payments are capitalized as intangible assets in accordance with the provisions of GASB Statement No. 51. These payments are made to wholesale water suppliers as part of multi-year capacity agreements, and are amortized over the useful life of such agreements. From their inception, these agreements are amortized over estimated useful lives from 40-50 years.

(h) Equity in Upper Occoquan Service Authority (UOSA)

As further explained in Note 5, Equity in UOSA, the Authority participates in a joint venture with three other local jurisdictions. The Authority accounts for its investment in the joint venture using the equity method of accounting.

(i) Compensated Absences

Accrued leave balances that are eligible for pay out upon employee separation are presented as a liability in the accompanying Statements of Net Position. The Authority has a traditional leave plan in which employees hired before January 1, 2012 accrue annual leave in varying amounts based on years of service, and sick leave at a rate of four hours bi-weekly. The Authority also has a Paid Time Off (PTO) plan, in which employees hired as of January 1, 2012 and employees who made an irrevocable election to convert to the PTO plan accrue hours in varying amounts based on years of service. At the time of separation from service, employees are compensated for accumulated annual leave up to 300 hours and up to 50% of accumulated sick leave hours based on years of service, or PTO leave up to 450 hours.

(j) Bond Premiums, Deferred Losses on Refundings and Issuance Costs

Bond premiums and deferred losses on refundings are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Deferred losses on refundings, net of amortization, are presented as deferred outflows of resources on the accompanying Statements of Net Position. Deferred outflows of resources is a separate financial statement element which represents the consumption of net position that applies to a future period, and will not be recognized as an outflow of resources (expenditure) until then. Bond premiums, net of amortization, are presented as an increase to the face amount of bonds payable on the accompanying Statements of Net Position. Any balances for these items are presented in the schedules in Note 6, Bonds Payable and Note 8, Debt. Issuance costs are expensed in the year incurred.

(k) Revenue Recognition

Customers are charged for water consumption and wastewater treatment based on metered water usage. An estimated amount has been recorded for services rendered but not yet billed as of the close of the respective years presented. This unbilled receivable is calculated by prorating the billings sent to customers in July and August of the subsequent fiscal year.

(l) Availability Fees

All developers and customers making new connections to the Authority's water and/or wastewater treatment system are required to pay an availability fee prior to the installation of an Authority meter. Availability fees cover the cost of the customer's pro-rata share of water and/or wastewater treatment capacity as well as water transmission mains, sewer interceptors, storage tanks, reservoirs, pumping stations, infiltration and inflow, and engineering administration. Availability fees are not used to pay for operations, maintenance, repairs or capital improvements to benefit existing customers. The Authority classifies this revenue as non-operating income.

(m) Purchased Resources

Purchased resources consist of expenses relating to the purchase of clean water and the treatment of wastewater from wholesale providers under the terms and conditions of relevant agreements.

(n) Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Authority's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Virginia Retirement System (VRS) Plan and the additions to/deductions from the Authority's VRS Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(o) Group Life Insurance

The VRS Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Authority provides post-retirement health, dental, and vision benefits to retirees who have ten or more years of service with the Authority. These benefits are provided for in a single-employer defined benefit healthcare plan administered by the Authority.

(p) Health Insurance Credit

The VRS Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired employees. The VRS Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political

Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(q) Other Postemployment Benefits (OPEB)

The Authority administers a single-employer defined post-employment health care benefit plan (the Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, an actuarial valuation was performed as of July 1, 2023, using updated actuarial assumptions. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

(r) Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position contains a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority currently reports deferred amounts on bond refundings, deferred outflows related to pensions (see note 10) and deferred outflows related to OPEB (see note 10) as deferred outflows of resources.

In addition to liabilities, the statement of net position contains a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Authority currently reports deferred inflows related to pensions and deferred inflows related to OPEB as deferred inflows of resources (see note 10), and deferred inflows related to leases as deferred inflows of resources (see note 4).

(s) Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(t) New Accounting Pronouncements Adopted

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition, which results in greater consistency and enhances the relevance and reliability of the financial statements. GASB 96 was effective for the Authority with its fiscal year ended June 30, 2024.

In May 2022, the Government Accounting Standards Board (GASB) issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of GASB Statements 53, 87, 94, 96 and 34, and (2) accounting and financial reporting for financial guarantees. GASB 99 was effective for the Authority with its fiscal year ended June 30, 2024.

In June 2022, the Government Accounting Standards Board (GASB) issued *Accounting Changes and Error Corrections* (GASB 100). GASB 100 enhances accounting and financial reporting for accounting changes and error corrections and provides more understandable, reliable, relevant, consistent, and comparable information for making decisions and assessing accountability. GASB 100 was effective for the Authority with its fiscal year ended June 30, 2024.

(u) New Accounting Pronouncements

Management has elected to disclose upcoming GASB pronouncements that may have an impact on the Authority.

In June 2022, the Government Accounting Standards Board (GASB) issued *Compensated Absences* (GASB 101). GASB 101 improves the information provided to financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 will be effective for the Authority with its fiscal year ended June 30, 2025.

GASB Statement 102, *Certain Risk Disclosures* (Statement 102), will address the financial reporting regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. Statement 102 will be effective for the Authority with its fiscal year ending June 30, 2025.

GASB Statement 103, *Financial Reporting Model Improvements* (Statement 103) improves the financial reporting model to assist with decision making and assessing a government's accountability. Statement 103 will be effective for the Authority with its fiscal year ending June 30, 2026.

GASB Statement 104, *Disclosure of Certain Capital Assets* (Statement 104) requires state and local governments to provide more detailed information about capital assets in their financial statements to improve transparency and make capital asset disclosures more useful. Statement 104 will be effective for the Authority with its fiscal year ending June 30, 2026.

(v) Subsequent Events

The Authority has evaluated subsequent events through December 9, 2024, the date on which the financial statements were available to be issued.

(w) Leases

Lessee: The Authority is a lessee for noncancellable leases of office space and warehouse space and realizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Payments due under the Authority's lease contracts for office space and warehouse space include variable payments, which include payments for the Authority's proportionate share of the leased space's property taxes, insurance, and common area maintenance.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the Authority under residual value guarantees,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Authority exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of the Authority's leases. These are used to maximize operational flexibility in terms of managing the assets used in the Authority's operations.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the intangible right-to-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), are initially measured using the index or rate as of the commencement of the lease term.

Lessor: The Authority leases out space on top of its water towers to cellular service providers who place their cellular communications equipment on them. The Authority also leases a portion of land to a cellular service provider where they have placed a cellular tower. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements for these leases.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its leases, and 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.

Detailed balances and information for Leases: Lessee and Lessor are presented in Note 4.

(x) Subscription-Based Information Technology Agreements (SBITAs)

The Authority is a party to noncancellable contracts with SBITA vendors that convey control of the right to use a SBITA vendor's IT software (i.e, a subscription), alone, or in combination with tangible capital assets such as servers or other computer related hardware as specified in the contracts, for a period of time in an exchange or exchange-like transaction. The Authority realizes a SBITA liability and an intangible right-to-use SBITA asset in its financial statements. At the commencement of a SBITA, the Authority initially measures the SBITA liability at the present value of SBITA subscription payments expected to be made during the contract term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA subscription liability, plus payments made to the vendor prior to the commencement of a subscription and any capitalizable costs incurred to implement a SBITA. Subsequently, the SBITA asset is amortized on a straight-line basis over the life of the contract.

Key estimates and judgments related to SBITAs include how the Authority determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The Authority uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the vendor is not provided, as is generally the case, the Authority uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the contract. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments that the Authority is reasonably certain to make. In determining the SBITA term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the SBITA term if the SBITA is reasonably certain to be extended (or not terminated).

The Authority monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long- term debt on the Statement of Net Position.

Detailed balances and information for SBITAs are presented in Note 14.

2 Cash and Investments

Cash and Cash Equivalents

At June 30, 2024 and 2023, all cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. seq. of the *Code of Virginia*, or is covered by federal depository insurance.

Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Since the State Treasurer has the ability to make additional assessments of other solvent public depositories on behalf of the collateral pool, any deposit qualifying under the Act is considered entirely insured. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

The Authority also invests in an externally managed investment pool, the Virginia Local Government Investment Pool (LGIP) and the LGIP Extended Maturity (LGIP EM), which are not registered with the Securities and Exchange Commission (SEC). Pursuant to Sec. 2.2-4600 through 2.2-4606 of the *Code of Virginia*, the Virginia General Assembly created the LGIP and authorized the Treasury Board to administer the LGIP and LGIP EM. As permitted by law, the Treasury Board has delegated certain administrative functions to the State Treasurer. The Treasury Board reviews the LGIP investment portfolio on a monthly basis, and investments in the LGIP are stated at amortized cost per GASB Statement No. 79 requirements, while the LGIP EM are stated at fair value per GASB Statement No. 72 requirements.

The LGIP is managed similar to a money market fund and in compliance with the definition of “2a-7 like pools” in accordance with GASB Statement No. 31 and is managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB Statement No. 79.

Unrestricted cash and cash equivalents consist of bank deposits, petty cash funds, LGIP investments and other money market fund investments. Restricted cash and cash equivalents consist of customer deposits, employee withholdings for benefit programs, escrows and retainage held on contracts, and money market funds held by a Trustee for debt service.

At June 30, 2024 and 2023, the Authority had the following cash and cash equivalents:

	2024	2023
Unrestricted Cash and Cash Equivalents		
Cash	$ 6,081,767	$ (1,750,237)
Investments classified as cash equivalents	31,554,325	48,590,312
Total unrestricted cash and cash equivalents	37,636,092	46,840,075
Restricted Cash and Cash Equivalents		
Money market funds held by trustee	12,814,044	11,109,550
Customer deposits	2,617,706	2,507,236
Other funds	30,348	25,900
Total restricted cash and cash equivalents	15,462,098	13,642,686
Total cash and cash equivalents	$ 53,098,190	$ 60,482,761

The negative unrestricted cash balance reflected in the table above results from timing differences related to transfers between cash and a debt service prepayment made at June 30, 2023.

Investments

The *Code of Virginia* Sec. 2.2-4501 et seq. authorizes the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia and political subdivisions thereof; obligations of other states and their political subdivisions; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, and the African Development Bank; “prime quality” commercial paper; negotiable certificates of deposits, bank notes, and corporate bonds rated AA or better by Standard & Poor’s Rating Services (S&P), and Aa or better by Moody’s Investors Services, Inc., and a maturity of no more than five years; bankers’ acceptances; overnight term and open repurchase agreements; money market mutual funds; and the LGIP. The Authority’s investment policy follows state law except where the Authority further limits allowable investments by excluding certain treasury strips and the International, Asian, and African Development Banks. Additionally, the investment policy establishes upper limits on the percentage of the total portfolio that may be invested in certain securities.

The Authority’s investments are subject to interest rate, credit, concentration of credit, and custodial credit risk as described herein.

Interest rate risk: Interest rate risk is the risk the fair value of the securities in the portfolio will decline due to rising interest rates. As a means of limiting this exposure, the Authority’s investment guidelines restrict average duration to 24 months and the maturity of any single investment to five years. Interest rate risk is also contained by avoiding mortgage-backed and callable securities. The risk of loss of fair value from rising interest rates is greater for those types of securities because the expected maturity of such securities increase as rates rise, compounding the impact on fair value. By comparison, the average maturity terms of US Treasury notes, non-callable US Agency securities and the LGIP are generally not affected by periods of rising interest rates.

The Authority’s investments with the LGIP and LGIP EM are included in the accompanying Statements of Net Position as cash and cash equivalents. At June 30, 2024, the average maturity of the underlying LGIP and LGIP EM investments was 51 days, or 0.14 years and 346 days, or .96 years, respectively.

At June 30, 2024 and 2023, the Authority had the following investments and maturities:

	2024		2023	
Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**	**Fair Value**	**Weighted Average Maturity (Years)**
Unrestricted investments				
US Agencies (FHLB,FFCB,FNMA,FHLMC)	$ 199,748,573	1.10	$ 173,698,731	0.69
US Treasuries	75,015,025	0.64	77,773,270	0.79
Virginia State and Local	294,624	0.04	16,033,766	0.30
Total unrestricted investments	275,058,222		267,505,767	
Total investments	$ 275,058,222	0.97	$ 267,505,767	0.70

Credit risk: Credit risk is the risk of loss due to the failure of the security issuer or backer to repay its obligations, and may also apply where there is loss of fair value of the investment due to a deterioration of an issuer’s credit rating. The Authority’s Investment Policy and Guidelines seek to diversify the Authority’s portfolio by limiting the types of investments that can be purchased as well as the percentage of the portfolio that may be invested in any one type of instrument.

At June 30, 2024 and 2023, the Authority's investments were rated as follows:

Investment Type	S&P Rating	Moody's Rating	Credit Exposure as a % of Total Investments 2024	2023
US Agencies	AA+	Aaa	62.5%	53.0%
US Treasuries*	AA+	Aaa	23.5	23.8
LGIP ***	AAAm	N/A	9.6	14.6
Virginia State and Local**	AA+	Aaa	0.1	4.9
Mutual Funds***	AA+	Aaa	4.0	3.4
LGIP-EM***	AAAm	N/A	0.3	0.3
Total Investments			100.0%	100.0%

* Backed by the full faith and credit of the US government.

** Ratings vary by security.

*** Reflected on the accompanying financial statements as cash equivalents.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investments held from a single issuer. The Authority's guidelines place limits on the amounts the Authority may invest in certain issuers, however, the Authority seeks to maintain at least 15% of the portfolio in US Treasuries and the balance of its investments in other authorized notes, bonds, securities and deposit accounts.

