Fauquier County
Water and Sanitation Authority

Warrenton, Virginia

Annual Comprehensive Financial Report

YEARS ENDED JUNE 30, 2025 AND 2024

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

WARRENTON, VIRGINIA

Annual Comprehensive Financial Report
Years Ended June 30, 2025 and 2024

Prepared by:

Deborah A. Whitley
Director of Finance

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

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Years Ended June 30, 2025 and 2024

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OFFICERS AND BOARD MEMBERS

Ross W. D'Urso, Chairperson
A. William Chipman, Vice-Chairperson
Joseph Beaman, Treasurer
Richard Gerhardt, Member
Whitson Robinson, Member

AUDIT COMMITTEE

A. William Chipman
Joseph Beaman

SENIOR MANAGEMENT

Benjamin R. Shoemaker, Executive Director
Deborah A. Whitley, Director of Finance and Administration
Richard L. Landis, Director of Maintenance and Construction
Michael B. Edelen, Director of Engineering
Milas E. Smith, Director of Operations

FAUQUIER COUNTY
WATER & SANITATION AUTHORITY
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December 8, 2025

Board of Directors and Customers of the
Fauquier County Water and Sanitation Authority
Fauquier County, Virginia

Gentlemen:

The Annual Comprehensive Financial Report (ACFR) for the Fauquier County Water and Sanitation Authority (Authority) for the year ended June 30, 2025 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.

Management is responsible, in all material respects, for the accuracy of this data and the completeness and fairness of these presentations, including all disclosures. We believe the data presents fairly the financial position and results of operations of the Authority for the year ended June 30, 2025.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A is included in the Financial Section of this report, immediately following the report of the independent auditors.

The Authority

The Fauquier County Water and Sanitation Authority is an independent political subdivision of the Commonwealth empowered by the Virginia Water and Waste Authorities Act §15.2-5100 et seq. of the Code of Virginia, 1950 as amended, to provide water and sewer service in the County of Fauquier. The Authority was first chartered in 1964 and is governed by a five-member Board. The Authority's charter was extended to 2072 by the Fauquier County Board in July 2022. Individual Board Members are appointed by the Fauquier County Board of Supervisors and serve four-year terms. The Authority Board contracts the Executive Director, who is responsible for the daily management of the Authority.

Economic Conditions and Outlook

The Authority is located in rural Fauquier County approximately 40 miles southwest of Washington, D.C., and 95 miles northwest of Richmond. The service area of the Authority is traversed by several highways providing access to the metropolitan area and surrounding jurisdictions. The Authority owns and operates fourteen public water systems and three wastewater (sewer) treatment plants; and operates an additional two water systems.

The local economy remains steady in Fauquier County as inflation rates increase 2.9% for the 12 months ending August 2025 after rising 2.7% over the prior 12 months per the U.S. Bureau of Labor Statistics. Estimated population in Fauquier County as of July 2024 is approximately 74,563. This is expected to exceed 77,588 by the year 2030 and 93,171 by the year 2050. The total civilian labor force in Fauquier County as of 2024 was 42,758 per the U.S. Bureau of Labor Statistics via FRED Federal Reserve Bank of St Louis. The unemployment rate increased to 3.0% from 2.7% in 2024; lower than the 3.6% unemployment rate for the Commonwealth of Virginia in August 2025.

The Authority provides water and/or wastewater services to single and multi-family housing developments, county schools, a federal complex, and various shopping centers. The Authority experienced an increase in customer base as water and wastewater connections grew by 152 and 150, respectively, in FY2025. Availability fee revenue increased by $2,124,675 because of the new wells added the previous year. Though $4.1 million in Developer Contributions for infrastructure was received in FY2025, the total decreased by $1,954,402 from the previous year as a water treatment plant and two wells were contributed in FY2024 in addition to infrastructure.

Internal Control Structure and Budgetary Controls

The Authority's management is responsible for establishing and maintaining internal controls. Estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. Internal controls are designed to provide reasonable, but not absolute, assurances regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records used to prepare financial statements that are free of any material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits require estimates and judgments made by management. Management reviews internal controls on a continuous basis.

The Authority Board annually adopts an Operating Budget and Capital Improvement Plan prepared by the Finance Department and approved by the Executive Director. Revenue and expenditure projections are based on historic performance, operational needs, current trends, regulatory developments, local markets, building approvals, and environmental activities.

The Authority controls current expenses at both the functional and operating division levels. Division managers are responsible for budgetary items that are controllable within their divisions. The Finance department is responsible for general Authority costs, as well as monitoring expenses by function for the Authority. Controlling all expenses at different levels strengthens the overall budgetary and management controls.

Relevant Financial Policies

The Authority is committed to fiscal integrity and financial leadership. It operates as an enterprise fund, has no taxing power, and receives no financial assistance from Fauquier County. In May 2021, the Authority adopted new financial policies intended to reinforce its commitment to provide high quality services as economically as possible and recognize the overarching priority of protecting the investment its customers have made in the system. Authority funds are invested with the following objectives in order of priority: (1) Legality – funds are only invested in those investments permitted by federal, state, and local law as it relates to public funds, (2) Safety – investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio, (3) Liquidity – the investment portfolio shall remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated, and (4) Yield – the portfolio shall be designed to attain a fair rate of return consistent with the investment risk constraints and cash flow characteristics of the portfolio. Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

Regulatory

WASTEWATER

December 31, 2010, State and Federal governments enacted wastewater regulations to improve water quality in the Chesapeake Bay. The vehicle for implementing the regulations is Watershed Implementation Plans (WIPs). WIPS are roadmaps for how Chesapeake Bay states and the District of Columbia, in partnership with federal and local governments, will attain the Chesapeake Bay Total Maximum Daily (TMDL) pollutant load reduction goals.

Over the past several decades, coordinated efforts by local government agencies, state and federal programs, farmers, landowners, conservation groups, consultants, and others have significantly improved Virginia's water quality. The Commonwealth's successes result from the collective effort of the public and private sectors.

Virginia's Phase III Watershed Implementation Plan (WIP III) was completed in August 2019 to achieve nutrient and sediment reductions needed to restore the Chesapeake Bay and its tidal tributaries. It details best management practices and programmatic actions necessary to achieve state basin planning targets for nitrogen and phosphorus (P and N).

The Authority implemented a two-phase plan to meet the WIP regulatory requirements. The first-phase upgrades, completed in FY2012, allowed P and N credit trading between Remington Wastewater Treatment Plant (RWWTP) and Marshall Wastewater Treatment Plant (MWWTP). In FY2020, the Authority completed a capacity evaluation for the RWWTP and MWWTP.

WASTEWATER (CONTINUED)

This evaluation included a review of regulatory requirements and funding options, the development of flow and load projections for a 20-year planning horizon (2040), capacity evaluations for existing facilities, and a summary of recommendations for each plant. The RWWTP and MWWTP, in addition to other regulatory requirements, are subject to the Chesapeake Bay TMDL Program and associated nutrient wastewater discharge limitations. Phase III WIPs were introduced by the state in 2019.

The WIP Phase III may require more stringent annual nutrient wastewater discharge limitations for all facilities discharging to the Chesapeake Bay. Given this development, the Authority initiated this evaluation to determine potential upgrades needed at the RWWTP and MWWTP to meet regulatory requirements, including WIP Phase III, flow and load projections, and repair/replacement of aging assets over the next 20 years (2040).

As a result, the Authority will begin phase two of upgrades on the Remington and Marshall wastewater treatment plants at a potential cost of $34 million each when required by regulatory permit in conjunction with growth affecting flows and pollutant loads over the next 20 years (2040).

WATER

As early as 1916, the Department of Health (VDH) has been protecting the purity of drinking water for Virginia citizens. The statutes, as stated in the Code of Virginia, are periodically amended to:

- Ensure that all Virginians have safe drinking water;
- Provide a simple and effective regulatory program for waterworks;
- Adapt to new health concerns in drinking water treatment and distribution systems; and
- Provide a means to improve inadequate waterworks.

In January 2007, the EPA Groundwater Rule became effective. The rule increases protection against microbial pathogens in public drinking water supplies that use groundwater sources. This rule requires groundwater systems at risk of fecal contamination to take corrective action to reduce cases of illness and deaths due to exposure to microbial pathogens. The rule uses the following four major components to determine whether groundwater is not at risk of fecal contamination:

- Periodic sanitary surveys of groundwater systems require the evaluation of eight critical elements and identifying significant deficiencies.

WATER (CONTINUED)

- Source water monitoring to test for the presence of E. coli.

- Corrective actions are required for any waterworks with a significant deficiency or source water fecal contamination.

- Compliance monitoring to ensure that treatment technologies installed to treat drinking water reliably achieve at least 99.99 perfect (4-log) inactivation or removal of viruses.

On January 15, 2021, the United States Environmental Protection Agency (EPA) published the Lead and Copper Rule Revisions (LCRR) in the Federal Register. The revised rule makes significant changes to the existing lead and copper rule. The LCRR intends to further protect public health by minimizing lead (Pb) and copper (Cu) levels in drinking water, primarily by reducing water corrosivity. Pb and Cu enter drinking water mainly due to the corrosion of Pb and Cu containing plumbing materials.

The LCRR requires FCWSA to identify, inventory, and plan for the removal of lead, galvanized needing replacement, and unknown service lines by October 2024. The inventory must identify pipe material on both sides of the water meter. As a result, the Authority has begun aligning resources to complete the required Lead Service Line inventory and subsequent Replacement Plan.

As of this writing, the federal regulations regarding perfluoroalkyl and polyfluoroalkyl substances (PFAS) and perfluorooctanoic acid (PFOA) have been set at no more than four parts per trillion in potable water. The deadline for all public water systems to comply with the maximum contaminant level (MCL) is 2031. Preliminary engineering estimates for the Authority to comply with the MCL in its affected publicly operated water systems are more than $60 million. More time and analysis are required at the federal, state, and local levels to identify the potential financial assistance and impacts on Authority operations.

Budget

Debt service in FY2025 was $1,639,769 and will reduce to $503,926 in FY2035. However, the Authority expects to take on more debt service as the result of the PFAS/PFOA regulations. The Authority adopted an overall $221.98 million, 10-year Capital Improvement Plan in its FY2026 budget, of which $155.1 million is for its Capital Improvement Plan (CIP) projects for water exploration, sources, storage, and treatment facilities; and $221.96 million is for its Replacement and Renewal Program (R&R) for repairs and upgrades to its existing water and wastewater systems.

Independent Audit

The *Code of Virginia* requires that an external audit be performed annually. The Authority's financial statements for the year ended June 30, 2025 have been audited by Robinson, Farmer, Cox Associates, an independent firm of licensed certified public accountants. The fiscal year 2025 Independent Auditors' Report is in the financial section of this report.