The Authority's investment portfolio as of June 30, 2024 and 2023 is concentrated in securities issued by the Federal Home Loan Bank (FHLB), the US Treasury, the Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Virginia State and Local entities. The obligations of each of these issuers comprise more than 5% of the Authority's total investments.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as observation of prices/yields for both identical and similar investments held in a portfolio, and the observation of yield curves and interest rates; Level 3 inputs are significant unobservable inputs such as forecasts based on assumptions and non-public data sources, and independent appraisals. All of the Authority's investments are valued using Level 1 or Level 2 inputs.

The table below details the fair value and percent of total investments for each issuer representing 5% or more of the Authority's total investments as of June 30, 2024 or 2023:

Issuers Over 5% of Total Investments (Restricted & Unrestricted)	Fair Value of Investments 2024	2023	% of Total Investments 2024	2023
FHLB (Level 2)	$ 99,963,400	$ 84,204,064	36.3%	31.5%
US Treasuries (Level 1)	75,015,025	77,773,270	27.3	29.1
FFCB (Level 2)	61,670,095	89,494,667	22.4	33.4
FNMA (Level 2)	23,910,553	-	8.7	0.0
FHLMC (Level 2)	14,204,525	-	5.2	0.0
Virginia State and Local (Level 2)	294,624	16,033,766	0.1	6.0
Total Investments	$ 275,058,222	$ 267,505,767	100.0%	100.0%

Custodial credit risk: Custodial credit risk is the risk that the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside custodial party. All of the securities purchased by the Authority are held in safekeeping by a third party custodial bank or institution and are insured in the Authority's name, and therefore, the Authority is not exposed to custodial credit risk.

3 Property, Plant and Equipment

Changes in property, plant and equipment are as follows for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Reductions	Transfers/Other Adjustments	Balance June 30, 2024
Capital assets not being depreciated/ amortized:					
Construction in progress	$ 124,658,282	$ 78,888,508	$ (423,693)	$ (8,178,714)	$ 194,944,383
Land	9,765,989	-	-	-	9,765,989
Total capital assets not being depreciated/amortized	134,424,271	78,888,508	(423,693)	(8,178,714)	204,710,372
Other capital assets:					
Lines and improvements	1,025,216,123	20,020,286	-	2,723,623	1,047,960,032
Equipment	304,564,693	5,090,440	(398,447)	5,136,277	314,392,963
Buildings	159,866,338	1,084,325	-	318,814	161,269,477
Vehicles	10,408,346	761,178	(403,798)	-	10,765,726
Advance capacity payments	210,871,154	777,211	-	-	211,648,365
Intangible right-to-use asset, building	257,198	895,053	-	-	1,152,251
Intangible right-to-use asset, SBITA	1,152,020	-	-	-	1,152,020
Total other capital assets	1,712,335,872	28,628,493	(802,245)	8,178,714	1,748,340,834
Total capital assets before accumulated depreciation and amortization	1,846,760,143	107,517,001	(1,225,938)	-	1,953,051,206
Depreciation/amortization for:					
Lines and improvements	(340,234,411)	(20,330,015)	-	-	(360,564,426)
Equipment	(211,866,679)	(15,199,803)	355,232	-	(226,711,250)
Buildings	(74,859,043)	(3,473,264)	-	-	(78,332,307)
Vehicles	(8,289,093)	(971,957)	403,211	-	(8,857,839)
Advance capacity payments	(77,949,770)	(6,530,392)	-	-	(84,480,162)
Intangible right-to-use asset, building	(186,820)	(147,363)	257,198	-	(76,985)
Intangible right-to-use asset, SBITA	(107,968)	(432,038)	-	-	(540,006)
Total accumulated depreciation and amortization	(713,493,784)	(47,084,831)	1,015,641	-	(759,562,975)
Total property, plant and equipment, net of accumulated depreciation and amortization	$ 1,133,266,359	$ 60,432,169	$ (210,297)	$ -	$ 1,193,488,230

Changes in property, plant and equipment are as follows for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Transfers/Other Adjustments	Balance June 30, 2023
Capital assets not being depreciated/ amortized:					
Construction in progress	$ 74,110,233	$ 66,150,720	$ (672,560)	$ (14,930,111)	$ 124,658,282
Land	9,765,989	-	-	-	9,765,989
Total capital assets not being depreciated/amortized	83,876,222	66,150,720	(672,560)	(14,930,111)	134,424,271
Other capital assets:					
Lines and improvements	1,010,215,461	10,105,961	-	4,894,701	1,025,216,123
Equipment	289,927,260	5,113,297	(61,095)	9,585,231	304,564,693
Buildings	159,402,200	13,959	-	450,179	159,866,338
Vehicles	10,237,243	319,559	(148,456)	-	10,408,346
Advance capacity payments	209,598,107	1,273,047	-	-	210,871,154
Intangible right-to-use asset, building	257,198	-	-	-	257,198
Intangible right-to-use asset, SBITA	-	1,152,020	-	-	1,152,020
Total other capital assets	1,679,637,469	17,977,843	(209,551)	14,930,111	1,712,335,872
Total capital assets before accumulated depreciation and amortization	1,763,513,691	84,128,563	(882,111)	-	1,846,760,143
Depreciation/amortization for:					
Lines and improvements	(320,275,445)	(19,958,966)	-	-	(340,234,411)
Equipment	(197,342,206)	(14,581,799)	57,326	-	(211,866,679)
Buildings	(71,425,090)	(3,433,953)	-	-	(74,859,043)
Vehicles	(7,507,162)	(930,387)	148,456	-	(8,289,093)
Advance capacity payments	(71,693,469)	(6,256,301)	-	-	(77,949,770)
Intangible right-to-use asset, building	(93,410)	(93,410)	-	-	(186,820)
Intangible right-to-use asset, SBITA	-	(107,968)	-	-	(107,968)
Total accumulated depreciation and amortization	(668,336,782)	(45,362,784)	205,782	-	(713,493,784)
Total property, plant and equipment, net of accumulated depreciation and amortization	$ 1,095,176,909	$ 38,765,779	$ (676,329)	$ -	$ 1,133,266,359

4 Leases

(a) Lease Payable

This note provides information for leases where the Authority is a lessee. For leases where the Authority is a lessor, see note 4(b): Lease Receivable.

The Authority has entered into various lease agreements as lessee for office and warehouse space. Most leases have initial terms of 5 years, and contain one or more renewals at the Authority's option, generally for 5-year periods. The Authority has generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The Authority's leases generally include termination options for the lessee to the lease or restrictive financial or other covenants, which are reasonably certain to not be exercised. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For office and warehouse space leases that include variable payments, those include payments for the Authority's proportionate share of the leased property's property taxes, insurance, and common area maintenance. The Authority's lease arrangements do not contain any material residual value guarantees. As the interest rates implicit in the Authority's leases are not readily determinable, the incremental borrowing rate is utilized to discount the lease payments.

The Statement of Net Position shows the following amounts relating to leases:

Intangible right-to-use assets	Right to Use Asset Balance
Buildings	$ 1,075,266
Buildings, net	$ 1,075,266

Lease payable	Principal
Current	$ 194,460
Long-term	$ 891,509
Total	$ 1,085,969

The future principal and interest lease payments as of June 30, 2024, were as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 194,460	$ 49,121	$ 243,581
2026	214,205	29,120	243,325
2027	235,341	28,117	263,458
2028	257,918	16,078	273,996
2029	184,045	3,426	187,471
Total	$ 1,085,969	$ 125,862	$ 1,211,831

(b) Lease Receivable

As a lessor, the Authority leases out certain space atop its water towers to cellular service providers who place their cellular communications equipment on them. The Authority also leases a portion of land to a cellular service provider where a cellular tower has been placed. These leases generally have initial terms of up to 5 years, and contain one or more renewals at the tenant's option, generally for 5-year periods. These renewal periods have been generally included in the lease term when it is reasonably certain that the renewal option will be exercised. The Authority's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the Authority's leases is not readily determinable, the incremental borrowing rate is used to discount the lease payments.

Minimum lease payments receivable on leases of investment properties are as follows:

Years ending June 30,	Principal	Interest
2025	$ 551,565	$ 222,874
2026	535,835	207,306
2027	581,073	191,154
2028	628,377	174,082
2029	679,263	154,616
2030-2034	3,264,685	470,380
2035-2039	722,365	149,080
2040-2044	388,641	35,574
Total	$ 7,351,804	$ 1,605,066

The total amount of deferred inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Current Deferred Inflows of Leases Receivable	Total
Total	$ 764,865	$ 764,865

5 Equity in Upper Occoquan Service Authority

UOSA was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance and operate the regional sewage treatment facility mandated by the Occoquan policy for the upper portion of the Occoquan Watershed. UOSA is a joint venture formed on March 3, 1971 by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The Prince William County BOCS assigned all rights and obligations of its allocated capacity to the Authority in 1983.

During fiscal years 1989, 1995, and 2005, UOSA's capacity was increased and each jurisdiction's percentage was adjusted accordingly. The Authority's equity interest in UOSA reported on the accompanying Statements of Net Position as of June 30, 2024 and 2023 is calculated based on its percentage share of capacity in effect for UOSA's fiscal years ended June 30, 2023 and 2022, respectively. The equity interest in UOSA is calculated one year in arrears due to the timing of UOSA's published financial statements.

In January 2008, and again in March 2011, the Authority made purchases totaling an additional 4 MGD of existing plant capacity at UOSA from Fairfax County, at a combined cost of $73,517,586 for both transactions. With these purchases, the Authority's effective share of the total Permitted UOSA Plant Capacity of 54 MGD, as defined in the transaction agreements, is 36.66%, or approximately 19.8 MGD.

For UOSA's fiscal years ended June 30, 2024, 2023 and 2022, capacity allocation by jurisdiction was as follows:

	Percentage of Total Allocated Capacity		
Jurisdiction	**2024**	**2023**	**2022**
Fairfax County	43.70%	43.70%	43.70%
Prince William County	36.66	36.66	36.66
City of Manassas	14.24	14.24	14.24
City of Manassas Park	5.40	5.40	5.40
Total	100.00%	100.00%	100.00%

The governing body of UOSA is an eight member Board of Directors consisting of two members from each participating jurisdiction appointed to four-year terms. The UOSA Board of Directors adopts an annual operating budget based on projected wastewater flows. The Authority's General Manager currently serves as a member of the UOSA Board of Directors.

Summary financial information of UOSA for the years ended June 30, 2023 and 2022 (the dates of the most recent available audited financial statements) are presented below. Complete financial statements may be obtained from UOSA at Upper Occoquan Service Authority, 14631 Compton Road, Centreville, Virginia 20121-2506, or from their website at www.uosa.org.

	2023		2022	
	UOSA	**Authority's Share**	**UOSA**	**Authority's Share**
Total assets	$ 539,544,913		$ 516,740,870	
Deferred outflows of resources	19,477,411		26,351,328	
Total assets and deferred outflows of resources	559,022,324		543,092,198	
Total liabilities	536,140,787		511,581,240	
Deferred inflows of resources	3,789,886		11,399,652	
Total liabilities and deferred inflows of resources	539,930,673		522,980,892	
Total net position	$ 19,091,651	$ 1,215,758	$ 20,111,306	$ 1,589,577
Total revenues	$ 37,629,952		$ 28,377,798	
Total expenses	(65,065,272)		(60,508,495)	
Capital contributions	26,415,665		24,964,139	
Cumulative effect of change in accounting principle	-		-	
Change in net position	$ (1,019,655)	$ (373,819)	$ (7,166,558)	$ (2,627,353)
Prepaid capacity amortization		(3,391,008)		(3,229,274)
Change in equity interest in UOSA		$ (3,764,827)		$ (5,856,627)

The equity interest in UOSA is a function of UOSA's annual performance. The Authority's equity interest is adjusted annually based on the Authority's percentage of total capacity for the fiscal year multiplied by the change in UOSA's net position for the latest audited fiscal year. The Authority's percentage of total capacity changes as capacity purchases are made by the Authority or other jurisdictions, therefore the Authority's cumulative share of UOSA's net position is reported at an overall effective share. Prepaid capacity amortization represents the amortization associated with UOSA plant capacity rights that the Authority purchased from Fairfax County. The Authority amortizes these capacity rights over estimated useful lives from 40-50 years. This amortization is reflected as a portion of the equity interest in UOSA.

The Authority made payments to UOSA during fiscal years 2024 and 2023 of approximately $17.8 million and $15.2 million, respectively, to pay its share of operation and maintenance expenses and reserve maintenance charges, which represents the Authority's pro-rata share of the participating jurisdictions' metered wastewater flows each year. The Authority records these payments for services from UOSA in the accompanying financial statements as purchased resources expense. The Authority also made payments to UOSA of approximately $11.8 million and $11.7 million, respectively, for each of the years ended June 30, 2024 and June 30, 2023, to fund its share of UOSA's debt service. The Authority's share of debt service payments are recorded as non-operating expenses in the accompanying financial statements. Each jurisdiction is required to pay its share of debt service based on its percentage of total allocated capacity or as otherwise identified for specific projects within the UOSA Service Agreement. In fiscal years 2024 and 2023, the Authority's 36.66% share of UOSA's change in net position was $(373,819) and $(2,627,353), respectively.