Awards

The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fauquier County Water & Sanitation Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This is the eighteenth consecutive year the Authority has achieved this prestigious award recognizing conformance with the highest standards for preparation of state and local governmental financial reports. To be awarded a Certificate of Achievement, a government must publish an easily readable, and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Said report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Authority believes our current Annual Comprehensive Financial Report conforms to the Certificate of Achievement Program requirements, and we are submitting the Annual Comprehensive Finance Report to the GFOA to determine its eligibility for a Certificate for FY2025.

The GFOA awarded its Distinguished Budget Presentation Award to the Authority for fiscal year 2026 for the sixth consecutive year.

Acknowledgments

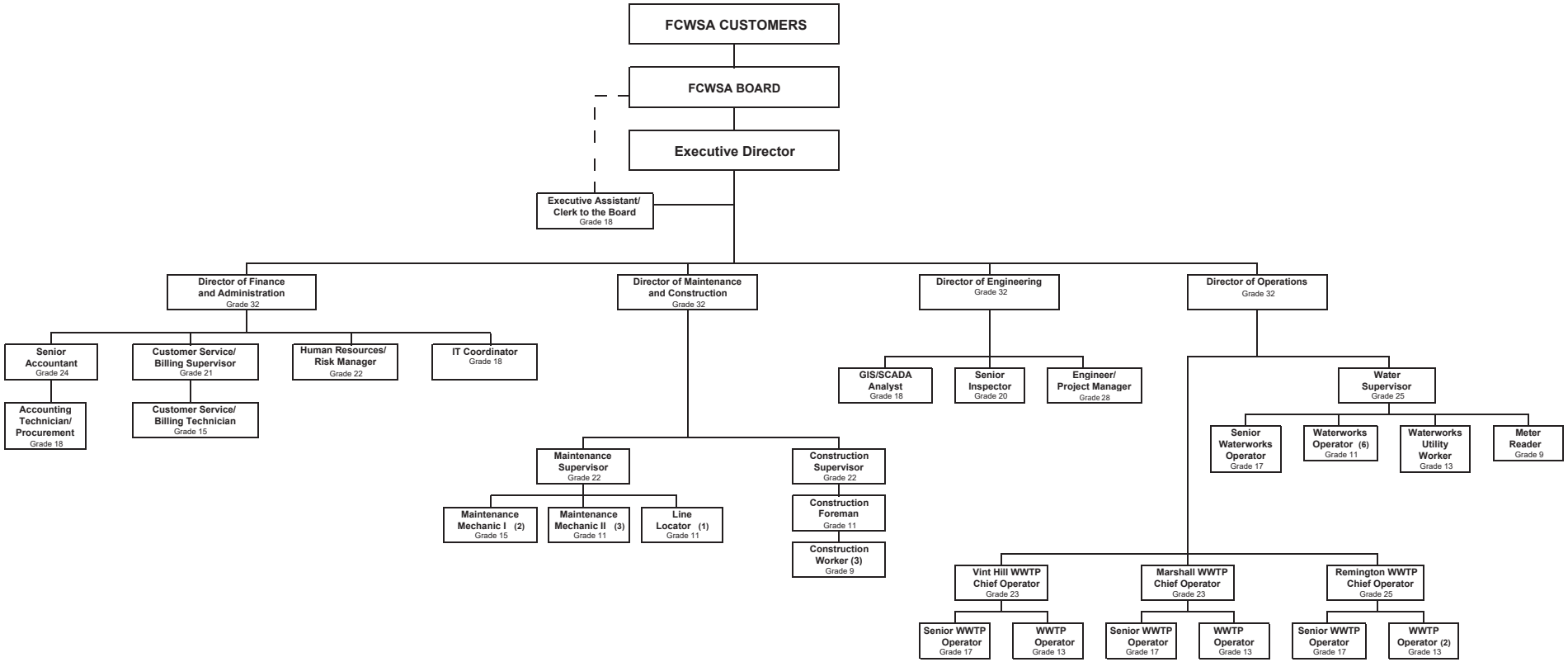
The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance and Administration staff of the Authority. All members of the division have my sincere appreciation for their contributions to the preparation of this report. I would also like to thank the Executive Director and Board of Directors for their interest and support in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully submitted,

Deborah A. Whitley
Director of Finance

FCWSA ORGANIZATION

Adopted 5/28/2024
FY2025



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fauquier County Water & Sanitation Authority
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Independent Auditors' Report

To The Honorable Members of the Board of Directors
Fauquier County Water and Sanitation Authority
Warrenton, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Fauquier County Water and Sanitation Authority, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Fauquier County Water and Sanitation Authority, as of June 30, 2025 and 2024, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2025, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fauquier County Water and Sanitation 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 Fauquier County Water and Sanitation 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 and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of Fauquier County Water and Sanitation 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 Fauquier County Water and Sanitation 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 Fauquier County Water and Sanitation Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Fauquier County Water and Sanitation Authority's (Authority) financial performance provides a narrative overview of the financial activities of the Authority for the Fiscal Year (FY) ending June 30, 2025. The Authority's mission is to provide quality, reliable water and wastewater services to its current and future customers in an environmentally responsible and sustainable manner. To accomplish this, the Authority set its FY2025 budget focus on customer service, water supply, regulatory PFAS (perfluoroalkyl and polyfluoroalkyl substances) compliance, water and wastewater system upgrades, supervisory control and data acquisition (SCADA) upgrades, wastewater inflow and infiltration (I&I) rehabilitation, equipment replacement, and master planning. We encourage readers to consider the information presented here in conjunction with the audited financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Net Capital Assets increased by $8,665,483 due to Developer Contributions of Infrastructure; the completion of the SCADA Wastewater Project, Warrenton Village and Rogues Road Line Replacements, High Rock Well Redrill, Remington WWTP Aeration Blower and Headwork Replacement, Remington WWTP Influent Structure; and purchase of Land in Bealeton, Virginia, (4) four Trucks, and the Remington WWTP Generator;
- Construction in Progress projects decreased by $3,390,664;
- Total Net Position was restated due to GASB 101 and increased by $10,011,443 from $106,083,708 (as restated) to $116,095,151;
- Total Revenues were $24,158,164; and Total Expenses were $14,146,721;
- Net Operating Income (Loss) was $113,618 in FY2025 and ($495,568) in FY2024;
- The Authority has received unmodified audit opinions for over thirty years and has received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past eighteen years. And for the sixth time, the Authority was awarded the Distinguished Budget Presentation Award from GFOA for FY2026.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report (ACFR) is presented in three main sections. The Introductory Section includes the Letter of Transmittal, the GFOA Certificate of Achievement, a list of Authority Board Members and Officers, and an Organizational Chart. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements with related notes, and Required Supplementary Information. The Statistical Section includes selected financial and demographic information about the Authority and the surrounding area.

There are three financial statements included in the Financial Section of this report – Statements of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows. The Statements of Net Position includes the Authority's assets and liabilities using the accrual basis of accounting. It provides the basis for evaluating the capital structure of the Authority, and its liquidity and flexibility. All current and prior years' revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. This statement measures the performance of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered its costs through user fees and other charges. The Statements of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources, such as investment income and cash payments for debt and capital additions. The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the statements.

FINANCIAL ANALYSIS

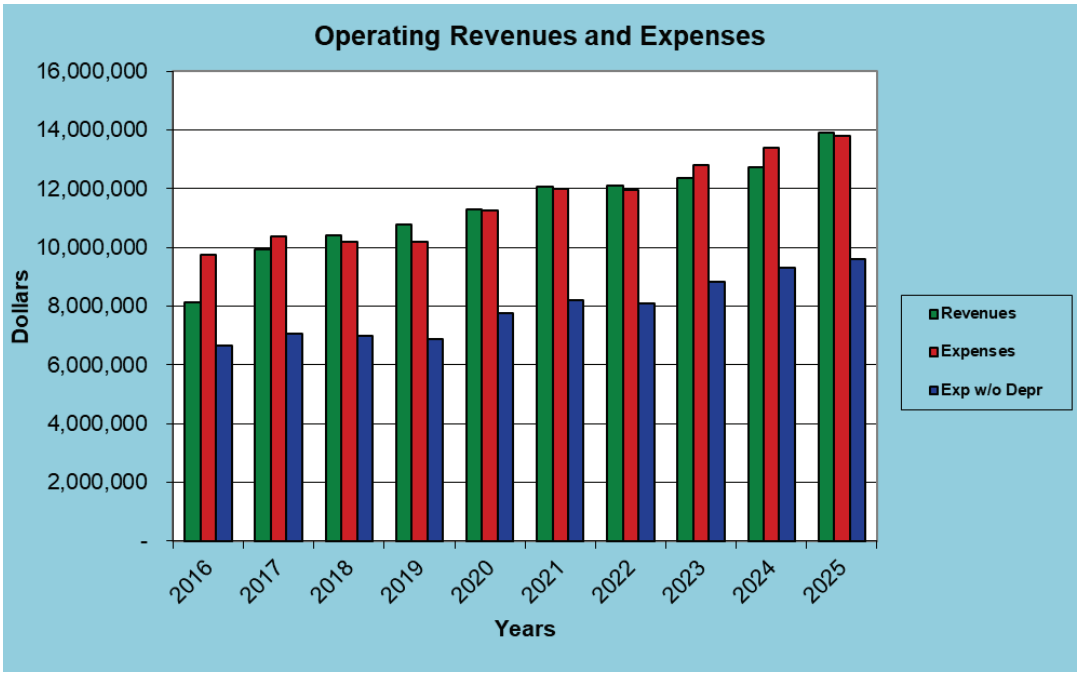
The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Authority's activities that determine if the overall financial position has improved during the year. These two statements help determine the financial health of the organization, and whether its financial position is improving or deteriorating. Non-financial factors such as economic conditions, population growth, and changes in governmental legislation need to be considered as well. The Authority maintained its financial strength in FY2025 as Operating Revenues completely covered Operating Expenses by $113,618 and Total Net Position increased as described in the following sections of this report.