UOSA's annual debt service for current and future years is funded by each of the participating jurisdictions based on their allocated capacity with certain modifications. As of June 30, 2024, the Authority's future debt service requirements for principal and interest to UOSA, net of UOSA accumulated debt service reserves, are as follows:

Years Ending June 30,	Total Payment
2025	$ 12,987,981
2026	13,316,469
2027	13,245,760
2028	13,239,508
2029	13,244,964
2030-2034	47,239,317
2035-2039	44,566,115
2040-2044	23,153,378
2045-2049	12,499,654
2050-2054	6,312,895
Total	$ 199,806,041

6 Bonds Payable

Bonds payable as of June 30, 2024 consist of the following:

(a) Series 2013 water and sewer system refunding revenue bonds were issued to defease $44,140,000 of the Series 2005 bonds. At June 30, 2024, $30,615,000 remained outstanding. Interest rates range from 3.0% to 5.0% annually on the remaining maturity dates from July 1, 2024 to July 1, 2035.

(b) Series 2015 water and sewer system refunding revenue bonds were issued in April 2015 to refund the Series 2005 bonds. At June 30, 2024, $8,680,000 remained outstanding. The interest rate on the bonds is 2.11% with maturity dates from July 1, 2024 to July 1, 2029.

For each of the outstanding bond series, interest is payable semi-annually on January 1 and July 1, and principal payments are made annually on July 1. In June 2024 and 2023, advance payments in the amount of $6,308,000 and $1,500,000, respectively, were made to the Trustee toward debt service for each of the subsequent fiscal years.

During fiscal years 2024 and 2023, the Authority continued to be in compliance with all covenants associated with the outstanding bond indentures. See Statistical Section Tables 7, 8 and 9 for debt compliance information. For the year ended June 30, 2024, pledged revenues totaled approximately $211.0 million, and the required debt service payments represented 3.0% of the pledged revenues. The pledge of revenues remains in effect until the debt service requirements are satisfied in fiscal year 2036.

At June 30, 2024, total future debt service requirements for bond principal and interest are approximately $45.7 million, as follows:

	2013 Series		2015 Series		Total	
Years ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 2,020,000	$ 1,021,000	$ 1,685,000	$ 147,595	$ 3,705,000	$ 1,168,595
2026	2,125,000	914,750	1,340,000	119,321	3,465,000	1,034,071
2027	2,230,000	825,550	1,370,000	90,414	3,600,000	915,964
2028	2,315,000	732,950	1,400,000	60,874	3,715,000	793,824
2029	2,410,000	636,550	1,430,000	30,700	3,840,000	667,250
2030-2034	13,495,000	1,766,800	1,455,000	-	14,950,000	1,766,800
2035-2037	6,020,000	91,650	-	-	6,020,000	91,650
Total	$ 30,615,000	$ 5,989,250	$ 8,680,000	$ 448,904	$ 39,295,000	$ 6,438,154

Debt service requirements for future principal payments are presented in the accompanying Statements of Net Position, inclusive of the following amounts:

	June 30, 2024	June 30, 2023
Unamortized Bond Premiums	$ 353,849	$ 556,647

Deferred losses on refunding are presented in the accompanying Statements of Net Position, as follows:

	June 30, 2024	June 30, 2023
Deferred Amounts on 2015 Refunding	$ 14,649	$ 20,625
Deferred Amounts on 2013 Refunding	1,151,948	1,351,779
Total	$ 1,166,597	$ 1,372,404

7 Virginia Resources Authority Loans Payable

VRA loans were issued under the Virginia Water Facilities Revolving Fund (VWFRF) program and used for the purpose of construction for expansion and improvements at the HLM AWRF. Each loan is secured by a pledge of revenues from the Authority's water and wastewater system, with interest and principal payable on a semi-annual basis. All balances owed to VRA under the financing agreements are deemed to be parity indebtedness under the terms of the Local Master Indenture.

At June 30, 2024, VRA loans payable consist of the following:

Loans to finance improvements for biological nutrient removal and related expenses:

(a) June 2004 loan - The outstanding loan balance at June 30, 2024 was $786,889, with interest payable at 1.95% (reduced from 3.10% effective December 1, 2016) per annum, and principal due through June 2025.

Loans to finance the expansion and upgrade of the HLM AWRF:

(b) June 2007 loan - The outstanding loan balance at June 30, 2024 was $13,718,803, with interest payable at 2.52% (reduced from 2.77% effective September 1, 2014) per annum, and principal due through March 2029.

(c) June 2009 loan - The outstanding loan balance at June 30, 2024 was $14,882,420, with interest payable at 2.72% (reduced from 3.55% effective September 1, 2014) per annum, and principal due through March 2030.

(d) March 2022 loan - The outstanding loan balance at June 30, 2024 was $15,156,003. In February 2022 the Authority closed on a $100 million loan with VRA to finance an upgrade of the HLM AWRF. This loan will be drawn against for a 5-year period to fund the plant upgrades as they are done. During this period the outstanding balance will accrue interest at 1.00% and interest-only payments are paid bi-annually by the Authority and began in March 2024. At the end of the 5-year draw period, beginning March 2027 the Authority will pay per an amortization schedule on the outstanding principal balance of up to $100 million, with interest payable at 1.00% per annum, and principal due through March 2044.

At June 30, 2024, total future VRA debt service requirements for principal and interest are approximately $48.9 million, as follows:

	2004 Loan		2007 Loan		2009 Loan		2022 Loan		Total	
Years ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 786,889	$ 11,527	$ 2,654,337	$ 215,456	$ 2,370,626	$ 257,264	$ -	$ -	$ 5,811,852	$ 484,247
2026	-	-	2,698,314	171,479	2,413,490	214,400	-	-	5,111,804	385,879
2027	-	-	2,743,020	126,773	2,457,128	170,762	2,621,500	500,000	7,821,648	797,535
2028	-	-	2,788,466	81,327	2,501,555	126,334	5,282,388	960,612	10,572,409	1,168,273
2029	-	-	2,834,666	35,128	2,546,786	81,103	5,335,344	907,657	10,716,796	1,023,888
2030-2044	-	-	-	-	2,592,835	35,057	1,916,771	433,804	4,509,606	468,861
Total	$ 786,889	$ 11,527	$ 13,718,803	$ 630,163	$ 14,882,420	$ 884,920	$ 15,156,003	$ 2,802,073	$ 44,544,115	$ 4,328,683

8 Debt

Change in long-term debt obligations for the year ended June 30, 2024, are as follows:

	Balance June 30, 2022	FY 2023 Additions	FY 2023 Reductions	Balance June 30, 2023	FY 2024 Additions	FY 2024 Reductions	Balance June 30, 2024	Due Within One Year
Bonds Payable:								
Revenue Bonds	$ 46,310,000	$ -	$ (3,440,000)	$ 42,870,000	$ -	$ (3,575,000)	$ 39,295,000	$ 3,705,000
Deferred Amounts:								
Issuance Premiums	814,938	-	(258,291)	556,647	-	(202,798)	353,849	–
Total Bonds Payable	47,124,938	-	(3,698,291)	43,426,647	-	(3,777,798)	39,648,849	3,705,000
VRA Loans Payable	40,842,435	-	(5,612,626)	35,229,809	15,025,672	(5,711,366)	44,544,115	5,811,852
Total Debt	$ 87,967,373	$ -	$ (9,310,917)	$ 78,656,456	$ 15,025,672	$ (9,489,164)	$ 84,192,964	$ 9,516,852

From time to time, the Authority may incur debt through bond issuances via the capital markets, and financing agreements (loans) with VRA. The proceeds of all borrowings from these sources are used to finance the acquisition or development of capital assets, or to retire prior debt related to capital assets. Accordingly, all amounts reported as Bonds Payable and VRA Loans Payable (see Notes 6 and 7) are included in the calculation of net investment in capital assets on the accompanying Statements of Net Position.

The Authority's outstanding notes from direct borrowings of $44.5 million contain a certain provision that in the event of default, outstanding amounts become immediately due if the Authority is unable to make a payment.

The Authority's outstanding notes from direct borrowings are secured with collateral of the underlying investments. These borrowings contain (1) a provision that in the event of default, the timing of repayment of not less than twenty-five percent in aggregate principal amount of the outstanding amounts become immediately due if pledged revenues during the year are less than 120 percent of debt service coverage due in the following year and (2) by notice to the Authority, declare the entire principal and interest due and payable immediately. The Authority's outstanding notes from direct borrowings contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change has occurred.

9 Long-Term Liabilities

Long-Term liabilities activity for the years ended June 30, 2024 and 2023 are as follows:

	Balance June 30, 2022	FY 2023 Additions	FY 2023 Reductions	Balance June 30, 2023	FY 2024 Additions	FY 2024 Reductions	Balance June 30, 2024	Due Within One Year
Compensated Absences	$ 5,144,139	$ 583,783	$ (328,574)	$ 5,399,348	$ 842,365	$ (343,452)	$ 5,898,261	$ 848,485
Lease Payable	166,609	-	(93,907)	72,702	1,085,969	(72,702)	1,085,969	194,460
SBITA Payable	-	80,420	(7,390)	73,030	-	(29,095)	43,935	30,672
Other Post Employment Benefits Liability	13,424,174	1,022,967	(603,918)	13,843,223	1,074,876	(4,064,292)	10,853,807	826,371
GLI Other Post Employment Benefits Liability	1,449,285	272,709	(207,361)	1,514,633	107,323	(77,000)	1,544,956	-
HIC Other Post Employment Benefits Liability (asset)	165,939	30,950	(366,654)	(169,765)	18,543	(76,553)	(227,775)	-
Net Pension Liability (asset)	(6,265,900)	6,163,008	(3,134,127)	(3,237,019)	6,749,557	(4,857,930)	(1,345,392)	-
Total Long-term Liabilities	$ 14,084,246	$ 8,153,837	$ (4,741,931)	$ 17,496,152	$ 9,878,633	$ (9,521,024)	$ 17,853,761	$ 1,899,988

10 Pension Plan and Other Postemployment Benefits

I. Virginia Retirement System (VRS)

(a) Plan Description

The Authority contributes to an agent multiple-employer pension plan administered by the Virginia Retirement System, which acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

All full-time, permanent employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. Employees earn one month of service credit for each month they are employed and for which they and the Authority pay contributions to VRS. Employees 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.

VRS administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

Retirement Plan Provisions		
Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Retirement Plan Provisions		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 * Non-Eligible Members
Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contribution Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Retirement Plan Provisions		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component:* Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member as purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count oward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. *Defined Contributions Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Retirement Plan Provisions		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. *Defined Contributions Component:* Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law until age 73.

Retirement Plan Provisions

Plan 1	Plan 2	Hybrid Retirement Plan
Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component:* See definition under Plan 1. *Defined Contribution Component:* The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non- hazardous duty members is 1.70%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** *Defined Benefit Component:* The retirement multiplier for the defined benefit component 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. *Defined Contribution Component:* Not applicable.

Retirement Plan Provisions		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	**Earliest Reduced Retirement Eligibility** Age 60 with at least five years (60 months) of service credit.	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:* Age 60 with at least five years (60 months) of service credit. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Retirement Plan Provisions		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
Cost-of-Living Adjustment (COLA) in Retirement	**Cost-of-Living Adjustment (COLA) in Retirement**	**Cost-of-Living Adjustment (COLA) in Retirement**
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	*Defined Benefit Component:* Same as Plan 2 *Defined Contribution Component:* Not applicable
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	*Eligibility:* Same as Plan 1.	*Eligibility:* Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	*Exceptions to COLA Effective Dates:* Same as Plan 1	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

Retirement Plan Provisions		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its plan members. Hybrid plan members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the VRS Retirement Plan:

	Number
Active members	343
Inactive members or their beneficiaries currently receiving benefits	160
Inactive members:	
Vested	41
Non-vested	88
Active elsewhere in VRS	41
Total covered employees	673

Contributions

The contribution requirement for active employees is governed by Section 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% of their annual base compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Authority's contractually required contribution rate for fiscal year 2024 was 5.7% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2022. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. The total of employer and employee contributions to VRS were approximately $2.8 million and $2.7 million for each of the years ended June 30, 2024 and June 30, 2023, respectively.

(b) Net Pension Liability

The Authority's net pension liability (NPL) was measured as of June 30, 2023. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions applied to all periods included in the measurement and date of June 30, 2023.

Actuarial Assumptions

The TPL was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of plan investment expense, including inflation

Mortality Rates

• Pre-retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
• Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
• Post-disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
• Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
• Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS - Multi-Asset Public Strategies	4.00	4.50	0.18
PIP - Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75
Inflation			2.50
Expected arithmetic nominal return*			8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the TPL.

(c) Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Pension**	**Net Pension Liability (Asset)**
Balances at June 30, 2022	$ 61,496,417	$ 64,733,436	$ (3,237,019)
Changes for the Year:			
Service cost	2,509,447	-	2,509,447
Interest	4,240,110	-	4,240,110
Difference between expected and actual experience	1,987,199	-	1,987,199
Contributions - employer	-	1,293,359	(1,293,359)
Contributions - employee	-	1,359,000	(1,359,000)
Net investment income	-	4,232,046	(4,232,046)
Benefit payments, including refunds of employee contributions	(2,378,852)	(2,378,852)	-
Administrative expense	-	(40,990)	40,990
Other changes	-	1,714	(1,714)
Net changes	6,357,904	4,466,277	1,891,627
Balances at June 30, 2023	$ 67,854,321	$ 69,199,713	$ (1,345,392)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Authority's NPA, using the current discount rate as well as what the Authority's NPA or NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	$ 8,794,403	$ (1,345,392)	$ (9,688,070)

(d) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Authority recognized pension expense of $1,537,966. At June 30, 2024 the Authority also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,499,432	$ (406,168)
Changes of assumptions	296,970	-
Net difference between projected and actual earnings on plan investments	-	(930,333)
Employer contributions subsequent to the measurement date*	1,329,077	-
Total	$ 3,125,479	$ (1,336,501)

* Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase of the NPA in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Years Ending June 30,	Amount
2025	$ (105,723)
2026	(757,508)
2027	1,294,058
2028	29,074
Total	$ 459,901

Information about the VRS Retirement Plan is also available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

II. Other Postemployment Benefits (OPEB) – Health Benefits

(a) Plan Description

The Authority provides post-retirement health, dental, and vision benefits to retirees who have ten or more years of service with the Authority. These benefits are provided for in a single-employer defined benefit healthcare plan administered by the Authority. For health and dental insurance coverage, retirees pay 100% of their monthly health insurance premium less a contribution by the Authority based on their number of years of service. For vision and supplemental dental coverage, retirees pay 100% of their monthly premiums, with no contribution made by the Authority. None of the assets in the Plan are accumulated in a trust and therefore do not meet trust accounting requirements per paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

As of the July 1, 2023 actuarial valuation, the following employees were covered by the benefit terms:

	Number
Active members	321
Inactive members or their beneficiaries currently receiving benefits	56
Total covered employees	377

(b) Total OPEB Liability (TOL)

The Authority's OPEB liability was measured as of June 30, 2024, and the total OPEB Liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases, including inflation	2.5% - 5.35%
Discount rate*	3.65% as of June 30, 2023 3.93% as of June 30, 2024
Age related claims cost**	
Healthcare trend costs	-3% for fiscal 2023, 6.4% for fiscal 2024, 6.5% for fiscal 2025, then grading to an ultimate rate of 3.9% for 2073.
Mortality Rates	
• Pre-retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service-related.
• Post-retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
• Post-disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

* Discount rates used to measure TOL were based on the the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2023.

** Age-related claims cost assumptions for medical and dental are based on long-term healthcare trend rates generated by the Getzen Trend Model. Inputs to the model are consistent with other assumtions used in the valuation.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the most recent experience study performed for VRS, which examined actual VRS experience over the four-year period ending June 30, 2020.

(c) Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	$ 13,843,223
Changes for the Year:	
Service cost	564,906
Interest	509,970
Effect of economic/demographic gains or losses	(1,232,828)
Effect of assumption changes or other inputs	(1,950,850)
Benefit payments	(880,614)
Net changes	(2,989,416)
Balance at June 30, 2024	$ 10,853,807

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Authority's Total OPEB Liability, calculated using the current discount rate. It also presents what the Authority's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 11,666,099	$ 10,853,807	$ 10,104,546

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the Authority's Total OPEB Liability, calculated using the current healthcare trend rates. It also presents what the Authority's Total OPEB Liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (-4.00%)	Current Trend Rate (-3.00%)	1% Increase (-2.00%)
Total OPEB liability	$ 9,745,672	$ 10,853,807	$ 12,160,485

(d) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, the Authority recognized OPEB expense of $639,750. At June 30, 2024, the Authority reported deferred inflows and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (1,056,710)	$ 606,269
Changes of assumptions or inputs	(2,844,290)	388,925
Total	$ (3,901,000)	$ 995,194

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Years Ending June 30,	Amount
2025	$ (436,675)
2026	(443,531)
2027	(526,632)
2028	(563,419)
2029	(480,737)
Thereafter	(454,812)
Total	$ (2,905,806)

III. Other Postemployment Benefits (OPEB) – Group Life Insurance (GLI)

(a) Plan Description

The Authority provides all full-time salaried permanent employees automatic coverage by VRS Group Life Insurance Program upon employment. The Group Life Insurance Program is a multiple employer, cost-sharing defined benefit plan that provides a basic group life insurance benefit for employees and participating employers. The Authority pays 100% of the monthly premiums, with no contributions made by the employees. None of the assets in the Plan are accumulated in a trust and therefore do not meet trust accounting requirements per paragraph 4 of GASB Statement No. 75.

Members are also eligible to elect additional coverage for themselves as well as spouse and/or dependent children through the Optional Group Life Insurance Program. Employees pay 100% of their monthly insurance premium, with no contribution made by the Authority. Premiums are deducted from members' paychecks and paid by the Authority directly to the insurer; therefore they are not part of the GLI OPEB program.

The benefits payable under the GLI Program have several components:

- Natural death benefit – Employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental death benefit – Double the natural death benefit
- Other benefit provisions – The program provides additional benefits provided under specific circumstances, including:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Employees Covered by Benefit Terms

All full-time salaried permanent employees, employed after the program was established on July 1, 1960, that elect to participate are eligible for the GLI Program.

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This amount will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjustment for the COLA was $9,254 as of June 30, 2024.

Contributions

The contribution requirement for the GLI Program are governed by Section 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. The Authority has elected to pay all of the employee contributions in addition to the employer contributions.

The Authority's contractually required contribution for the fiscal year 2024 was 0.54% of covered employee compensation, based on an actuarial valuation as of June 30, 2022. This rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. The total employer contributions paid by the Authority to VRS were approximately $171,400 and $162,600 for the years ended June 30, 2024 and June 30, 2023, respectively.

(b) Net GLI OPEB Liability

The Authority's total GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and the net GLI OPEB Liability was measured as of June 30, 2023.

Actuarial Assumptions

The total GLI OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

• Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generatinoally; males set forward 2 years; 105% of rates for females set forward 3 years.
• Post-Retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
• Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
• Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
• Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update Mortality Rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted Retirement Rates; Plan 1 adjusted to better fit experience; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted Withdrawal Rates to better fit experience at each age and service decrement through 9 years of service.

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the employer rate contributed by the Authority will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate.

From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position is projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS - Multi-Asset Public Strategies	4.00	4.50	0.18
PIP - Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75
Inflation			2.50
Expected arithmetic nominal return*			8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the collective net GLI OPEB Liability of the participating employers in the VRS GLI OPEB Plan using the current discount rate, as well as what the collective net GLI OPEB Liability of the participating employers would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net GLI OPEB liability	$ 2,290,107	$ 1,544,956	$ 942,496

VRS Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the GLI Program are as follows:

Total GLI OPEB Liability	$ 3,907,052
Plan Fiduciary Net Position	2,707,739
Employers' Net GLI OPEB Liability	$ 1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

The total GLI OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

(c) GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2024 and 2023, the Authority reported a liability of $1,544,956 and $1,514,633, respectively, for its proportionate share of the Net GLI OPEB liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.129% as compared to 0.126% at June 30, 2022.

For the year ended June 30, 2024, the Authority recognized GLI OPEB expense of $94,372. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 154,303	$ (46,897)
Net difference between projected and actual earnings on plan investments	-	(62,085)
Changes of assumptions	33,024	(107,041)
Changes in proportion	67,792	(52,401)
Employer contributions subsequent to the measurement date*	171,440	-
Total	$ 426,559	$ (268,424)

* Deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Years Ending June 30,	Amount
2024	$ (2,356)
2025	(70,519)
2026	25,065
2027	12,941
2028	21,564
Total	$ (13,305)

Information contained in the VRS GLI OPEB Program Notes to the Schedule of Employer Allocations and Schedule of GLI OPEB Program Amounts by Employer (Schedules) was extracted from the audited financial statements of the System for the fiscal year ended June 30, 2023. Additional financial information supporting the preparation of the VRS GLI OPEB Program Schedules (including the financial statements and the unmodified audit opinion thereon, and required supplementary information) is presented in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, P.O. Box 2500, Richmond, VA 23218-2500.

IV. Other Postemployment Benefits (OPEB) – VRS Health Insurance Credit (HIC)

(a) Plan Description

To assist retirees with the cost of health insurance coverage, the VRS administers a health insurance credit program. The Authority's Health Insurance Credit Program is a multi-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired employees. Retirees that have a minimum of fifteen years of service and are enrolled in a qualified health insurance plan may receive a monthly credit of $1.50 per year of service credit. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. The health insurance credit is funded by the Authority on behalf of its VRS eligible employees.

The Health Insurance Credit Program provides the following benefits for eligible employees:

- At Retirement – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
- Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

Employees Covered by Benefit Terms

All full-time salaried permanent employees, employed after the program was established on July 1, 1993, who are covered under the VRS pension plan are automatically eligible for the Retiree Health Insurance Credit Program and enrolled at employment. Those who retire with at least 15 years of service credit are eligible to elect the benefit.

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Active members	346
Inactive members or their beneficiaries currently receiving benefits	117
Total covered employees	463

HIC Program Notes

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.
- Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Contributions

The contribution requirement for active employees is governed by Section 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to state agencies and school divisions by the Virginia General Assembly. The Authority's contractually required employer contribution rate for the Health Insurance Credit Program for the years ended June 30, 2024 and June 30, 2023, was 0.11% of covered employee compensation, based on an actuarial valuation as of June 30, 2022. This rate was expected to finance the costs of benefits earned during the year, with an additional amount to finance any unfunded accrued liability. The total employer contributions paid by the Authority to VRS were approximately $35,000 and $33,000 for the years ended June 30, 2024 and June 30, 2023, respectively.

(b) Net HIC OPEB Liability

The Authority's net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2023.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Updated mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Adjusted withdrawal rates to better fit experience at each year age and service decrement through 9 years of service

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS - Multi-Asset Public Strategies	4.00	4.50	0.18
PIP - Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75%
Inflation			2.50
Expected arithmetic nominal return*			8.25%

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results for the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate.

From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability (asset).

(c) Changes in the Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability (Asset)
Balances at June 30, 2022	$ 383,479	$ 553,244	$ (169,765)
Changes for the Year:			
Service cost	9,207	-	9,207
Interest	25,915	-	25,915
Difference between expected and actual experience	(25,904)	-	(25,904)
Contributions - employer	-	33,376	(33,376)
Net investment income	-	34,657	(34,657)
Benefit payments, including refunds of employee contributions	(17,522)	(17,522)	-
Administrative expense & other changes	-	(805)	805
Net changes	(8,304)	49,706	(58,010)
Balances at June 30, 2023	$ 375,175	$ 602,950	$ (227,775)

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the Authority's net HIC OPEB Liability (Asset), using the current discount rate, as well as what the collective net HIC OPEB Liability (Asset) would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net HIC OPEB (asset)	$ (181,244)	$ (227,775)	$ (266,635)

(d) HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Health Insurance Credit Program OPEB

For the year ended June 30, 2024, the Authority recognized Health Insurance Credit Program OPEB expense (income) of ($74,204).

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,385	$ (60,801)
Net difference between projected and actual earnings on plan investments	-	(4,333)
Changes of assumptions	6,158	(208,638)
Employer contributions subsequent to the measurement date*	35,182	-
Total	$ 53,725	$ (273,772)

* Deferred outflows of resources related to HIC OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the HIC OPEB Liability in the year ending June 30, 2025.

The $35,182 reported as deferred outflows of resources related to the HIC OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Years Ending June 30,		Amount
2024	$	(70,060)
2025		(79,079)
2026		(66,173)
2027		(39,508)
2028		(409)
Total	$	(255,229)

Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules (including the financial statements and the unmodified audit opinion thereon, and required supplementary information) is presented in the separately issued VRS 2023 Comprehensive Annual Financial Report (Annual Report). A copy of the 2023 VRS Annual Report is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, P.O. Box 2500, Richmond, VA 23218-2500.

V. Summary of Other Post Employment Benefits (OPEB)

	Years Ending June 30,	
	2024	2023
Deferred outflows of resources		
Health Benefits	$ 995,194	$ 1,337,963
Group Life Insurance	426,559	412,199
VRS Health Insurance Credit	53,725	64,326
Total deferred outflows of resources	$ 1,475,478	$ 1,814,488
Net OPEB liability (asset)		
Health Benefits	$ 10,853,807	$ 13,843,223
Group Life Insurance	1,544,956	1,514,633
VRS Health Insurance Credit	(227,775)	(169,765)
Total net OPEB liability	$ 12,170,988	$ 15,188,091
Deferred inflows of resources		
Health Benefits	$ 3,901,000	$ 1,495,217
Group Life Insurance	268,424	375,747
VRS Health Insurance Credit	273,772	335,749
Total deferred inflows of resources	$ 4,443,196	$ 2,206,713
Pension expense		
Health Benefits	$ 639,750	$ 1,042,652
Group Life Insurance	94,372	71,476
VRS Health Insurance Credit	(72,204)	(42,448)
Total pension expense	$ 661,918	$ 1,071,680

11 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. These risks are covered by insurance purchased from Virginia Risk Sharing Association (VRSA), a group insurance pool in the Commonwealth of Virginia. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage for each of the fiscal years ended June 30, 2024, 2023, and 2022.

The Authority provides health benefits to employees under a self-insurance plan. Under an excess claims insurance policy, the Authority's liability is limited, on a calendar year basis, to aggregate claims per participant of $110,000. A year end accrual of potential outstanding claims as of the last day of the fiscal year was estimated at three times the average monthly claim. As reflected in the table below, the liability for claims incurred but not reported as of June 30, 2024, 2023, and 2022 was estimated to be $1,101,314, $1,138,207, and $1,260,807 respectively, and is included in accounts payable and accrued expenses on the accompanying Statements of Net Position.