Net Position and Liabilities - The Authority's **Total Net Position** increased in FY2025 by $10,011,443, or 9.4%, as compared to Net Position as of June 30, 2024. Total Net Position increased in FY2024 by $9,255,506, or 9.5%, as compared to Net Position as of June 30, 2023. Total Net Position in FY2023 increased by $5,683,380, or 6.2%, as compared to Net Position as of June 30, 2022. A significant portion of the increase in FY2025, FY2024, and FY2023 was due to Capital Contributions. Capital contributions were $4.2, $6.1, and $3.6 million in FY2025, FY2024 and FY2023, respectively. Availabilities fees of $5.2, $3.1, and $2.4 million in FY2025, FY2024, and FY2023, respectively, and contributed to the increase in Net Position as well. In FY2025 the **Total Liabilities** decreased by $1.6 million, or 10%, due to the reduction in debt service, accounts payable, compensated absences, Subscription based IT arrangements (SBITAs), and net OPEB liabilities. In FY2024 the Total Liabilities decreased by $1.5 million, or 9.6%, due to the reduction in debt service and SBITAs. In FY2023, the Authority had $39,551 for SBITAs per GASB 96. Total Liabilities in FY2023 increased by $5.4 million, or 44.7%, from FY2022 due to a $6.1 million Revenue Bond for the SCADA Wastewater Upgrade Project. The following table depicts the Authority's assets and liabilities as of June 30, 2025, 2024, and 2023:

	Net Position		
	2025	2024	2023
Current and other assets	$ 22,908,744	$ 23,444,366	$ 26,404,432
Capital assets	107,226,517	98,561,034	87,956,161
Total assets	130,135,261	122,005,400	114,360,593
Deferred outflows of resources	695,851	333,472	480,636
Total assets and deferred outflows of resources	$ 130,831,112	$ 122,338,872	$ 114,841,229
Noncurrent liabilities	$ 10,826,088	$ 12,190,077	$ 13,419,387
Other liabilities	3,489,825	3,721,695	4,011,660
Total Liabilities	14,315,913	15,911,772	17,431,047
Deferred inflows of resources	420,048	343,392	581,980
Total liabilities and deferred inflows of resources	$ 14,735,961	$ 16,255,164	$ 18,013,027
Net position:			
Net investment in capital assets	$ 95,105,841	$ 88,671,518	$ 79,753,230
Restricted	495,060	511,459	562,475
Unrestricted	20,494,250	16,900,731	16,512,497
Total net position	$ 116,095,151	$ 106,083,708	$ 96,828,202
Total liabilities, deferred inflows of resources and net position	$ 130,831,112	$ 122,338,872	$ 114,841,229

FINANCIAL ANALYSIS: (CONTINUED)

In FY2025, the **Operating Revenues** were $13.9 million, a 9.3% increase over FY2024 due to water and sewer services, reflective of Year 3 of the five-year rate increase adopted by the Authority Board in June 2022. In FY2024, Operating Revenues were $12.7 million, a 2.9% increase over FY2023 due to water and sewer services, reflective of Year 2 of the five-year rate increase plan. In FY2023, the Operating Revenues were $12.4 million, a 2.15% increase over FY2022 reflective of Year 1 of the five-year rate plan. In FY2025, the **Operating Expenses** increased by $572,967, a 4.3% increase of FY2024 due to operations cost and depreciation. In FY2024, Operating Expenses increased by $411,071, a 3.2% increase from FY2023. The increase is reflective in Depreciation, Administration, Fringe Benefits, and Salaries, while Operations and Maintenance decreased. In FY2023, the Operating Expenses increased by $860,335, a 7.20% increase from FY2022. The increase is reflective in Operations and Maintenance, Depreciation, Administration, and Salaries, while Fringe Benefits decreased. In FY2025, Operating Revenues completely covered Operating Expenses by $113,618. Unlike FY2025, FY2024's and FY2023's Operating Revenues did not completely cover Operating Expenses. Depreciation Expense represented 30.3%, 30.7%, and 31.1% of Operating Expense in FY2025, FY2024, and FY2023, respectively. The following chart depicts **Operating Revenues** as compared to **Operating Expenses,** with Depreciation and **Operating Expenses without Depreciation Expense** during the last ten years.



As a not-for-profit governmental entity, the Authority's goal is to match revenues with expenses and not to generate a profit. Consequently, the Authority will generally experience a small loss or profit, neither of which significantly affects the financial condition of the organization.

The Authority had a rate study performed by Stantec in FY2022 that determined rate increases were needed to cover rising operating costs, CIP, R&R, and debt service; as such the Board adopted a five-year rate increase plan for years FY2023-2027. The additional rate adjustments would further strengthen the financial position of the organization and allow the budget focus to remain on customer service and quality, reliable water and wastewater services. The five-year rate increase plan: Year 1 – Reduction to base service fees for water and sewer and a 6% water user fee increase to large users, Year 2 – 6% water rate increase, Year 3 (FY2025) – 5.5% water rate increase, Year 4 – 3% water and sewer rate increase, Year 5 – 3% water and 3% sewer rate increase. This plan aligns water revenues with water expenses and sewer revenues with sewer expenses as determined by Stantec during the rate study. As PFAS/PFOA regulations will cost over $43 million, the Authority hired Stantec to perform a rate study in FY2026 to include water and sewer user fees, availability fees, septic hauler fees, and all other fees.

FINANCIAL ANALYSIS: (CONTINUED)

The following table is a comparison of Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, Net Income (Loss), and Capital Contributions for the years ending June 30, 2025, 2024, and 2023.

Statements of Revenues, Expenses, and Changes in Net Position--
Years Ended June 30, 2024 and 2023 and 2022

	2025	2024	2023
Operating revenues:			
Water service	$ 6,291,706	$ 5,882,986	$ 5,484,704
Sewer service	6,136,866	5,981,721	5,909,875
Septic service	328,109	344,516	393,420
Late charges	215,851	222,100	178,566
Other operating revenues	939,322	298,378	406,082
Total operating revenues	$ 13,911,854	$ 12,729,701	$ 12,372,647
Operating expenses:			
Salaries	$ 3,798,525	$ 3,818,216	$ 3,654,459
Fringe benefits	1,153,568	1,309,669	1,005,791
General and administrative	848,492	758,844	644,611
Operations and maintenance	3,813,957	3,433,001	3,517,071
Depreciation expense	4,183,694	4,065,946	3,992,266
Total operating expenses	$ 13,798,236	$ 13,385,676	$ 12,814,198
Net operating income (loss)	$ 113,618	$ (655,975)	$ (441,551)
Nonoperating revenue and expenses:			
Availability fees	$ 5,238,515	$ 3,113,840	$ 2,405,450
Interest income	835,564	983,605	771,051
Debt issuance costs	-	-	(35,000)
Interest expense	(313,821)	(347,586)	(399,303)
Arbitrage rebate expense	(34,664)	(132,861)	(77,726)
Insurance Proceeds	-	167,850	-
Net nonoperating revenue	$ 5,725,594	$ 3,784,848	$ 2,664,472
Net income (loss) before capital contributions	$ 5,839,212	$ 3,128,873	$ 2,222,921
Capital Contributions	4,172,231	6,126,633	3,690,675
Change in net position	$ 10,011,443	$ 9,255,506	$ 5,913,596
Net position, at beginning of year, as originally reported	106,474,331	97,058,418	91,144,822
Restatement	$ (390,623)	$ (230,216)	$ -
Net position, beginning of year, as restated	106,083,708	96,828,202	91,144,822
Net position, at end of year	$ 116,095,151	$ 106,083,708	$ 97,058,418

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets - The increase in capital assets for FY2025 is the result of completed CIP and R&R projects, Developer Contributions in land the purchase of land, vehicles, equipment, and machinery. The detail of major additions to Capital Assets being depreciated is as follows:

Vehicles	$ 135,384
Land	310,203
Equipment and Machinery	349,016
Infrastructure	5,272,302
CIP and R&R Projects	9,765,812

CAPITAL ASSETS AND LONG-TERM DEBT: (CONTINUED)

The largest Construction in Progress projects as of June 30, 2025, were:

Tin Pot Sewer Line Rehabilitation	$ 793,810
Opal Water System	706,606
New Baltimore/Prince William Water System Interconnection	578,975

The following table shows capital asset balances for the fiscal years ending June 30, 2025, 2024, and 2023:

	2025	2024	2023
Land	$ 1,021,262	$ 711,060	$ 702,885
Construction in progress	4,069,525	7,460,189	5,030,122
Structures and improvements	82,048,987	72,283,175	65,772,389
Infrastructure	78,668,945	73,396,644	70,264,533
Vehicles	1,892,620	1,757,236	1,600,904
Machinery and equipment	16,370,550	15,995,507	14,285,052
Subscription based IT arrangements	65,998	65,998	65,998.00
Lease machinery and equipment (as restated)	1,315,078	1,315,078	1,315,078
Total Property & Equipment	$ 185,452,965	$ 172,984,887	$ 159,036,961
Less: Accumulated Depreciation	78,226,448	74,423,853	71,080,800
Net Property & Equipment	$ 107,226,517	$ 98,561,034	$ 87,956,161

Additional information on the capital assets can be reviewed in Note 5.

Cash Balances – In FY2016, the Authority's Board and Management determined that a multi-year rate setting plan would provide the Authority a basis for budgeting Operating and Capital projects and adopted a five-year rate increase plan. In FY2022, a rate study was performed by Stantec, and as such the Authority Board adopted a second five-year rate setting plan for years FY2023-2027. By analyzing rates on an annual basis, the five-year cash flow is used to indicate the probability of, or necessity for, future rate adjustments. The *Code of Virginia* requires the advertisement of new rates and a public rate hearing in the event additional rate adjustments are deemed necessary. The following are the projected ending cash balances for the next five years:

	Cash Balances
FY 2026	$ 18,983,230
FY 2027	21,553,287
FY 2028	24,067,124
FY 2029	25,505,364
FY 2030	24,653,317

These projected cash flow balances presume continued economic growth, rate increases in all years, and availability fee revenues in future years. In addition, the Authority may approve cash funding for some CIP & R&R projects which will affect the cash balances.