	2024	2023	2022
Estimated outstanding claims liability at beginning of fiscal year	$ 1,138,207	$ 1,260,807	$ 1,206,878
Employee and Employer portion of premiums withheld	4,288,599	4,399,510	4,808,217
Payments to Third Party Administrator	(4,325,492)	(4,522,110)	(4,754,288)
Estimated outstanding claims liability at end of fiscal year	$ 1,101,314	$ 1,138,207	$ 1,260,807

For fiscal year 2025, the Authority estimates its share of claims to be approximately $6.2 million. This estimate represents the Authority's best estimate; however, actual claims and judgments may vary from year to year.

Additionally, the Authority maintains its longstanding commitment of staffing and budget resources to both a regulatory affairs program and a safety loss and control program. The goal of these programs is to proactively manage and maintain its operations and work sites in the safest possible manner for the Authority's employees and its customers.

12 Commitments

(a) Fairfax Water

The Authority has several agreements with Fairfax Water, which collectively reserve treated water capacity of 62.4 MGD, representing 92% of the Authority's total water capacity. These agreements allow for the purchase of additional capacity, if available, based on actual construction and administrative costs negotiated at the time of sale. In May 2017, the Authority purchased an additional 5 MGD of water capacity for approximately $26.6 million. Capacity payments are included in property, plant and equipment on the accompanying Statements of Net Position, and are amortized over the estimated useful life from the inception of the agreement, ranging between 40-50 years.

Fairfax Water provides water to the Service Authority from two water treatment plants, the Corbalis Water Treatment Plant in Herndon, Virginia, which withdraws water from the Potomac River and the Griffith Water Treatment Plant in Lorton, Virginia, which withdraws water from the Occoquan Reservoir. The Authority participates in construction and expansion costs of the two water treatment plants based on the Authority's purchased capacity. The Authority incurred no such costs in fiscal years 2024 or 2023.

The Authority also has agreements with Fairfax Water for the reservation of transmission main capacity. Under these agreements, the Authority is required to make equal monthly payments for varying terms that range up to 420 months (35 years) from the date of the initial payment. Payments made in fiscal years 2024 and 2023 were approximately $700,000 for each year. Future payments due to Fairfax Water for these agreements are as follows:

Years Ending June 30,		Amount
2025	$	668,006
2026		668,006
2027		668,006
2028		668,006
2029		668,006
2030		668,006
Total	$	4,008,036

In addition, Fairfax Water charges the Authority a rate per thousand gallons of water delivered. The rate is based on Fairfax Water's operation, maintenance, and general and administrative costs divided by total consumption billed. Purchased water expenditures related to Fairfax Water for fiscal years 2024 and 2023 were approximately $19.1 million and $15.4 million, respectively.

(b) City of Manassas

The Authority has a water capacity and service agreement with the City of Manassas which effectively reserves 5 MGD of treated water capacity for the Authority at the City's water treatment facility at Lake Manassas, which represents approximately 7% of the Authority's total available purchased water capacity. The agreement also allows for the use of an additional 2 MGD by either party, if needed. The Authority is obligated to pay the City's wholesale rate for purchases at the water treatment facility and is obligated to pay the City's wholesale rate plus a wheeling charge for water taken at other delivery points. The City's wholesale rate consists of fixed and variable costs per the agreement. The initial amount paid by the Authority to the City for the 5 MGD of capacity was $8,131,846. This amount is included in property, plant and equipment as advance capacity payments on the accompanying Statements of Net Position, and is being amortized through the year 2039 on a straight-line basis.

The Authority also shares in the cost of certain capital improvements based on the Authority's reserved capacity as a percentage of the total permitted capacity at the City's water treatment facility. The Authority has made payments for capital costs during the fiscal years ended June 30, 2024 and 2023 in the amount of $777,000 and $1,273,000, respectively. These payments are included in property, plant and equipment as advance capacity payments on the accompanying Statements of Net Position, and are being amortized over 40 years on a straight-line basis.

The cost of water purchased by the Authority from the City during fiscal years 2024 and 2023 was approximately $1.9 million and $2.2 million, respectively.

(c) City of Manassas Park

In December 2008, pursuant to the terms of a Water Capacity Purchase and Service Agreement (the Agreement), the Authority sold 1.4 MGD of wholesale water capacity to the City of Manassas Park for $9,870,000. The rate for water service will be based on the wholesale rate charged by Fairfax Water to the Authority, plus other charges and costs which are defined in the Agreement.

(d) Prince William County Credit

Effective December 31, 2012, the Authority entered into an Amendment to the Modification and Assumption Agreement with the County (the Amendment), whereby the Authority would assume responsibility for paying the County's existing obligation towards UOSA debt service. Under the terms of the Amendment, the Authority established a non-cash credit for the benefit of the County in the amount of $13,782,300, representing previous payments made by the County toward UOSA debt service under existing agreements.

The County may use this non-cash credit to purchase water and sewer availability, or any asset of the Authority offered for sale by the Authority. The non-cash credit will be reduced by the value of any such sale. In order to access the non-cash credit, the County must provide to the Authority a duly adopted resolution of the BOCS authorizing the application of the non-cash credit for a specific transaction. To date, the County has used $4,493,548 of the non-cash credit toward availability fees for various County facilities.

As of June 30, 2024, the remaining amount of the non-cash credit available to the County is $9,288,752, of which $400,900 has been approved by the BOCS for use in earmarked projects.

(e) Virginia Department of Transportation (VDOT)

VDOT requires all entities performing work in the VDOT right-of-way to post a continuous bond or surety to insure compliance with the conditions of land use permits that are issued by VDOT and to guarantee the satisfactory performance of the work.

Through its commercial insurance policies, the Authority meets VDOT's requirements for liability coverage for personal injury, property damage and lawsuits that may arise from the work performed under the permits.

(f) Other Commitments

The Authority has entered into commitments for capital projects and operating expenditures totaling approximately $244.9 million as of June 30, 2024. These commitments are goods and services ordered, but not yet received as of June 30, 2024.

(g) Federal and State-Assisted Programs

The Authority has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

13 Contributions from Developers and Others

	2024	2023
Contributed Assets	$ 22,918,615	$ 10,105,960

Contributions from developers and governmental entities were received in the form of cash, property, water mains, sanitary sewer lines, pumping stations, fire hydrants, manholes and associated infrastructure. These amounts are reflected as income on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

14 Subscription-Based Information Technology Agreements

The Authority has entered into various SBITAs for software subscriptions. Most SBITA contracts have initial terms of 5 years, and contain one or more renewals at our option, generally for 12-month periods. The Authority has generally included these renewal periods in the SBITA term when it is reasonably certain that the Authority will exercise the renewal option. The Authority's SBITAs generally include termination options which are reasonably certain to not be exercised. As the interest rates implicit in the Authority's SBITAs are not readily determinable, the incremental borrowing rate is utilized to discount the fixed SBITA subscription payments.

The statement of net position shows the following amounts relating to SBITAs:

Intangible right-to-use SBITA assets	SBITA assets balance
SBITAs	$ 612,014
SBITAs, net	$ 612,014

SBITAs payable	Principal	Total
Current	$ 30,672	$ 30,672
Non-current	13,263	13,263
	$ 43,935	$ 43,935

The future principal and interest SBITA payments as of June 30, 2024, were as follows:

Years ending June 30,	Principal	Total
2025	30,672	30,672
2026	13,263	13,263
	$ 43,935	$ 43,935

15 Subsequent Events

The Authority is unaware of any subsequent events to be disclosed.

Required Supplementary Information

(Unaudited)

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – VRS

Information presented is based on the actuarial information for the plan year ended:

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability					
Service cost	$ 2,509,447	$ 2,170,104	$ 2,329,050	$ 2,495,043	$ 2,328,302
Interest	4,240,110	3,992,904	3,534,553	3,247,158	2,921,479
Difference between expected and actual experience	1,987,199	(592,482)	(560,692)	314,505	1,180,278
Changes of assumptions	-	-	1,309,374	-	1,586,517
Benefit payments, including refunds of employee contributions	(2,378,852)	(2,116,271)	(1,867,734)	(1,730,275)	(1,561,607)
Net change in total pension liability	6,357,904	3,454,255	4,744,551	4,326,431	6,454,969
Total pension liability - beginning	61,496,417	58,042,162	53,297,611	48,971,180	42,516,211
Total pension liability - ending (a)	$ 67,854,321	$ 61,496,417	$ 58,042,162	$ 53,297,611	$ 48,971,180
Plan Fiduciary Net Position					
Contributions - employer	$ 1,293,359	$ 1,421,751	$ 1,375,238	$ 2,497,516	$ 2,515,217
Contributions - employee	1,359,000	1,265,872	1,179,892	1,217,590	1,213,286
Net investment income	4,232,046	(108,165)	13,864,083	905,149	2,903,907
Benefit payments, including refunds of employee contributions	(2,378,852)	(2,116,271)	(1,867,734)	(1,730,275)	(1,561,607)
Administrative expense	(40,990)	(39,334)	(32,940)	(28,655)	(25,628)
Other	1,714	1,521	1,320	(1,122)	(1,872)
Net change in plan fiduciary net position	4,466,277	425,374	14,519,859	2,860,203	5,043,303
Plan fiduciary net position - beginning	64,733,436	64,308,062	49,788,203	46,928,000	41,884,697
Plan fiduciary net position - ending (b)	$ 69,199,713	$ 64,733,436	$ 64,308,062	$ 49,788,203	$ 46,928,000
Net pension liability (asset) - ending (a) - (b)	$ (1,345,392)	$ (3,237,019)	$ (6,265,900)	$ 3,509,408	$ 2,043,180
Plan fiduciary net position as a percentage of the total pension liability - end of year	101.98%	105.26%	110.80%	93.42%	95.83%
Covered payroll*	$ 32,527,626	$ 30,358,488	$ 27,863,889	$ 27,173,316	$ 28,187,573
Net pension liability (asset) as a percentage of covered payroll	-4.14%	-10.66%	-22.49%	12.91%	7.25%

* Covered payroll is the payroll on which contributions to a pension plan are based.

See accompanying notes to required supplementary information.

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – VRS (Continued)

Information presented is based on the actuarial information for the plan year ended:

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability					
Service cost	$ 2,271,207	$ 2,309,644	$ 2,355,421	$ 2,242,139	$ 2,206,642
Interest	2,632,373	2,461,107	2,177,586	1,865,113	1,647,355
Difference between expected and actual experience	594,573	(22,744)	728,798	1,273,190	-
Changes of assumptions	-	(1,060,533)	-	-	-
Benefit payments, including refunds of employee contributions	(1,174,533)	(1,307,115)	(1,115,876)	(717,210)	(769,149)
Net change in total pension liability	4,323,620	2,380,359	4,145,929	4,663,232	3,084,848
Total pension liability - beginning	38,192,591	35,812,232	31,666,303	27,003,071	23,918,223
Total pension liability - ending (a)	$ 42,516,211	$ 38,192,591	$ 35,812,232	$ 31,666,303	$ 27,003,071
Plan Fiduciary Net Position					
Contributions - employer	$ 2,400,611	$ 2,243,187	$ 2,179,687	$ 2,102,230	$ 2,153,139
Contributions - employee	1,219,540	1,068,016	1,031,701	1,004,829	977,870
Net investment income	2,797,714	3,924,943	578,136	1,202,198	3,169,360
Benefit payments, including refunds of employee contributions	(1,174,533)	(1,307,115)	(1,115,876)	(717,210)	(769,149)
Administrative expense	(21,705)	(20,334)	(15,995)	(13,734)	(14,928)
Other	(2,599)	(3,583)	(223)	(261)	167
Net change in plan fiduciary net position	5,219,028	5,905,114	2,657,430	3,578,052	5,516,459
Plan fiduciary net position - beginning	36,665,669	30,760,555	28,103,125	24,525,073	19,008,614
Plan fiduciary net position - ending (b)	$ 41,884,697	$ 36,665,669	$ 30,760,555	$ 28,103,125	$ 24,525,073
Net pension liability - ending (a) - (b)	$ 631,514	$ 1,526,922	$ 5,051,677	$ 3,563,178	$ 2,477,998
Plan fiduciary net position as a percentage of the total pension liability - end of year	98.51%	96.00%	85.89%	88.75%	90.82%
Covered payroll*	$ 26,498,366	$ 23,622,592	$ 22,254,970	$ 21,098,905	$ 19,834,457
Net pension liability as a percentage of covered payroll	2.38%	6.46%	22.70%	16.89%	12.49%

* Covered payroll is the payroll on which contributions to a pension plan are based.

See accompanying notes to required supplementary information.

PINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

For the Year Ended	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	$ 1,329,077	$ 1,329,077	$ -	$ 34,574,862	3.84%
June 30, 2023	1,293,359	1,293,359	-	32,527,626	3.98
June 30, 2022	1,421,751	1,421,751	-	30,358,488	4.68
June 30, 2021	1,375,238	1,375,238	-	27,863,889	4.94
June 30, 2020	2,497,516	2,497,516	-	27,173,316	9.19
June 30, 2019	2,515,217	2,515,217	-	28,187,573	8.92
June 30, 2018	2,400,611	2,400,611	-	26,498,366	9.06
June 30, 2017	2,243,187	2,243,187	-	23,622,592	9.50
June 30, 2016	2,179,687	2,179,687	-	22,254,970	9.79
June 30, 2015	2,102,230	2,102,230	-	21,098,905	9.96

See accompanying notes to required supplementary information.

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

1. Changes of Benefit Terms

There have been no significant changes to the VRS benefit provisions since the prior actuarial valuation.

2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) - Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement Rates - Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Withdrawal Rates - Adjusted withdrawal rates to better fit experience at each age and service year through 9 years of service
- Discount Rate - unchanged at 6.75%
- Disability Rates - no change
- Salary Scale - no change
- There are no assets accumulated in a trust that meets the criteria of GASB P22.101 or P52.101 to pay related benefits for VRS

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios – Health Benefits

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability							
Service cost	$ 564,906	$ 546,482	$ 712,861	$ 710,981	$ 609,660	$ 574,033	$ 592,753
Interest	509,970	476,485	321,566	325,784	476,771	503,012	460,115
Effect of economic/ demographic gains or losses	(1,232,828)	-	702,031	-	611,750	-	-
Effect of assumption changes or other inputs	(1,950,850)	426,304	(1,981,127)	52,383	203,685	372,635	(367,046)
Benefit payments	(880,614)	(1,030,222)	(1,005,769)	(884,878)	(880,214)	(841,386)	(790,802)
Net change in total OPEB liability	(2,989,416)	419,049	(1,250,438)	204,270	1,021,652	608,294	(104,980)
Total OPEB liability - beginning	13,843,223	13,424,174	14,674,612	14,470,342	13,448,690	12,840,396	12,945,376
Total OPEB liability - ending	$ 10,853,807	$ 13,843,223	$ 13,424,174	$ 14,674,612	$ 14,470,342	$ 13,448,690	$ 12,840,396
Total OPEB liability as a percentage of covered-employee payroll	31.39%	42.56%	44.22%	54.00%	51.34%	50.75%	54.36%
Covered-employee payroll	$ 34,574,862	$ 32,527,626	$ 30,358,488	$ 27,863,889	$ 27,173,316	$ 28,187,573	$ 26,498,366

This schedule is presented with the requirement to show information for ten years. However, until a full ten-year trend is compiled, the Authority will present information for those years which information is available.

See accompanying notes to required supplementary information.

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

1. Changes of Benefit Terms

There have been no actuarially material changes to the OPEB Plan benefit provisions since the prior actuarial valuation.

2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2023:

- The assumed rates of retirement, mortality, withdrawal, and disability were based primarily on the 4-year experience study performed by VRS. This study examined actual VRS experience over the four-year period ending June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.
- The pre-Medicare healthcare trend assumption was changed from 6.60% in fiscal 2023, 6.50% in fiscal 2024, 5.90% in fiscal 2025 then grading to an ultimate rate of 3.90% in fiscal 2073 and later to -3.00% for fiscal 2023, 6.40% for fiscal 2024, 5.70% for fiscal 2025, then grading to an ultimate rate of 3.90% for fiscal 2073 and later. These rates are based on long-term healthcare trend rates generated by the Getzen Trend Model.
- Discount rate increased from 3.65% to 3.93% (based on the Bond Buyer General Obligation 20-Bond Municipal Index.
- There are no assets accumulated in a trust that meets the criteria of GASB P22.101 or P52.101 to pay related benefits for OPEB

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Employer's Share of Net OPEB Liability - GLI Program

For the Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Employer's proportion of the Net GLI OPEB Liability	0.129%	0.126%	0.124%	0.133%	0.128%	0.133%	0.128%
Employer's proportionate share of the net GLI OPEB liability	$ 1,544,956	$ 1,514,633	$ 1,449,285	$ 2,131,104	$ 2,162,474	$ 1,951,000	$ 1,814,000
Employer's covered payroll	32,527,626	30,358,488	27,863,889	27,173,316	28,187,573	26,498,366	23,622,592
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	4.7%	5.0%	5.2%	7.8%	7.7%	7.4%	7.7%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

This schedule is presented with the requirement to show information for ten years. However, until a full ten-year trend is compiled, the Authority will present information for those years for which information is available.

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

For the Year Ended	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	$ 171,440	$ 171,440	$ -	$ 34,574,862	0.50%
June 30, 2023	162,640	162,640	-	32,527,626	0.50
June 30, 2022	146,680	146,680	-	30,358,488	0.48
June 30, 2021	137,760	137,760	-	27,863,889	0.49
June 30, 2020	137,720	137,720	-	27,173,316	0.51
June 30, 2019	136,520	136,520	-	28,187,573	0.48
June 30, 2018	127,971	127,971	-	26,498,366	0.48
June 30, 2017	116,567	116,567	-	23,622,592	0.49

This schedule is presented with the requirement to show information for ten years. However, until a full ten-year trend is compiled, the Authority will present information for those years for which information is available.

See accompanying notes to required supplementary information.

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

1. Changes of Benefit Terms

There have been no actuarially material changes to the GLI benefit provisions since the prior actuarial valuation.

2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) - Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement Rates - Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal Rates - Adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Discount Rate - Unchanged at 6.75%
- Disability Rates - No change
- Salary Scale - No change
- There are no assets accumulated in a trust that meets the criteria of GASB P22.101 or P52.101 to pay related benefits for GLI

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios – HIC Program

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total HIC OPEB Liability							
Service cost	$ 9,207	$ 14,794	$ 18,094	$ 19,827	$ 19,224	$ 19,982	$ 21,939
Interest	25,915	47,496	45,533	42,342	38,101	35,302	35,563
Difference between actual and expected experience	(25,904)	(33,066)	(39,227)	(979)	36,748	26,024	-
Changes of assumptions	-	(326,512)	5,247	-	14,536	-	(24,831)
Benefit payments	(17,522)	(16,167)	(14,534)	(13,305)	(37,946)	(44,708)	(28,085)
Net change in total HIC OPEB liability	(8,304)	(313,455)	15,113	47,885	70,663	36,600	4,586
Total HIC OPEB liability - beginning	383,479	696,934	681,821	633,936	563,273	526,673	522,087
Total HIC OPEB liability - ending (a)	$ 375,175	$ 383,479	$ 696,934	$ 681,821	$ 633,936	$ 563,273	$ 526,673
Plan Fiduciary Net Position							
Contributions - employer	$ 33,376	$ 38,284	$ 35,981	$ 36,753	$ 36,426	$ 43,908	$ 40,004
Net investment income	34,657	29	109,011	7,571	22,663	23,144	33,703
Benefit payments, including refunds of employee contributions	(17,522)	(16,167)	(14,534)	(13,305)	(37,946)	(44,708)	(28,085)
Administrative expense	(870)	(974)	(1,354)	(767)	(488)	(559)	(566)
Other	65	1,077	-	(3)	(26)	(1,635)	1,635
Net change in plan fiduciary net position	49,706	22,249	129,104	30,249	20,629	20,150	46,691
Plan fiduciary net position - beginning	553,244	530,995	401,891	371,642	351,013	330,863	284,172
Plan fiduciary net position - ending (b)	$ 602,950	$ 553,244	$ 530,995	$ 401,891	$ 371,642	$ 351,013	$ 330,863
Net HIC OPEB liability (asset) - ending (a) - (b)	$ (227,775)	$ (169,765)	$ 165,939	$ 279,930	$ 262,294	$ 212,260	$ 195,810
Plan fiduciary net position as a percentage of the total HIC OPEB liability - end of year	160.71%	144.27%	76.19%	58.94%	58.62%	62.32%	62.82%
Covered payroll *	$ 32,527,626	$30,358,488	$ 27,863,889	$ 27,173,316	$ 28,187,573	$26,498,366	$23,622,592
Total HIC OPEB liability as a percentage of covered-employee payroll	1.15%	1.26%	2.50%	2.51%	2.25%	2.13%	2.23%

*Covered payroll is the payroll on which contributions to a pension plan are based.

This schedule is presented with the requirement to show information for ten years. However, until a full ten-year trend is compiled, the Authority will present information for those years for which information is available.

See accompanying notes to required supplementary information.

PRINCE WILLIAM COUNTY SERVICE AUTHORITY
Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

For the Year Ended	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2024	$ 35,182	$ 35,182	$ -	$ 34,574,862	0.10%
June 30, 2023	33,376	33,376	-	32,527,626	0.10
June 30, 2022	38,284	38,284	-	30,358,488	0.13
June 30, 2021	35,981	35,981	-	27,863,889	0.13
June 30, 2020	36,753	36,753	-	27,173,316	0.14
June 30, 2019	36,426	36,426	-	28,187,573	0.13
June 30, 2018	43,908	43,908	-	26,498,366	0.17
June 30, 2017	40,004	40,004	-	23,622,592	0.17

This schedule is presented with the requirement to show information for ten years. However, until a full ten-year trend is compiled, the Authority will present information for those years for which information is available.

See accompanying notes to required supplementary information.

PRINCE WILLIAM COUNTY SERVICE AUTHORITY

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

1. **Changes of Benefit Terms**

   There have been no actuarially material changes to the HIC benefit provisions since the prior actuarial valuation.

2. **Changes of Assumptions**

   The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

   - Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) - Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
   - Retirement Rates - Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
   - Withdrawal Rates - Adjusted rates to better fit experience at each age and service decrement through 9 years of service
   - Discount Rates - Unchanged at 6.75%
   - Disability Rates - No change
   - Salary Scale - No change
   - There are no assets accumulated in a trust that meets the criteria of GASB P22.101 or P52.101 to pay related benefits for HIC

STATISTICAL SECTION

(Unaudited)

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STATISTICAL SECTION

TABLE OF CONTENTS

This section of the Authority's ACFR presents detailed information to provide a context for understanding what the information in the financial statements, notes to financial statements and required supplementary information says about the Authority's overall financial health.

Financial Trends

Financial trend information is intended to assist users in understanding how the Authority's financial position has changed over time. The tables which follow disclose ten years of financial data.

Table 1 Condensed Statements of Net Position – Last Ten Fiscal Years (in thousands)

Assets and Deferred Outflows of Resources	2024	2023*	2022**	2021**	2020	2019	2018***	2017***	2016	2015^
Current assets	$ 224,404	$ 288,785	$ 219,120	$ 262,289	$ 254,461	$ 336,077	$ 254,853	$ 154,708	$ 129,473	$ 149,886
Non-current assets	1,370,617	1,247,256	1,318,341	1,262,100	1,243,198	1,147,718	1,211,978	1,300,963	1,289,955	1,243,984
Deferred outflows of resources	5,768	5,764	7,250	8,477	9,219	6,808	6,214	7,507	6,587	5,847
Total assets and deferred outflows of resources	$ 1,600,789	$ 1,541,805	$ 1,544,711	$ 1,532,866	$ 1,506,878	$ 1,490,603	$ 1,473,045	$ 1,463,178	$ 1,426,015	$ 1,399,717
Liabilities and Deferred Inflows of Resources										
Current liabilities	$ 38,772	$ 37,842	$ 31,501	$ 33,032	$ 31,277	$ 30,471	$ 27,205	$ 24,756	$ 26,572	$ 24,403
Long-term liabilities	92,203	89,080	97,991	112,503	121,988	129,471	138,954	152,100	148,658	156,032
Deferred inflows of resources	12,504	12,632	18,847	550	1,221	1,544	1,989	-	576	1,405
Total liabilities and deferred inflows of resources	143,479	139,554	148,339	146,085	154,486	161,486	168,148	176,856	175,806	181,840
Net Position										
Net investment in capital assets	1,094,886	1,040,793	1,000,622	966,504	949,098	936,479	898,873	882,957	840,189	806,629
Restricted	17,064	17,023	16,693	18,096	21,268	18,229	16,750	17,204	16,556	15,954
Unrestricted	345,360	344,434	379,057	402,181	382,026	374,409	389,274	386,161	393,464	395,294
Total net position	1,457,310	1,402,250	1,396,372	1,386,781	1,352,392	1,329,117	1,304,897	1,286,322	1,250,209	1,217,877
Total liabilities, deferred inflows of resources and net position	$ 1,600,789	$ 1,541,804	$ 1,544,711	$ 1,532,866	$ 1,506,878	$ 1,490,603	$ 1,473,045	$ 1,463,178	$ 1,426,015	$ 1,399,717

* The Authority implemented GASB Statement 96 in fiscal year 2023, which changed the manner certain items are reported. Data shown for fiscal year 2023 forward is reported in accordance with GASB 96. Prior years were not changed.

** The Authority implemented GASB Statement 87 in fiscal year 2022, which changed the manner certain items are reported. Data shown for fiscal year 2021 forward is reported in accordance with GASB 87. Prior years were not changed.

*** The Authority implemented GASB Statement 75 in fiscal year 2018, which changed the manner certain items are reported. Data shown for fiscal year 2017 forward is reported in accordance with GASB 75. Prior years were not changed.

^ The Authority implemented GASB Statement 68 in fiscal year 2015, which changed the manner certain items are reported. Data shown for fiscal year 2015 forward is reported in accordance with GASB 68. Prior years were not changed.

Source: Prince William County Service Authority.