CAPITAL ASSETS AND LONG-TERM DEBT: (CONTINUED)

Capital Projects

The following is a summary schedule of the Authority's planned Capital Improvement Projects (CIP) and Replacement and Renewal Projects (R&R) for the next ten years:

FAUQUIER COUNTY WATER & SANITATION AUTHORITY
FY2026-2030 CIP/R&R Projects
Adopted 5/27/2025

Project	Type	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Opal - Water System Phase 1 (County-Funded)	CIP	$5,217,818	$5,217,818			
Marshall - Cunningham Farm Water Supply Phase 2 (110 + 85 + 75 = 270 gpm)	CIP	$4,355,000	$2,145,000			
PFAS Compliance - New Baltimore (1.564 MGD Capacity)	CIP	$1,920,000	$5,440,000	$5,440,000	$5,440,000	
PFAS Compliance - Marshall	CIP	$580,000	$1,643,333	$1,643,333	$1,643,333	
SCADA Water Upgrade Project	CIP	$500,000	$500,000	$500,000	$500,000	$500,000
Opal/Bealeton/Remington - Tin Pot Sewer Main Lining	R&R	$500,000				
PFAS Compliance - Bealeton	CIP	$480,000	$960,000	$2,720,000	$2,720,000	$2,720,000
Bealeton - Well Addition - Meadowbrook 1R (180 gpm)	CIP	$350,000	$1,500,000			
Bealeton - Well Addition - MS-3 (150 gpm)	CIP	$350,000	$1,500,000			
Marshall - 17/66 WTP GreenSand Filter #2	CIP	$300,000				
PFAS Compliance - Waterloo	R&R	$255,000	$510,000	$1,445,000	$1,445,000	$1,445,000
Bealeton - Marsh Run Lift Station	R&R	$250,000				
Groundwater Exploration	CIP	$200,000	$200,000	$200,000	$200,000	$200,000
Marshall - I66 Sewer Upgrade and Cunningham SPS Reimbursements	CIP	$200,000	$200,000	$1,442,000	$100,000	
PFAS Compliance - Bethel Academy	R&R	$170,000	$481,667	$481,667	$481,667	
PFAS Compliance - Remington	CIP	$110,000	$220,000	$623,333	$623,333	$623,333
Marshall - Water Master Plan Phase 2	CIP	$100,000				
Marshall - Wastewater Master Plan	CIP	$100,000				
Systemwide Security Upgrades to Facilities	CIP	$100,000	$100,000	$100,000	$100,000	$100,000
New Baltimore - Water System Distribution Upgrades (Porch Road Replacement)	CIP/R&R	$100,000				
Vint Hill WWTP - Spare Effluent Pump	CIP/R&R	$100,000				
Vint Hill WWTP - Influent Line Replacement (Paving)	R&R	$100,000				
Water System Major Replacements	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Well House Repair	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Wastewater Systems Major Replacements	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Wastewater SPS Improvements	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Generator Replacement	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
PFAS Compliance - Botha	R&R	$80,000	$226,667	$226,667	$226,667	
Marshall WWTP - Rehabilitate Aeration Tanks	R&R	$75,000	$1,000,000			
Long-term Regional Biosolids Study	CIP	$60,000				
Remington - Near-Term Septage Mgmt	CIP	$50,000			$850,000	
Leak Detection Services and Repairs	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
Wastewater Force Main Evaluations	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
Arc Flash Analysis	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
SCADA Major Repair	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
Remington - Well Automation - The Meadows and The Ridge	CIP/R&R	$25,000				
Water System - Hydrotank Repairs and Cleaning Services (Bethel)	R&R	$20,000				
Water Meter R&R	R&R	$10,000	$10,000	$10,000	$10,000	$10,000
Bealeton - Water Tower Addition - Tower #2	CIP		$1,000,000	$1,500,000	$1,500,000	
Remington WWTP - Headworks Mechanical Screening to Microscreening	CIP/R&R		$400,000			
Fire Hydrant Testing and Maintenance Program	R&R		$250,000			
Utility Billing Software	CIP/R&R		$150,000	$500,000		
Remington - Water Master Plan	CIP		$100,000			
Vint Hill WWTP - Control Building Modification	CIP/R&R		$75,000		$350,000	
Vint Hill WWTP - Replace Belt Press/Centrifuge	R&R		$50,000	$500,000		
New Baltimore - Future 0.5 MGD Capacity Purchase	CIP			$6,750,000		
New Baltimore - Water System Distribution Upgrades - Unspecified	CIP			$1,000,000	$1,000,000	$1,000,000
Marshall - I/I South Main Street and The Plains	R&R			$600,000	$500,000	$500,000
Marshall - Well Addition - Future Well A (80 gpm)	CIP			$350,000	$1,500,000	
Marshall - Frost Street Water Mains Upgrade Phase 2	CIP/R&R			$200,000		
Marshall - Frost Street Sewer Mains Upgrade Phase 2	CIP/R&R			$200,000		
Bethel Academy - Line Replacement	R&R			$200,000		
Bealeton - I/I West of CR PS-Flow Area#5, SSES/CIP Development	R&R			$150,000		
Remington WWTP - Replace Centrifuge	R&R			$50,000	$750,000	
Bealeton - I/I East of CR PS - Flow Area #5	R&R				$400,000	
Bealeton - Well Addition - Tank Site (Est 150 gpm)	CIP				$350,000	$1,500,000
Marshall - Anderson Avenue Water Main Upgrade Phase 2	CIP/R&R				$300,000	
New Baltimore - Booster Pumping Station Addition - Baldwin Ridge	CIP					$500,000
New Baltimore - Water System Distribution Upgrades - Forrest Road Replacement	CIP/R&R					$500,000
Bealeton - WTP Final Expansion	CIP					$250,000
Marshall - Salem Avenue Water Main Upgrade and Replacement	CIP/R&R					$250,000
New Baltimore - I/I Phase 1 Flow Monitoring	R&R					$100,000
Total Projects		$17,357,818	$24,579,485	$27,532,000	$21,690,000	$10,898,333

CAPITAL ASSETS AND LONG-TERM DEBT: (CONTINUED)

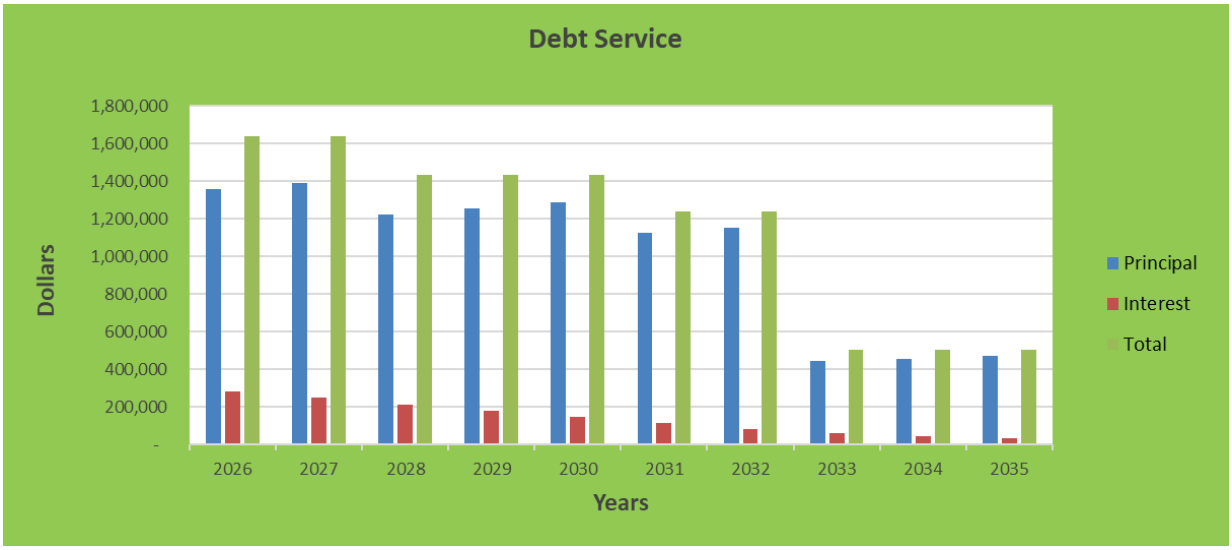
Capital Projects: (Continued)

FAUQUIER COUNTY WATER & SANITATION AUTHORITY
FY2031-2035 CIP/R&R Projects
Adopted 5/27/2025

Project	Type	FY 2031	FY 2032	FY 2033	FY 2034	FY2035
New Baltimore - Booster Pumping Station Addition - Baldwin Ridge	CIP	$3,000,000				
Marshall - Water Distribution Upgrades	CIP	$2,000,000				
Bealeton - WTP Final Expansion	CIP	$1,500,000				
The Plains - Wastewater Force Main Rehab (3 mile line)	R&R	$1,000,000				
Bealeton - Water Distribution Upgrades - Maplewood/Edgewood	CIP/R&R	$600,000				
New Baltimore - Water System Distribution Upgrades - Forrest Road Replacement	CIP/R&R	$500,000				
New Baltimore - Booster Pumping Station Addition - High Zone	CIP	$500,000	$3,000,000			
Bealeton - Well Addition Future Well A (Est 150 gpm)	CIP	$350,000	$1,500,000			
Marshall - Well Addition - Future Well B (80 gpm)	CIP	$350,000	$1,500,000			
Groundwater Exploration	CIP	$200,000	$200,000	$200,000	$200,000	$200,000
Marshall - I/I South Main Street and The Plains	R&R	$200,000				
Systemwide Security Upgrades to Facilities	CIP	$100,000	$100,000	$100,000	$100,000	$100,000
Water System Major Replacements	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Well House Repair	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Wastewater Systems Major Replacements	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Wastewater SPS Improvements	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Generator Replacement	R&R	$100,000	$100,000	$100,000	$100,000	$100,000
Waterloo - Well Addition - Well #4	R&R	$100,000	$500,000			
Leak Detection Services and Repairs	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
Wastewater Force Main Evaluations	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
Arc Flash Analysis	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
SCADA Major Repair	R&R	$50,000	$50,000	$50,000	$50,000	$50,000
Water Meter R&R	R&R	$10,000	$10,000	$10,000	$10,000	$10,000
The Plains - Well Addition - TPL-1A (110 gpm)	CIP		$500,000	$2,000,000		
Catlett - Well Addition - Future Well #3 (Est 90 gpm)	CIP		$350,000	$350,000	$1,500,000	
Fire Hydrant Testing and Maintenance Program	R&R		$250,000			
Remington - WWTP Expansion - 2.0 to 2.5 MGD	CIP			$2,000,000	$4,000,000	$34,000,000
Marshall - WWTP Expansion - 0.64 to 0.96 MGD	CIP/R&R			$2,000,000	$4,000,000	$34,000,000
Marshall - Water Tower Addition - Tower #3	CIP			$500,000	$2,000,000	
Bealeton - Well Addition Future Well B (Est 150 gpm)	CIP			$350,000	$1,500,000	
Marshall - Well Addition - Future Well C (80 gpm)	CIP				$350,000	$1,500,000
New Baltimore - Future 0.5 MGD Capacity Purchase	CIP					$6,750,000
Bealeton - Well Addition Future Well C (Est 150 gpm)	CIP					$350,000
Total Projects		$11,110,000	$8,610,000	$8,210,000	$14,360,000	$77,610,000

Long-Term Debt

The Authority had four Revenue Bonds and one Lease, totaling $11,165,993, as of June 30, 2024. The Authority closed on a $6.1 million bond for the SCADA Wastewater Upgrade and Replacement Project in July of 2022. The following graph provides detail of principal and interest amounts due on the Revenue Bonds and Lease over the next ten years:



More detailed information on the Authority's long-term obligations is presented in Note 6.

ECONOMIC FACTORS

In FY2025, the Authority received $4,172,231 in Developer Contributions in the form of Infrastructure. Availability Fee Revenue increased in FY2025 by $2,124,675 as availabilities became available in the Marshall district due to the new water treatment plant and wells contributed in FY2024. In FY2025, FY2024, and FY2023 availability fee revenues were $5,238,515, $3,113,840, and $2,405,450, respectively. The Authority will continue to forecast its revenues in a conservative manner. In addition, the Authority will continue to monitor its operational and capital requirements to ensure that quality, reliable water and wastewater services are provided to customers in an environmentally responsible and sustainable manner.

The Authority's rates, fees, and other charges are structured to produce enough revenue to service debt, and to meet all operational expenses. User rates alone did not meet this goal for FY2025, however, operating revenues covered operating expense. The effects and costs of inflation, regulatory changes, and capital replacement make increases to user rates necessary over the next two fiscal years as determined by the rate study performed in FY2022 by Stantec and adopted by the Authority Board at their June 2022 Meeting. The Authority hired Stantec to perform an additional rate study in FY2026 as the Authority plans to fund PFAS regulations by grant, debt service, and cash. The Authority applied for financial assistance for PFAS treatment and compliance under the Bipartisan Infrastructure Law and received two principal forgiveness loans (grants) in the amounts of $5.8 and $5.1 million.

The FY2026 adopted budget includes $15,535,853 in total revenues, a 10.6% increase from FY2025 and $16,306,026 in total expenses, a 2.73% increase from FY2025. The FY2026 rate structure increases water and sewer user rates by 3% each.

REQUEST FOR INFORMATION

The financial report is intended to provide customers, bondholders, and creditors with a general overview of the Authority's financial position, and to demonstrate its ability to provide services to its customers. Questions concerning information provided in this report, or requests for additional financial information should be directed to the Director of Finance, Fauquier County Water and Sanitation Authority, 7172 Kennedy Road, Warrenton, Virginia, 20187, telephone (540) 349-2092 ext.116, or by visiting the Authority's website at www.fcwsa.org.

Basic Financial Statements

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Statements of Net Position
At June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 19,482,052	$ 17,707,923
Accounts receivable (net of allowance for doubtful accounts)	1,817,147	1,749,935
Due from other governments	525,417	-
Other receivables	35,805	208,182
Prepaid items	225,553	150,738
Other current assets	21,610	21,610
Total current assets	$ 22,107,584	$ 19,838,388
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents:		
Security deposits and construction meter deposits	$ 203,275	$ 201,350
Performance bonds	52,825	50,627
Opal water system	294,928	294,928
Unexpended bond proceeds	-	2,792,542
Total restricted assets	$ 551,028	$ 3,339,447
Net pension asset	$ 200,132	$ 216,531
Other noncurrent assets	$ 50,000	$ 50,000
Capital Assets:		
Capital assets not being depreciated:		
Land	$ 1,021,262	$ 711,060
Construction in progress	4,069,525	7,460,189
Capital assets being depreciated:		
Structures and improvements	82,048,987	72,283,174
Infrastructure	78,668,945	73,396,644
Vehicles	1,892,620	1,757,236
Machinery and equipment	16,370,550	15,995,508
Subscription asset	65,998	65,998
Financed machinery and equipment	1,315,078	1,315,078
Accumulated depreciation	(78,226,448)	(74,423,853)
Net capital assets	$ 107,226,517	$ 98,561,034
Total noncurrent assets	$ 108,027,677	$ 102,167,012
Total assets	$ 130,135,261	$ 122,005,400
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 509,874	$ 281,106
OPEB related items	185,977	52,366
Total deferred outflows of resources	$ 695,851	$ 333,472
Total assets and deferred outflows of resources	$ 130,831,112	$ 122,338,872

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Statements of Net Position
At June 30, 2025 and 2024 (Continued)

	2025	2024
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 1,489,909	$ 1,622,137
Accrued interest	24,382	27,744
Retainage payable	6,505	172,310
Revenue bonds - current portion	1,159,333	1,129,383
Financed purchase - current portion	198,000	194,000
Subscription liability - current portion	19,179	20,372
Compensated absences - current portion	91,167	93,185
Arbitrage rebate liability	245,250	210,587
Liabilities payable from Restricted Assets:		
Performance bonds	52,825	50,627
Security deposits and construction meter deposits	203,275	201,350
Total current liabilities	$ 3,489,825	$ 3,721,695
Noncurrent Liabilities:		
Revenue bonds - less current portion	$ 9,587,481	$ 10,746,814
Financed purchase - less current portion	202,000	400,000
Subscription liability - less current portion	-	19,179
Compensated absences-less current portion	820,494	838,670
Net OPEB liabilities	216,113	185,414
Total noncurrent liabilities	$ 10,826,088	$ 12,190,077
Total liabilities	$ 14,315,913	$ 15,911,772
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 360,456	$ 298,578
OPEB related items	59,592	44,814
Total deferred inflows of resources	$ 420,048	$ 343,392
NET POSITION		
Net investment in capital assets	$ 95,105,841	$ 88,671,518
Restricted:		
Opal water system	294,928	294,928
Net pension asset	200,132	216,531
Unrestricted	20,494,250	16,900,731
Total net position	$ 116,095,151	$ 106,083,708
Total liabilities, deferred inflows of resources and net position	$ 130,831,112	$ 122,338,872

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

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Water service	$ 6,291,706	$ 5,882,986
Sewer service	6,136,866	5,981,721
Septic service	328,109	344,516
Late charges	215,851	222,100
Other operating revenues	939,322	298,378
Total operating revenues	$ 13,911,854	$ 12,729,701
Operating expenses:		
Salaries	$ 3,798,525	$ 3,818,216
Fringe benefits	1,153,568	1,309,669
General and administrative	848,492	758,844
Operations and maintenance	3,813,957	3,433,003
Depreciation expense	4,183,694	4,065,944
Total operating expenses	$ 13,798,236	$ 13,385,676
Net operating income (loss)	$ 113,618	$ (655,975)
Nonoperating revenue (expenses):		
Availability fees	$ 5,238,515	$ 3,113,840
Interest income	835,564	983,605
Interest expense	(313,821)	(347,586)
Arbitrage rebate expense	(34,664)	(132,861)
Insurance proceeds	-	167,850
Net nonoperating revenue (expenses)	$ 5,725,594	$ 3,784,848
Net income (loss) before capital contributions	$ 5,839,212	$ 3,128,873
Capital Contributions	4,172,231	6,126,633
Change in net position	$ 10,011,443	$ 9,255,506
Net position, beginning of year, as originally reported	106,474,331	97,058,418
Restatement	$ (390,623)	$ (230,216)
Net position, beginning of year, as restated	106,083,708	96,828,202
Net position, end of year	$ 116,095,151	$ 106,083,708

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

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Receipts from customers and users	$ 13,321,150	$ 12,059,065
Payments to suppliers for goods and services	(4,710,542)	(4,313,569)
Payments to and on behalf of employees for services	(5,210,912)	(5,017,159)
Net cash provided by (used for) operating activities	$ 3,399,696	$ 2,728,337
Cash flows from capital and related financing activities:		
Purchases of property, equipment and construction in progress	$ (8,829,325)	$ (8,345,772)
Interest payments	(317,183)	(350,861)
Principal payments on long-term obligations	(1,343,755)	(1,310,748)
Proceeds from availability fees	5,238,515	3,113,840
Insurance proceeds	-	167,850
Net cash (used for) capital and related financing activities	$ (5,251,748)	$ (6,725,691)
Cash flows from noncapital financing activities:		
Performance bond	$ 2,198	$ (38,028)
Cash flows from investing activities:		
Interest income	$ 835,564	$ 983,605
Net increase (decrease) in cash and cash equivalents	$ (1,014,290)	$ (3,051,777)
Cash and cash equivalents at beginning of year	21,047,370	24,099,147
Cash and cash equivalents at end of year	$ 20,033,080	$ 21,047,370
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:		
Cash flows from operations:		
Income (loss) from operating activities	$ 113,618	$ (655,975)
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	4,183,694	4,065,944
Changes in operating assets, liabilities, and deferred outflows/ inflows of resources:		
(Increase) decrease in accounts receivable	(67,212)	50,204
(Increase) decrease in due from other governments	(525,417)	-
(Increase) decrease in other receivable	172,377	(208,182)
(Increase) decrease in prepaid items	(74,815)	15,251
Increase (decrease) in compensated absences	(20,194)	165,961
(Increase) decrease in deferred outflows of resources - pension	(228,768)	142,282
Increase (decrease) in deferred inflows of resources - pension	61,878	(235,142)
(Increase) decrease in deferred outflows of resources - OPEB	(133,611)	4,882
Increase (decrease) in deferred inflows of resources - OPEB	14,778	(3,446)
(Increase) decrease in net pension liability/asset	16,399	51,016
Increase (decrease) in net OPEB liability	30,699	(14,827)
Increase (decrease) in operating accounts payable	(145,655)	71,209
Increase (decrease) in unearned revenue	-	(728,640)
Increase (decrease) in security deposits	1,925	7,800
Net cash provided by (used for) operating activities	$ 3,399,696	$ 2,728,337
Reconciliation of Cash:		
Cash and cash equivalents	$ 19,482,052	$ 17,707,923
Restricted cash and cash equivalents	551,028	3,339,447
Total	$ 20,033,080	$ 21,047,370
Schedule of noncash investing, capital and financing activities		
Contributions of capital assets	$ 4,172,231	$ 6,126,633
Increase (decrease) in arbitrage rebate liability	34,663	132,861
Increase (decrease) in retainage payable for capital projects	(165,805)	121,721

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

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Statement of Fiduciary Net Position
Fiduciary Funds
At June 30, 2025

		Other Postemployment Benefit Plan Fund
ASSETS		
Investments at fair value:		
Investment in pooled funds	$	127,696
Total assets	$	127,696
NET POSITION		
Restricted:		
Net position restricted for other postemployment benefits	$	127,696
Total net position	$	127,696

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

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

		Other Postemployment Benefit Plan Fund
ADDITIONS		
Contributions:		
Employer	$	119,576
Total contributions	$	119,576
Investment Income:		
From investment activities:		
Net increase (decrease) in fair value of investments	$	8,325
Total investment earnings	$	8,325
Less investment expense		(205)
Net investment earnings	$	8,120
Total additions	$	127,696
Change in net position	$	127,696
Net position, beginning of the year		-
Net position, ending of the year	$	127,696

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

NOTE 1–BASIS OF PRESENTATION:

A. Organization and Purpose

The Fauquier County Water and Sanitation Authority was created by the Fauquier County Board of Supervisors, pursuant to the provisions of the Virginia Water and Sanitation Authorities Act, Section 15.2-5100 et. seq. of the Code of Virginia, 1950, as amended. The by-laws and rules for the transaction of the business of the Fauquier County Water and Sanitation Authority are made pursuant to authority vested in this Authority by the general provisions of the Virginia Water and Waste Authorities Act. The Authority is authorized to acquire, construct, operate, and maintain an integrated water and sewer system for Fauquier County, Virginia.