Table 2 Condensed Statements of Revenues, Expenses, and Changes in Net Position – Last Ten Fiscal Years (in thousands)

	2024	2023	2022	2021	2020	2019	2018*	2017	2016	2015**
Operating revenues										
Water and sewer user charges	$ 137,771	$ 127,582	$ 123,651	$ 120,193	$ 116,694	$ 111,479	$ 111,625	$ 111,896	$ 105,937	$ 102,061
Other	2,478	2,100	2,273	2,343	2,460	2,351	2,134	2,655	2,513	2,380
Total operating revenues	140,249	129,682	125,924	122,536	119,154	113,830	113,759	114,551	108,450	104,441
Non-operating revenues										
Availability fees	52,873	27,232	21,225	36,390	28,996	21,873	27,778	36,617	26,471	33,183
Investment and other income	17,911	8,619	(3,850)	2,929	11,359	10,221	3,636	1,428	5,288	3,681
Grant revenues	14	164	1,483	1,502	5	-	-	-	-	-
Contributions from developers/others	22,919	10,106	23,684	23,648	13,873	27,083	15,793	22,913	21,794	18,685
Equity interest in UOSA	(3,765)	(5,857)	(7,920)	(4,836)	(4,043)	(7,202)	(7,197)	822	(8,058)	(3,808)
Total non-operating revenues	89,952	40,264	34,622	59,633	50,190	51,975	40,010	61,780	45,495	51,741
Total revenues	230,201	169,946	160,546	182,169	169,344	165,805	153,769	176,331	153,945	156,182
Operating expenses										
Personnel services	44,953	41,741	39,569	38,988	39,352	38,089	36,477	32,914	30,561	29,314
Purchased resources	39,092	32,959	27,543	27,232	28,031	25,336	24,376	23,429	22,972	21,244
Contractual services	13,152	13,942	11,438	11,322	9,561	10,304	9,638	8,698	8,668	7,157
Materials and supplies	7,489	7,242	6,692	5,663	5,650	6,247	5,996	4,857	4,609	4,715
Other	8,868	8,397	6,805	6,654	6,708	6,038	5,166	6,203	5,110	5,317
Total operating expenses	113,554	104,281	92,047	89,859	89,302	86,014	81,653	76,101	71,920	67,747
Non-operating expenses										
Depreciation/amortization	47,085	45,363	44,261	43,262	42,261	40,990	38,297	38,357	34,716	33,103
Interest expense	1,996	2,103	2,512	2,891	3,152	3,262	3,718	3,969	4,221	5,310
Payments for UOSA debt service	11,839	11,653	11,467	11,100	10,686	10,707	10,802	10,389	10,030	10,491
Other	668	668	668	668	668	612	724	668	726	726
Total non-operating expenses	61,588	59,787	58,908	57,921	56,767	55,571	53,541	53,383	49,693	49,630
Total expenses	175,142	164,068	150,955	147,780	146,069	141,585	135,194	129,484	121,613	117,377
Change in net position	55,058	5,878	9,591	34,389	23,275	24,220	18,575	46,847	32,332	38,805
Total net position, beginning of year	1,402,251	1,396,372	1,386,781	1,352,392	1,329,117	1,304,897	1,286,322	1,239,475	1,217,877	1,179,072
Total net position, end of year	$ 1,457,309	$ 1,402,251	$ 1,396,372	$ 1,386,781	$ 1,352,392	$ 1,329,117	$ 1,304,897	$ 1,286,322	$ 1,250,209	$ 1,217,877

* The Authority implemented GASB Statement 75 in fiscal year 2018, which required a restatement of beginning Net Position effective July 1, 2016.

** The Authority implemented GASB Statement 68 in fiscal year 2015, which required a restatement of beginning Net Position effective July 1, 2014.

Source: Prince William County Service Authority.

Revenue Capacity Information

Revenue capacity information is provided to assist users in understanding the factors affecting the Authority's ability to generate sources of revenue. In setting the user rate and availability fee structure, the Authority's general practice has been to cover projected operating costs with user rates and to cover projected capital improvement costs with availability fees. That practice generally allows growth in use of the Authority's services to pay for the additional costs of expanding the Authority's system capacity. The tables below set forth historical user and availability fees for a typical customer over the last ten years. For a complete schedule of all rates and fees, please contact the Authority's Customer Service Department at 703-335-7950 or mail your request to PWCSA, Customer Service Department, PO Box 2266, Woodbridge, Virginia 22195-2266.

Table 3 Water and Wastewater Charges – Last Ten Fiscal Years (in dollars)

User fees consist of a fixed monthly service charge, plus a commodity charge for water and sewer service. The monthly service fee is designed to recover fixed administrative costs and is based on meter size and the type of service being provided (water and/or sewer). Commodity charges cover the cost of purchased water and sewage treatment as well as the cost of operation and maintenance for the Service Authority's lines, pumping stations and water storage tanks. Commodity rates are based on the revenue class (Residential or Commercial) and the type of service being provided, and are billed based on metered water usage. Starting in the fiscal year ended June 30, 2014 rate increases were effective on January 1. In November 2020, previously adopted 2021 and 2022 rate increases were canceled. The increase of rates in 2023 were effective on April 1.

	Commodity Charges (1) (3)				Service Charges (2) (3)			
	Residential		Commercial		3/4 inch		1 inch	
Fiscal Year	Water	Wastewater	Water	Wastewater	Water	Wastewater	Water	Wastewater
2024	$ 3.70	$ 7.10	$ 4.10	$ 7.75	$ 7.35	$ 13.00	$ 29.40	$ 52.00
2023	3.60	6.85	3.95	7.50	7.10	12.55	28.40	50.20
2022	3.45	6.65	3.80	7.25	6.85	12.10	27.45	48.40
2021	3.45	6.65	3.80	7.25	6.85	12.10	27.45	48.40
2020	3.45	6.65	3.80	7.25	6.85	12.10	27.45	48.40
2019	3.35	6.55	3.70	7.15	5.95	10.45	23.75	41.85
2018	3.35	6.55	3.70	7.15	5.45	9.60	21.80	38.40
2017	3.35	6.55	3.70	7.15	5.45	9.60	21.80	38.40
2016	3.35	6.55	3.70	7.15	5.05	8.90	17.70	31.15
2015	3.35	6.55	3.70	7.15	4.65	8.20	13.95	24.60

(1) Commodity charges are based on 1,000 gallons of consumption.

(2) Monthly service charges are based on meter size. The two most common meter sizes are disclosed above.

(3) The Authority's Board of Directors has adopted a rate increase effective January 1, 2025. The schedule of rates and fees is available on the Prince William Water website (princewilliamwater.org).

Source: Prince William County Service Authority.

Table 4 Availability Fees – Last Ten Fiscal Years (in dollars)

All new customers connecting to the system are required to pay an availability fee before obtaining a building permit from Prince William County. Availability fees are used to fund long-term commitments associated with future system capacity and costs associated with expanding the system to serve new customers. Availability fees are based on the type of service (water and/or sewer) and the amount of monthly capacity purchased. Through the fiscal year ended June 30, 2015, any rate increases were effective September 1 of the fiscal year. In November 2020, previously adopted 2021 and 2022 rate increases were canceled. The increase of rates in 2023 were effective on April 1.

	Residential (1)			Commercial (2)		
Fiscal Year	Water	Wastewater	Total	Water	Wastewater	Total
2024	$ 4,800	$ 11,700	$ 16,500	$ 19,200	$ 46,800	$ 66,000
2023	4,700	11,200	15,900	18,800	44,800	63,600
2022	4,600	10,800	15,400	18,400	43,200	61,600
2021	4,600	10,800	15,400	18,400	43,200	61,600
2020	4,600	10,800	15,400	18,400	43,200	61,600
2019	4,600	10,800	15,400	18,400	43,200	61,600
2018	4,600	10,800	15,400	18,400	43,200	61,600
2017	4,600	10,800	15,400	18,400	43,200	61,600
2016	4,600	10,800	15,400	18,400	43,200	61,600
2015	4,600	10,800	15,400	18,400	43,200	61,600

(1) Residential availability fee disclosed above is based on a 3/4” meter size.

(2) Commercial availability fee disclosed above is based on a 1” meter size.

Source: Prince William County Service Authority.

Table 5 Ten Principal Customers – Current Year and Nine Years Ago

Principal rate payer information is useful to determine concentrations in the source of revenues. This information provides predictive value of the Authority’s economic condition if, for example, any major customers were to encounter financial difficulties which impact their use of Authority services. Over the past ten years, no single customer accounted for more than 2% of revenues from water and sewer user charges.

Total water and sewer user charge revenues (in thousands)		$137,771		$102,061	
		2024		2015	
Name	Type	Amount	% of Total	Amount	% of Total
Prince William County Schools	Schools	$ 1,972	1.43%	$ 1,520	1.49%
City of Manassas Park	Utility	1,380	1.00%	624	0.61%
Amazon	Data Centers	1,034	0.75%	742	0.73%
Potomac Club	Housing	845	0.61%	524	0.51%
Westgate Apartments	Housing	669	0.49%	505	0.49%
Wellington Apartments	Housing	644	0.47%	-	-
Navy Military Housing	Housing	612	0.44%	431	0.42%
Summerland Heights Apartments	Housing	597	0.43%	463	0.45%
Sentara Potomac Hospital	Hospital	502	0.36%	-	-
Prince William Park Authority	Parks and Swimming Pools	489	0.35%	402	0.39%
Potomac Mills Mall	Shopping Mall	450	0.33%	376	0.37%
INOVA Laundry Facility	Hospital Laundry	-	-	387	0.38%

Source: Prince William County Service Authority.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding the Authority's debt burden and ability to issue additional debt. The ultimate guarantors of Authority debt are its customers, however, availability fees are designed to recover the cost of debt associated with expansion.

Table 6 Outstanding Debt Coverage – June 30, 2024

	Outstanding Debt				Total		
Fiscal Year	VRA Loans Payable	Revenue Bonds	Leases	SBITAs	Outstanding Debt	Number of Customers	Debt Coverage per Customer
2024	$ 44,544,115	$ 39,648,849	$ 1,085,969	$ 43,935	$ 85,322,868	98,128	$ 869.51
2023	35,229,809	43,426,647	72,702	73,030	78,802,188	97,772	805.98
2022	40,842,435	47,124,938	166,609	-	88,133,982	96,814	910.34
2021	47,404,853	50,766,312	-	-	98,171,165	95,805	1,024.70
2020	53,914,819	54,348,671	-	-	108,263,490	94,632	1,144.05
2019	60,247,198	57,877,028	-	-	118,124,226	93,498	1,263.39
2018	66,460,114	61,342,976	-	-	127,803,090	92,654	1,379.36
2017	72,427,732	64,777,622	-	-	137,205,354	90,892	1,509.54
2016	78,225,583	68,182,133	-	-	146,407,716	89,235	1,640.70
2015	83,858,628	67,155,000	-	-	151,013,628	88,057	1,714.95

Source: Prince William County Service Authority.

Table 7 Pledged Revenue Coverage - Last Ten Fiscal Years (in thousands)

Senior debt consists of Revenue and Refunding bond issuances which are backed by pledged revenues and, senior debt includes financing agreements entered into with the Virginia Resources Authority. Revenues mean all revenues, receipts and other income derived from the ownership or operation of the Authority, including, without limitation, availability fees and any investment earnings.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Pledged revenues	$ 211,034	$ 165,533	$ 143,298	$ 161,855	$ 159,510	$ 145,924	$ 145,173	$ 152,595	$ 140,209	$ 141,305
Senior debt (1)										
Principal and interest requirements	$ 6,317	$ 6,296	$ 7,885	$ 7,885	$ 7,899	$ 7,885	$ 7,927	$ 7,927	$ 7,927	$ 8,256
Senior debt revenue coverage	33.41	26.29	18.17	20.53	20.19	18.51	18.31	19.25	17.69	17.12
Subordinate debt (1)										
Principal and interest requirements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total debt revenue coverage	33.41	26.29	18.17	20.53	20.19	18.51	18.31	19.25	17.69	17.12

(1) Effective with the closing of a financing agreement with VRA, all of the outstanding balances with VRA became parity with the outstanding Revenue and Refunding Bonds debt.

See Table 8 and Table 9 for revenue coverage tests as defined by the Revenue Covenant and associated definitions within the Master Bond Indenture.

Source: Prince William County Service Authority.

Table 8 Revenue Bond Coverage, Test 1 - Last Ten Fiscal Years (in thousands)

This coverage test measures whether Net Revenues Available for Debt Service are sufficient to cover 1.2 times (or 120%) of annual debt service requirements. The Authority consistently exceeds the required coverage ratio. Calculations are based on the Revenue Covenant and associated definitions within the Authority's Master Bond Indenture.

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	1.2 Times Senior Debt Service Requirements (3)	Coverage (1.0 Req'd)
2024	$ 211,034	$ 126,062	$ 84,972	$ 7,580	11.21
2023	165,533	116,603	48,930	7,555	6.48
2022	143,298	104,182	39,116	9,462	4.13
2021	161,855	101,629	60,226	9,462	6.37
2020	159,510	100,656	58,854	9,479	6.21
2019	145,924	97,334	48,590	9,462	5.14
2018	145,173	93,178	51,995	9,512	5.47
2017	152,595	87,158	65,437	9,512	6.88
2016	140,209	82,677	57,532	9,512	6.05
2015	141,305	78,965	62,340	9,907	6.29

(1) Gross revenues include all revenue categories except contributions from developers, funds received from grants and equity in earnings of UOSA.

(2) Operating expenses include operating expenses plus principal and interest payments on UOSA debt and payments on capacity agreements with Fairfax Water.

(3) Effective with the closing of a financing agreement with the VRA, all of the outstanding balances with the VRA become parity with the outstanding Revenue and Refunding Bonds debt. In fiscal years 2015 through 2024, the Authority made advanced payments to the Trustee toward debt service for the subsequent year.

Source: Prince William County Service Authority.