B. Financial Reporting Entity

The Fauquier County Water and Sanitation Authority has determined that it is a related organization to Fauquier County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Fauquier County Board of Supervisors. Since the Board of Supervisors cannot impose its will on the Authority and since there is no potential financial benefit (or burden) in the relationship, the Board of Supervisors is not financially accountable for the Authority. Accordingly, the Authority is not considered a component unit of the County.

NOTE 2–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basic Financial Statements

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

- Management’s discussion and analysis
- Enterprise fund financial statements
  - Statements of Net Position
  - Statements of Revenues, Expenses, and Changes in Net Position
  - Statements of Cash Flows
  - Notes to Financial Statements
- Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
- Schedule of Employer Contributions – Pension Plan
- Notes to Required Supplementary Information – Pension Plan
- Schedule of Authority's Share of Net OPEB Liability – Group Life Insurance (GLI) Plan
- Schedule of Employer Contributions – Group Life Insurance (GLI) Plan
- Notes to Required Supplementary Information – Group Life Insurance (GLI) Plan

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

B. Basis of Accounting

The Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of availability charges intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

D. Restricted Assets

The Authority records security deposit amounts received from customers as restricted assets on the statement of net position.

Also, certain proceeds of the Authority's revenue bonds are classified as restricted assets on the statement of net position because they are to be expended on various water and sewer capital projects and/or used for certain purposes.

E. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, subscriptions, and infrastructure assets. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $3,500, except for water meters for new construction, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. At the commencement of a subscription-based IT arrangement, the Authority initially measures the subscription liability at the present value of payments expected to be made during the subscription term. A subscription liability and a subscription asset is recognized in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

E. Capital Assets: (Continued)

Major outlays for capital assets are capitalized as projects are constructed. Depreciation expense totaled $4,183,694 for the year ended June 30, 2025 and $4,065,944 for the year ended June 30, 2024.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, subscription assets, and infrastructure are depreciated/amortized using the straight line method over the following estimated useful lives (or life of the associated contract for subscription assets):

Assets	Years
Structures and improvements	28 years
Infrastructure	10-50 years
Vehicles	6 years
Machinery and equipment	5-10 years
Subscription assets	3-5 years

F. Subscription-Based IT Arrangements

The Authority has a subscription-based IT arrangement (SBITA) requiring recognition. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Subscriptions

The Authority recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of $3,500, individually or in the aggregate. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

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

F. Subscription-Based IT Arrangements: (Continued)

- The Authority uses the interest rate stated in subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription and certain periods covered by options to extend to reflect how long the subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as subscription incentives and certain other payments are included in the measurement of the subscription liability.

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

G. Other Significant Accounting Policies

- All trade receivables are shown net of an allowance for doubtful accounts. The Authority calculates its allowance for doubtful accounts using historical collection data and, in certain cases, specific account analysis. The allowance totaled $128,006 at June 30, 2025 and $113,931 for the year ended June 30, 2024.

- Investments - Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

I. Net Position (Continued)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

J. Net Position Flow Assumption

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

K. Compensated Absences

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

The Authority accrues compensated absences (annual and sick leave benefits) when vested. The current and noncurrent portions of the compensated absences liabilities are recorded as accrued liabilities.

L. Non-exchange Transactions

The Authority receives non-exchange transactions from developers of property, lines and improvements. These non-exchange transactions are considered capital contributions on the statements of revenues, expenses and changes in net position.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

M. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has multiple items that qualify for reporting in this category. One item is the deferred amount on refunding debt. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

N. Pensions

For purposes of measuring the net pension liability (asset), 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 Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (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. Other Postemployment Benefits (OPEB)

Group Life Insurance

For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's fiduciary net 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.

Retirement Health Insurance Credit

For purposes of measuring the net Retirement Health Insurance Credit Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Retirement Health Insurance Credit Plan OPEB, and Retirement Health Insurance Credit Plan OPEB expense, information about the fiduciary net position of the Retirement Health Insurance Credit Plan OPEB and the additions to/deductions from the Retirement Health Insurance Credit Plan OPEB's fiduciary net position have been determined on the same basis as they were reported by the Authority's actuaries. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

P. Upcoming Pronouncements

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

NOTE 3–DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

NOTE 3–DEPOSITS AND INVESTMENTS: (CONTINUED)

Fiduciary Funds – Other postemployment benefits (OPEB) Trust

The Authority's OPEB Trust fund participates in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The Authority shares in this pool are reported on the face of the OPEB trust fund statements as found in the Statement of Changes in Fiduciary Net Position of this report. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 7.50% after inflation, consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees.

The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

Credit Risk of Debt Securities

State statutes require that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Investor's Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The Authority's rated debt investments as of June 30, 2025 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

Authority's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	
Local Government Investment Pool	$	16,449,017
Virginia State Non-Arbitrage Program		138,918
Total	$	16,587,935

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3–DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

	Investment Maturities (in years)	
Investment type	Fair Value	Less than 1 yr
Local Government Investment Pool	$ 16,449,017	$ 16,449,017
Virginia State Non-Arbitrage Program	138,918	138,918
Total	$ 16,587,935	$ 16,587,935

NOTE 4–RESTRICTED ASSETS:

Restricted assets and net position at June 30, 2025 and 2024 consist of the following:

	Balance June 30, 2025	Balance June 30, 2024
Restricted Assets:		
Security deposits and construction meter deposits	$ 203,275	$ 201,350
Performance bonds	52,825	50,627
Opal water system	294,928	294,928
Unexpended bond proceeds	-	2,792,542
Net pension asset	200,132	216,531
Total restricted assets	$ 751,160	$ 3,555,978
Restricted net position:		
Less:		
Security deposits and construction meter deposits	(203,275)	(201,350)
Performance bonds	(52,825)	(50,627)
Unexpended bond proceeds	-	(2,792,542)
Total restricted net position	$ 495,060	$ 511,459

NOTE 5–CAPITAL ASSETS:

Property and Equipment

The following is a summary of changes to property and equipment for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	$ 711,060	$ 310,202	$ -	$ -	$ 1,021,262
Construction in progress	7,460,189	2,742,104	6,132,768	-	4,069,525
Total capital assets not being depreciated	$ 8,171,249	$ 3,052,306	$ 6,132,768	$ -	$ 5,090,787
Capital assets being depreciated:					
Structures and improvements	$ 72,283,174	$ 9,846,749	$ 80,936	$ -	$ 82,048,987
Infrastructure	73,396,644	5,272,301	-	-	78,668,945
Vehicles	1,757,236	241,826	106,442	-	1,892,620
Machinery and equipment	15,995,508	568,763	193,721	-	16,370,550
Subscription asset	65,998	-	-	-	65,998
Financed machinery and equipment	1,315,078	-	-	-	1,315,078
Total capital assets being depreciated	$ 164,813,638	$ 15,929,639	$ 381,099	$ -	$ 180,362,178
Accumulated depreciation:					
Structures and improvements	$ 36,487,036	$ 2,149,926	$ 80,936	$ -	$ 38,556,026
Infrastructure	23,559,589	1,304,274	-	-	24,863,863
Vehicles	1,223,901	227,589	106,442	-	1,345,048
Machinery and equipment	12,477,303	319,361	193,721	-	12,602,943
Subscription asset	27,076	20,307	-	-	47,383
Financed machinery and equipment	648,948	162,237	-	-	811,185
Total accumulated depreciation	$ 74,423,853	$ 4,183,694	$ 381,099	$ -	$ 78,226,448
Total capital assets being depreciated, net	$ 90,389,785	$ 11,745,945	$ -	$ -	$ 102,135,730
Business-type activities capital assets, net	$ 98,561,034	$ 14,798,251	$ 6,132,768	$ -	$ 107,226,517

Depreciation expense for the year ended June 30, 2025 totaled $4,183,694.

NOTE 5–CAPITAL ASSETS: (CONTINUED)

Property and Equipment: (Continued)

The following is a summary of changes to property and equipment for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Capital assets, not being depreciated:					
Land	$ 702,885	$ 8,175	$ -	$ -	$ 711,060
Construction in progress	5,030,122	7,473,799	5,043,732	-	7,460,189
Total capital assets not being depreciated	$ 5,733,007	$ 7,481,974	$ 5,043,732	$ -	$ 8,171,249
Capital assets being depreciated:					
Structures and improvements	$ 65,772,389	$ 6,639,210	$ 128,425	$ -	$ 72,283,174
Infrastructure	70,264,533	3,132,111	-	-	73,396,644
Vehicles	1,600,904	225,862	69,530	-	1,757,236
Machinery and equipment	14,285,052	2,235,392	524,936	-	15,995,508
Subscription asset	65,998	-	-	-	65,998
Financed machinery and equipment	1,315,078	-	-	-	1,315,078
Total capital assets being depreciated	$ 153,303,954	$ 12,232,575	$ 722,891	$ -	$ 164,813,638
Accumulated depreciation:					
Structures and improvements	$ 34,537,176	$ 2,078,285	$ 128,425	$ -	$ 36,487,036
Infrastructure	22,133,790	1,425,799	-	-	23,559,589
Vehicles	1,165,975	127,456	69,530	-	1,223,901
Machinery and equipment	12,750,379	251,860	524,936	-	12,477,303
Subscription asset	6,769	20,307	-	-	27,076
Financed machinery and equipment	486,711	162,237	-	-	648,948
Total accumulated depreciation	$ 71,080,800	$ 4,065,944	$ 722,891	$ -	$ 74,423,853
Total capital assets being depreciated, net	$ 82,223,154	$ 8,166,631	$ -	$ -	$ 90,389,785
Business-type activities capital assets, net	$ 87,956,161	$ 15,648,605	$ 5,043,732	$ -	$ 98,561,034

Depreciation expense for the year ended June 30, 2024 totaled $4,065,944.

NOTE 5–CAPITAL ASSETS: (CONTINUED)

Property and Equipment: (Continued)

Computation of net investment in capital assets:

	Balance June 30, 2025	Balance June 30, 2024
Net capital assets	$ 107,226,517	$ 98,561,034
Revenue bonds	(10,746,814)	(11,876,197)
Financed purchase	(400,000)	(594,000)
Subscription liability	(19,179)	(39,551)
Debt proceeds received but unexpended on capital assets	-	2,792,542
Capital related accounts payable	(948,178)	-
Retainage payable	(6,505)	(172,310)
Net investment in capital assets	$ 95,105,841	$ 88,671,518

The following is a summary of capital project activity for the fiscal year ended June 30, 2025 and 2024:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
SCADA Wastewater Upgrade	$ 4,204,117	$ -	$ 4,204,117	$ -
Opal Water System	651,494	55,112	-	706,606
High Rock Well Redrill	848,601	52,995	901,596	-
Rogues Road Rehabilitation	324,754	-	324,754	-
Meadowbrook Well #1R	-	223,113	-	223,113
Meadowbrook Well #2	-	291,864	-	291,864
Buckland Water System	27,300	152,407	-	179,707
New Balt/Prince William Water Sys Interc	24,782	554,193	-	578,975
17/66 Green Sand Filter #2	-	157,487	-	157,487
Tin Pot Sewer Line Rehabilitation	42,000	751,810	-	793,810
Miscellaneous projects	1,337,141	503,123	702,301	1,137,963
Total construction in progress	$ 7,460,189	$ 2,742,104	$ 6,132,768	$ 4,069,525

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Bealeton WTP 3rd Skid	$ 1,172,192	$ 304,492	$ 1,476,684	$ -
SCADA Wastewater Upgrade	1,332,792	2,871,325	-	4,204,117
Vint Hill Sewer Main Rehab	528,556	561,173	1,089,729	-
Opal Water System	253,587	397,907	-	651,494
High Rock Well Redrill	95,248	753,353	-	848,601
Rogues Road Rehabilitation	-	324,754	-	324,754
Miscellaneous projects	1,647,747	2,260,795	2,477,319	1,431,223
Total construction in progress	$ 5,030,122	$ 7,473,799	$ 5,043,732	$ 7,460,189

NOTE 6–LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligation transactions for the year ended June 30, 2025 and 2024:

Description	Restated Beginning Balance July 1, 2024	Issuances/ Additions	Retirements/ Deletions	Ending Balance June 30, 2025	Due Within One Year
Direct borrowings and placements:					
Revenue bonds	$ 11,876,197	$ -	$ 1,129,383	$ 10,746,814	$ 1,159,333
Total direct borrowings and placements	$ 11,876,197	$ -	$ 1,129,383	$ 10,746,814	$ 1,159,333
Financed purchase	594,000	-	194,000	400,000	198,000
Subscription liability	39,551	-	20,372	19,179	19,179
Net OPEB liabilities	185,414	271,717	241,018	216,113	-
Compensated absences	931,855	-	20,194	911,661	91,167
Total	$ 13,627,017	$ 271,717	$ 1,604,967	$ 12,293,767	$ 1,467,679

Description	Restated Beginning Balance July 1, 2023	Issuances/ Additions	Retirements/ Deletions	Ending Balance June 30, 2024	Due Within One Year
Direct borrowings and placements:					
Revenue bonds	$ 12,976,133	$ -	$ 1,099,936	$ 11,876,197	$ 1,129,383
Total direct borrowings and placements	$ 12,976,133	$ -	$ 1,099,936	$ 11,876,197	$ 1,129,383
Financed purchase	785,000	-	191,000	594,000	194,000
Subscription liability	59,363	-	19,812	39,551	20,372
Net OPEB liability	200,241	88,947	103,774	185,414	-
Compensated absences	765,894	165,961	-	931,855	93,185
Total	$ 14,786,631	$ 254,908	$ 1,414,522	$ 13,627,017	$ 1,436,940

NOTE 6–LONG-TERM OBLIGATIONS: (CONTINUED)

Annual requirements to amortize long-term obligations are as follows:

Year Ending June 30,	Direct Borrowings and Placements: Revenue Bonds Principal	Revenue Bonds Interest	Financed Purchase Principal	Financed Purchase Interest	Subscription Liability Principal	Subscription Liability Interest
2026	$ 1,159,333	$ 276,354	$ 198,000	$ 6,062	$ 19,179	$ 224
2027	1,189,798	245,539	202,000	2,034	-	-
2028	1,221,791	213,902	-	-	-	-
2029	1,254,327	181,416	-	-	-	-
2030	1,287,418	148,066	-	-	-	-
2031	1,126,133	115,149	-	-	-	-
2032	1,155,014	84,605	-	-	-	-
2033	445,000	59,441	-	-	-	-
2034	457,000	46,858	-	-	-	-
2035	470,000	33,926	-	-	-	-
2036	484,000	20,618	-	-	-	-
2037	497,000	6,933	-	-	-	-
Total	$ 10,746,814	$ 1,432,807	$ 400,000	$ 8,096	$ 19,179	$ 224

Revenue bonds totaling $10,746,814 contain a provision that in the event of default, the bond owner may declare all amounts payable under the bond to be immediately due and payable.

NOTE 6–LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations as of June 30, 2025 and 2024 are as follows:

	2025	2024
Direct Borrowings and Placements:		
Revenue Bonds:		
$2,350,262 revenue refunding bonds Series 2017A, issued May 25, 2017, payable in semi-annual installments of $94,612, including principal and interest, beginning December 1, 2017 through May 1, 2032, interest payable at 2.52%.	$ 1,207,382	$ 1,363,229
$6,800,000 revenue bonds Series 2017 B, issued May 25, 2017, payable in semi-annual installments of $273,742, including principal and interest, beginning December 1, 2017 through May 1, 2032, interest payable at 2.52%.	3,493,312	3,944,224
Revenue bonds, issued July 9, 2009 payable in 35 semiannual installments of $103,810 through September 1, 2029, final payment of $83,981 due March 1, 2030, interest at 3.55%. On October 23, 2014 the Authority received notification of a Cost of Funds reduction from 3.55% to 2.72%. Beginning March 1, 2015, each semi-annual payment decreased to $97,312 with a final installment of $97,312 due March 1, 2030.	904,120	1,070,744
$6,177,000 revenue bonds Series 2022, issued July 12, 2022, with principal payable in annual installments of varying amounts starting at $333,000 and interest payable in semi-installments of varying amounts starting at $73,244, beginning December 15, 2022 through December 15, 2036, interest payable at 2.79%.	5,142,000	5,498,000
Total Direct Borrowings and Placements	$ 10,746,814	$ 11,876,197

NOTE 6–LONG-TERM OBLIGATIONS: (CONTINUED)

	2025	2024
Financed Purchase:		
$1,223,000 for financing the acquisition of equipment, due in varying semiannual installments beginning June 2022 through December 2026, interest at 2.014%.	$ 400,000	$ 594,000
Subscription Liability:		
Subscription based IT arrangement for Linxup GPS System with recurring monthly payments of $1,768 beginning March 2023 through June 2026, interest at 2.79%.	19,179	39,551
Net OPEB liability	216,113	185,414
Compensated absences	911,661	931,855
Total long-term obligations	$ 12,293,767	$ 13,627,017

NOTE 7–COMPENSATED ABSENCES:

Authority employees accrue vacation and sick leave at various rates. The Authority has outstanding accrued vacation and sick pay at June 30 in the amount of $911,661 for fiscal year ended June 30, 2025 and $931,855 for fiscal year ended June 30, 2024.

NOTE 8–LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 9–CONSTRUCTION COMMITMENT:

At June 30, 2025 the Authority had the following construction commitments outstanding:

Projects	Contract Amount	Expenses to Date	Balance
Cunningham WTP - Phase 2	$ 6,218,091	$ 123,592	$ 6,094,499
Total	$ 6,218,091	$ 123,592	$ 6,094,499

NOTE 10–PENSION PLAN:

Plan Description

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

Benefit Structures

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

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

NOTE 10–PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTE 10–PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2023 and June 30, 2022 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	June 30, 2023 Number	June 30, 2022 Number
Inactive members or their beneficiaries currently receiving benefits	20	18
Inactive members:		
Vested inactive members	7	7
Non-vested inactive members	16	12
Inactive members active elsewhere in VRS	8	8
Total inactive members	31	27
Active members	46	46
Total covered employees	97	91

Contributions

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

The Authority's contractually required employer contribution rate for the years ended June 30, 2025 and June 30, 2024 was 3.91% and 5.34%, respectively, of covered employee compensation. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $153,946 and $156,622 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $27,164 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $17,415 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $2,716,410 for the year ended June 30, 2025.

NOTE 10–PENSION PLAN: (CONTINUED)

Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Authority's net pension liability (asset) was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions–General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:
Pub-2010 Amount Weighted Safety 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

NOTE 10–PENSION PLAN: (CONTINUED)

Actuarial Assumptions–General Employees: (Continued)

Mortality rates: (Continued)

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest)–Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 10–PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System 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 pension System 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was 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%.

NOTE 10–PENSION PLAN: (CONTINUED)

Discount Rate (Continued)

The discount rate used to measure the total pension liability 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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was 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 total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Balances at June 30, 2023	$ 11,081,504	$ 11,298,035	$ (216,531)
Changes for the year:			
Service cost	$ 271,183	$ -	$ 271,183
Interest	752,722	-	752,722
Changes of assumptions	-	-	-
Differences between expected and actual experience	439,699	-	439,699
Contributions - employer	-	156,388	(156,388)
Contributions - employee	-	195,271	(195,271)
Net investment income	-	1,102,233	(1,102,233)
Benefit payments, including refunds of employee contributions	(402,505)	(402,505)	-
Administrative expenses	-	(6,931)	6,931
Other changes	-	244	(244)
Net changes	$ 1,061,099	$ 1,044,700	$ 16,399
Balances at June 30, 2024	$ 12,142,603	$ 12,342,735	$ (200,132)

NOTE 10–PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset): (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	$ 10,339,257	$ 10,606,804	$ (267,547)
Changes for the year:			
Service cost	$ 279,343	$ -	$ 279,343
Interest	706,167	-	706,167
Changes of assumptions	-	-	-
Differences between expected and actual experience	70,480	-	70,480
Contributions - employer	-	152,772	(152,772)
Contributions - employee	-	165,930	(165,930)
Net investment income	-	692,744	(692,744)
Benefit payments, including refunds of employee contributions	(313,743)	(313,743)	-
Administrative expenses	-	(6,752)	6,752
Other changes	-	280	(280)
Net changes	$ 742,247	$ 691,231	$ 51,016
Balances at June 30, 2023	$ 11,081,504	$ 11,298,035	$ (216,531)

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

The following presents the net pension asset of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
Authority's Net Pension Liability (Asset)	(5.75%)	(6.75%)	(7.75%)
June 30, 2025	$ 1,721,719	$ (200,132)	$ (1,718,134)
June 30, 2024	$ 1,576,990	$ (216,531)	$ (1,734,523)

NOTE 10–PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Authority recognized pension expense of $3,220. At June 30, 2025, the Authority 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	$ 355,929	$ 50,988
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	309,469
Employer contributions subsequent to the measurement date	153,946	-
Total	$ 509,875	$ 360,457

For the year ended June 30, 2024, the Authority recognized pension expense of $114,587. At June 30, 2024, the Authority 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	$ 95,732	$ 147,740
Change in assumptions	28,752	-
Net difference between projected and actual earnings on pension plan investments	-	150,838
Employer contributions subsequent to the measurement date	156,622	-
Total	$ 281,106	$ 298,578

NOTE 10–PENSION PLAN: (CONTINUED)

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

$153,946 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the Net Pension Asset in the fiscal year ending June 30, 2026. 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:

Year ended June 30		
2026	$	(171,065)
2027		213,425
2028		21,422
2029		(68,310)
2030		-
Thereafter		-

$156,622 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date was recognized as a reduction (increase) of the Net Pension Asset in the fiscal 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:

Year ended June 30		
2025	$	(121,312)
2026		(220,952)
2027		163,538
2028		4,632
2029		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was $9,532 as of June 30, 2025.