Table 9 Revenue Bond Coverage, Test 2 - Last Ten Fiscal Years (in thousands)

The Authority is required to meet at least one of the two coverage ratios reported in the table below. Coverage A demonstrates the Authority's ability to withstand a 50% reduction of Availability Fees and maintain Adjusted Net Revenues sufficient to cover 100% of annual debt service requirements. Coverage B demonstrates the Authority's ability for Adjusted Net Revenues plus 50% of the Unrestricted Reserves (primarily cash and investments) to cover 1.5 times (or 150%) of annual debt service requirements. The Authority consistently exceeds these required coverage ratios. Calculations are based on the Revenue Covenant and associated definitions within the Master Bond Indenture.

					"Either/Or" Coverage Requirement		
Fiscal Year	Net Revenues Available for Debt Service	Less 50% Developer Charges	Adjusted Net Revenues	Senior Debt Service Requirements (2)	Coverage A (1.0 Req'd)	Adjusted Net Revenues Plus 50% Unrestricted Reserves (1)	Coverage B (1.5 Req'd)
2024	$ 84,972	$ 26,437	$ 58,535	$ 6,317	9.27	$ 210,163	33.27
2023	48,930	13,616	35,314	6,296	5.61	188,643	29.96
2022	39,116	10,613	28,503	7,885	3.61	196,247	24.89
2021	60,226	18,195	42,031	7,885	5.33	222,686	28.24
2020	58,854	14,498	44,356	7,899	5.62	212,528	26.90
2019	48,590	10,937	37,653	7,885	4.78	201,805	25.59
2018	51,995	13,889	38,106	7,927	4.81	213,518	26.94
2017	65,437	18,309	47,128	7,927	5.95	216,640	27.33
2016	57,532	13,236	44,296	7,927	5.59	213,779	26.97
2015	62,340	16,592	45,748	8,256	5.54	204,675	24.79

(1) Unrestricted Reserves is the unrestricted fund balance, less one month's budgeted operating expense.

(2) All of the outstanding balances with the VRA become parity with the outstanding Revenue and Refunding Bonds debt. In fiscal years 2015 through 2024, the Authority made advanced payments to the Trustee toward debt service for the subsequent year.

Source: Prince William County Service Authority.

Demographic and Economic Information

Demographic and economic information is intended to assist users in understanding the socio-economic environment within which the Authority operates and to provide information that facilitates comparisons of financial statement information over time.

Table 10 Prince William County Population Data — Last Ten Calendar Years

Calendar Year	Population	Change	% Change
2024	496,322	4,629	0.9%
2023	491,693	3,423	0.7
2022	488,270	2,987	0.6
2021	485,283	3,079	0.6
2020	482,204	8,303	1.8
2019	473,901	7,376	1.6
2018	466,525	5,679	1.2
2017	460,846	7,104	1.6
2016	453,742	11,807	2.7
2015	441,935	10,903	2.6

Source: Prince William County.

Table 11 Prince William County Employment Data — Last Ten Calendar Years

Calendar Year	Civilian Labor Force *	At-Place Employment	Unemployment Rate*
2024	258,300(1)	140,074(2)	2.6%(1)
2023	257,986	139,621	2.7
2022	250,685	133,867	2.6
2021	244,058	130,075	3.9
2020	245,636	125,254	6.7
2019	248,487	133,237	2.5
2018	243,484	130,335	2.8
2017	241,599	127,892	3.4
2016	235,285	126,283	3.6
2015	232,296	122,607	4.1

* Civilian labor force and unemployment values are subject to periodic revision.

(1) Average of monthly statistics for first half of 2024.

(2) Average of monthly statistics for first quarter of 2024.

Source: Prince William County.

Table 12 Prince William County Employer Data - Current Year and Nine Years Ago

The ten largest employers in Prince William County for the current year and nine years ago, respectively, are as follows:

		2024 Q1		2015 Q1	
Employer	**Industry**	**Rank**	**Employees**	**Rank**	**Employees**
Prince William County School Board	Local Government	1	1,000 and over	1	1,000 and over
U.S. Department of Defense	Federal Government	2	1,000 and over	2	1,000 and over
County of Prince William	Local Government	3	1,000 and over	3	1,000 and over
Walmart	Private	4	1,000 and over	5	1,000 and over
Sentara Healthcare/Potomac Hospital Corporation	Private	5	1,000 and over	7	1,000 and over
Morale Welfare and Recreation	Federal Government	6	1,000 and over	6	1,000 and over
Wegmans Store #07	Private	7	500 to 999	9	500 to 999
Target Corporation	Private	8	500 to 999	10	500 to 999
The Fishel Company	Private	9	500 to 999	-	-
M J Morgan Group	Private	10	500 to 999		-
Minnieland Private Day School	Private	31	250 to 499	10	500 to 999
Northern Virginia Community College	State Government	14	501 to 999	8	500 to 999

Source: Prince William County.

Table 13 Prince William County Personal Wealth Data - Last Ten Calendar Years

	Average Assessed Housing Value (1)			
Fiscal Year	**Single Family Detached**	**Townhouse**	**Condominium**	**All Residential**
2024	$ 602,800	$ 425,300	$ 345,200	$ 531,400
2023	570,900	400,700	321,800	502,600
2022	535,600	372,900	299,900	470,900
2021	475,000	331,800	270,900	418,600
2020	440,300	307,900	252,200	388,300
2019	423,200	292,900	240,800	372,300
2018	409,900	278,600	229,100	359,000
2017	396,400	267,200	218,700	346,600
2016	389,900	260,500	211,600	340,200
2015	381,600	252,700	205,800	332,600

(1) Averages reflect housing existing on January 1 of each year.

Source: Prince William County.

Operating Information

Operating information is intended to provide contextual information about the Authority's operations and resources to assist readers in using financial statement information to understand and assess the Authority's economic condition.

Table 14 Operating Indicators - Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of employees	357	352	353	330	338	343	335	306	288	281
Number of customers	98,128	97,772	96,814	95,805	94,632	93,498	92,654	90,892	89,235	88,057
Days cash on hand	566	873	705	912	881	1,257	993	600	511	658
Miles of water lines	1,375	1,315	1,308	1,291	1,273	1,260	1,236	1,225	1,214	1,203
Miles of sewer lines	1,192	1,153	1,150	1,137	1,126	1,116	1,097	1,091	1,086	1,080
Wastewater pumping stations	67	65	65	63	62	61	60	59	59	58
Water tank storage effective capacity (MG)	24.9	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1
Number of fire hydrants	13,383	12,658	12,559	12,348	12,141	11,970	11,661	11,481	11,327	11,181
Water capacity (MGD):										
Capacity at Fairfax Water	62.4	62.4	62.4	62.4	62.4	62.4	62.4	62.4	57.4	57.4
Capacity at City of Manassas	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Service Authority wells	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Total water capacity	67.8	67.8	67.8	67.8	67.8	67.8	67.8	67.9	62.9	62.9
Wastewater treatment capacity (MGD):										
Capacity at HLM AWRF	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Capacity at UOSA	19.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8	19.8
Total wastewater treatment capacity	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8

Source: Prince William County Service Authority.

Table 15 Service Demand - Last Ten Fiscal Years

Fiscal Year	Customer Accounts	Millions of Gallons (MG) Water Produced	Water Purchased	Water Peak Day Flow	Wastewater Treated
2024	98,128	39	11,914	48.3	10,442
2023	97,772	33	11,354	44.4	9,874
2022	96,814	40	11,830	44.4	10,096
2021	95,805	38	10,912	52.1	10,644
2020	94,632	36	10,465	42.1	9,794
2019	93,498	22	9,869	36.9	11,293
2018	92,654	26	10,106	40.5	9,671
2017	90,892	43	10,316	43.0	9,177
2016	89,235	68	9,907	34.2	9,540
2015	88,057	62	9,468	36.4	9,379

Source: Prince William County Service Authority.

Table 16 VRS Pension Plan Funding Levels

	PWCSA		All Political Subdivisions	
Fiscal Year	Plan Fiduciary Liability as % of Total Pension Liability	Net Pension Liability (Asset) as % of Total Pension Liability	Plan Fiduciary Liability as % of Total Pension Liability	Net Pension Liability as % of Total Pension Liability
2024	102.0%	(2.0)%	91.9%	8.1%
2023	105.3	(5.3)	92.5	7.5
2022	110.8	(10.8)	97.2	2.8
2021	93.4	6.6	83.4	16.6
2020	95.8	4.2	87.8	12.2
2019	98.5	1.5	90.2	9.8
2018	96.0	4.0	89.3	10.7
2017	85.9	14.1	83.7	16.3
2016	88.7	11.3	86.7	13.3
2015	90.8	9.2	86.9	13.1

This schedule is presented with the requirement to show information for ten years. However, until a full ten-year trend is compiled, the Authority will present information for those years which information is available.

Source: Prince William County Service Authority

Table 17 Equity Interest in UOSA Detail

Fiscal Year	PWCSA Portion of Total Allocated Capacity	UOSA Prior Fiscal Year Change in Net Position	PWCSA Current Year Portion of UOSA Change in Net Position	PWCSA Cumulative Portion of UOSA Change in Net Position	Current Year Amortization 2MGD 2008 Capacity Purchase	Remaining Balance 2MGD 2008 Capacity Purchase	Current Year Amortization 2011 Capacity Purchase	Remaining Balance 2MGD 2011 Capacity Purchase	Current Year Equity Interest in UOSA	Cumulative Equity Interest in UOSA
2024	36.6613%	$ (1,019,655)	$ (373,819)	$ 1,215,758	$ (1,727,669)	$ 12,299,681	$ (1,663,339)	$ 17,482,436	$ (3,764,827)	$ 30,997,875
2023	36.6613%	(7,166,558)	(2,627,353)	1,589,577	(1,645,268)	14,027,350	(1,584,006)	19,145,775	(5,856,627)	34,762,702
2022	36.6613%	(13,789,835)	(5,055,533)	4,216,930	(1,408,337)	15,672,618	(1,455,881)	20,729,781	(7,919,751)	40,619,329
2021	36.6613%	(5,782,540)	(2,119,954)	9,272,463	(1,335,549)	17,080,955	(1,380,154)	22,185,662	(4,835,657)	48,539,080
2020	36.6613%	(4,002,147)	(1,467,239)	11,392,417	(1,266,756)	18,416,504	(1,308,614)	23,565,816	(4,042,609)	53,374,737
2019	36.6613%	(12,981,565)	(4,759,210)	12,859,656	(1,201,957)	19,683,260	(1,241,263)	24,874,430	(7,202,430)	57,417,346
2018	36.6613%	(13,315,277)	(4,881,554)	17,618,866	(1,139,281)	20,885,217	(1,175,785)	26,115,693	(7,196,620)	64,619,776
2017	36.6613%	8,229,222	3,016,940	22,500,420	(1,080,600)	22,024,498	(1,114,495)	27,291,478	821,845	71,816,396
2016	36.6613%	(16,300,476)	(5,975,966)	19,483,480	(1,025,290)	23,105,098	(1,056,621)	28,405,973	(8,057,877)	70,994,551
2015	36.6613%	(4,989,471)	(1,829,205)	25,459,446	(974,599)	24,130,388	(1,003,710)	29,462,594	(3,807,514)	79,052,428

Source: Prince William County Service Authority.

GLOSSARY OF ACRONYMS

ACFR	Annual Comprehensive Financial Report
AMA	Asset Management Analytics
ARPA	American Recovery Plan Act
AWRF	Advanced Water Reclamation Facility
BOCS	Board of County Supervisors
BPS	Booster Pumping Station
CARES	Coronavirus Aid, Relief, and Economic Security
CIP	Capital Improvements Program
CIS	Customer Information System
CMMS	Computerized Maintenance Management System
COLA	Cost-of-Living Adjustment
COVID	Coronavirus-19
CPA	Certified Public Accountant
CPI-U	Consumer Price Index for all Urban Consumers
ERU	Equivalent Residential Unit
FDIC	Federal Deposit Insurance Corporation
FFCB	Federal Farm Credit Bank
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FMS	Financial Management System
FNMA	Federal National Mortgage Association
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GLI	Group Life Insurance
HIC	Health Insurance Credit
HLM AWRF	H.L. Mooney Advanced Water Reclamation Facility
LGIP	Local Government Investment Pool
LGIP EM	Local Government Investment Pool Extended Maturity
LODA	Line of Duty Act
MAPS	Multi-Asset Public Strategies
MD&A	Management's Discussion and Analysis
MG	Million Gallons
MGD	Million Gallons per Day
NOL	Net OPEB Liability
NPL	Net Pension Liability
OPEB	Other Postemployment Benefits
ORP	Optional Retirement Plan
PER	Preliminary Engineering Report
PIP	Private Investment Partnership
PMIS	Project Management Information System
PTO	Paid Time Off
RP	Retirement Plan
S&P	Standard and Poor's Rating Services
SCADA	Supervisory Control and Data Acquisition
SBITA	Subscription Based Information Technology Agreement
SEC	Securities and Exchange Commission
SLFRF	State and Local Fiscal Recovery Funds
SPS	Sewage Pumping Station
TOL	Total Other Postemployment Benefits Liability
TPL	Total Pension Liability
UOSA	Upper Occoquan Service Authority
US	United States
UST	Underground Storage Tank
VCWR	Virginia Clean Water Revolving Loan Fund

VDOT	Virginia Department of Transportation
VLDP	Virginia Local Disability Program
VRA	Virginia Resources Authority
VRS	Virginia Retirement System
VRSA	Virginia Risk Sharing Association
VSDP	Virginia Sickness and Disability Program
VWFRF	Virginia Water Facilities Revolving Fund

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