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the Group Life Insurance Plan are governed by §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 Group Life Insurance Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined 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. Contributions to the Group Life Insurance Plan from the entity were $18,539 and $20,354 for the years ended June 30, 2025 and June 30, 2024, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB

At June 30, 2025, the entity reported a liability of $163,817 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01468% as compared to 0.01546% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of $1,796. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $8,524. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB: (Continued)

At June 30, 2025, the employer 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	$ 25,838	$ 4,002
Net difference between projected and actual earnings on GLI OPEB program investments	-	13,808
Change in assumptions	934	8,118
Changes in proportion	6,070	22,602
Employer contributions subsequent to the measurement date	18,539	-
Total	$ 51,381	$ 48,530

At June 30, 2024, the employer 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	$ 18,518	$ 5,628
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,451
Change in assumptions	3,963	12,846
Changes in proportion	9,531	18,889
Employer contributions subsequent to the measurement date	20,354	-
Total	$ 52,366	$ 44,814

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB: (Continued)

$18,539 reported as 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, 2026. 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:

Year Ended June 30		
2026	$	(9,240)
2027		(138)
2028		(5,199)
2029		(2,246)
2030		1,134
Thereafter		-

$20,354 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date was 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:

Year Ended June 30		
2025	$	(1,902)
2026		(8,077)
2027		1,567
2028		(3,632)
2029		(607)
Thereafter		-

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS ACFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates–Non-Largest Ten Locality Employers–General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates–Non-Largest Ten Locality Employers–General Employees: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024 and 2023, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Plan	
	2024	2023
Total GLI OPEB Liability	$ 4,196,055	$ 3,907,052
Plan Fiduciary Net Position	3,080,133	2,707,739
Employers' Net GLI OPEB Liability (Asset)	$ 1,115,922	$ 1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%

The total GLI OPEB liability is calculated by the System's 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.

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly in 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%.

NOTE 11–GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability 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. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB 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, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI 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 GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
June 30, 2025	$ 254,757	$ 163,817	$ 90,350
June 30, 2024	$ 274,841	$ 185,414	$ 113,111

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/Pdf/Publications/2024-annual-report.pdf , or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 12–NET OPEB LIABILITY – RETIREMENT HEALTH INSURANCE CREDIT PLAN:

Plan Description

The Retirement Health Insurance Credit Plan, effective July 1, 2024 and established by the Fauquier County Water and Sanitation Board, is a single employer defined benefit healthcare plan which offers postemployment benefits other than pensions (OPEB) in the form of cash payment ("credit") to use to offset the cost of health and dental insurance costs during retirement in accordance with §15.2-1517.C.1 of the Code of Virginia to eligible retired employees of the Authority. Benefits are available to Fauquier County Water and Sanitation Authority employees who retire after July 1, 2024. Eligible members include full time employees of the Authority who retire under the VRS system with unreduced benefits and not on VRS Medical Disability; participated in the Authority's Health Insurance Program for the five years immediately prior to retirement date; have 20 years of consecutive service with the Authority; and achieve 50 years in age.

The Fauquier County Water and Sanitation Authority's Board with authorization from the Fauquier County Board of Supervisors established an Other Postemployment Benefits (OPEB) Trust. The Plan is administered by the Fauquier County Water and Sanitation Authority and has no stand-alone financial report.

Management of the Plan is vested in the Plan Trustees, which consists of the Chairman of the Authority Board, the Executive Director, and the Director of Finance and Administration.

Plan membership. At June 30, 2025, Plan membership consisted of the following:

Active plan members	47
	47

Investments

The Authority's OPEB Trust fund participates in the VACo/VML Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The Authority shares in this pool are reported on the face of the OPEB trust fund statements as found in the Statement of Changes in Fiduciary Net Position of this report. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 7.50% after inflation, consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees.

The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

NOTE 12–NET OPEB LIABILITY – RETIREMENT HEALTH INSURANCE CREDIT PLAN: (CONTINUED)

The following was the Board's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Total Equity	65.00%
Fixed Income	20.00%
Real Assets	15.00%
Total	100.00%

Rate of return. For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 6.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Authority

The components of the net OPEB liability of the Authority at June 30, 2025, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2024	$ -	$ -	$ -
Changes for the year:			
Service cost	$ 4,029	$ -	$ 4,029
Interest	13,364	-	13,364
Effect of plan changes	174,157	-	174,157
Differences between expected and actual experience	(12,068)	-	(12,068)
Effect of assumptions changes or inputs	510	-	510
Contributions - employer	-	119,576	(119,576)
Net investment income	-	8,325	(8,325)
Administrative expenses	-	(205)	205
Net changes	$ 179,992	$ 127,696	$ 52,296
Balances at June 30, 2025	$ 179,992	$ 127,696	$ 52,296
Plan fiduciary net position as a percentage of the total OPEB liability			70.95%

NOTE 12–NET OPEB LIABILITY – RETIREMENT HEALTH INSURANCE CREDIT PLAN: (CONTINUED)

Net OPEB Liability of the Authority: (Continued)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Salary increases	3.50% compounded annually plus a service-based merit and promotion scale
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method 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. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Total Equity	8.07%
Fixed Income	3.11%
Real Assets	7.45%

Discount rate. The discount rate used to measure the total OPEB liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability (asset) of the Authority, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current discount rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	$ 79,171	$ 52,296	$ 29,811

NOTE 12–NET OPEB LIABILITY – RETIREMENT HEALTH INSURANCE CREDIT PLAN: (CONTINUED)

Net OPEB Liability of the Authority: (Continued)

The Net OPEB Liability of the Authority is not sensitive to healthcare cost trend rates. Therefore, no healthcare trend rate sensitivity information was provided in the valuation.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Authority recognized OPEB expense of $11,454 for its explicit rate plan. At June 30, 2025, the Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 11,062
Change in assumptions	467	-
Net difference between projected and actual earnings on plan investments	134,129	-
Total	$ 134,596	$ 11,062

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

Year ended June 30	
2026	$ 25,706
2027	25,706
2028	25,706
2029	25,706
2030	26,490
Thereafter	(5,780)

NOTE 13–RISK MANAGEMENT:

A. The Authority

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Authority is a member of the Virginia Risk Sharing Association (VRSA) for its property, automobile, liability, public officials, and workers' compensation coverage. Each association member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays VRSA contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Authority carries commercial insurance for all risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

B. Health and Dental

Anthem Blue Cross and Blue Shield administers the group health insurance and prescription programs and Delta Dental administers the group dental insurance for employees and their dependents. The plans are self-insured by the Authority under Fauquier County. The Authority collects employee contributions bi-monthly. Anthem processes claims from the hospitals, doctors, and other health care providers. Fauquier County is then billed for these paid claims and must reimburse Anthem for these costs. Fauquier County then bills the Authority their portion of the claims and administration fees. The program is a minimum premium design subject to an aggregate attachment point and a specific stop loss of $50,000. The stop loss coverage was carved out of the Anthem policy and is administered by Symetra. Symetra insures both medical and prescription claims that are in excess of $50,000. Symetra reimburses the Authority for the amount. The premiums the Authority pays Symetra are based on covered employees.

The dental plans are fully insured by Delta Dental and administered by Fauquier County. Delta Dental processes claims, from dentists and other dental providers, and pays these claims. The Authority is only responsible for the premiums set by Delta Dental.

The Authority has a Health Insurance Reserve of $50,000 held by Fauquier County for claims run out in case of termination of the self-insured plan. In addition, the Authority Board restricted $40,000 in a fund for health insurance.

NOTE 14–ADOPTION OF ACCOUNTING PRINCIPLE:

During the current year, the Authority implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Authority now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in the following restatement of net position:

	Fiscal Years Ending June 30,	
	2024	**2023**
Net Position, as reported	$ 106,474,331	$ 97,058,418
Implementation of GASB 101	(390,623)	(230,216)
Net Position, as restated	$ 106,083,708	$ 96,828,202

NOTE 15–SUBSEQUENT EVENT:

On June 26, 2025, the Authority signed an agreement to acquire water system assets from Buckland Water & Sanitation Assets Corporation (“Corporation”) for $1,500,000. As part of the purchase agreement, the Corporation is required to meet certain obligations before closing. As of the date of this report, the Corporation has not fulfilled these obligations. In addition, the Commonwealth of Virginia State Corporation Commission, “SCC”, has not yet granted approval of sale to the Corporation. Therefore, the acquisition has not moved to closing.

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$ 271,183	$ 279,343	$ 289,697	$ 276,191	$ 267,968
Interest	752,722	706,167	673,250	615,354	551,698
Changes in assumptions	-	-	-	122,509	-
Difference between expected and actual experience	439,699	70,480	(192,620)	(211,091)	358,025
Benefit payments, including refunds of employee contributions	(402,505)	(313,743)	(230,906)	(238,970)	(230,318)
Net change in total pension liability	$ 1,061,099	$ 742,247	$ 539,421	$ 563,993	$ 947,373
Total pension liability - beginning	11,081,504	10,339,257	9,799,836	9,235,843	8,288,470
Total pension liability - ending (a)	$ 12,142,603	$ 11,081,504	$ 10,339,257	$ 9,799,836	$ 9,235,843
Plan fiduciary net position					
Contributions - employer	$ 156,388	$ 152,772	$ 173,238	$ 172,263	$ 108,419
Contributions - employee	195,271	165,930	168,460	165,886	157,724
Net investment income	1,102,233	692,744	(17,774)	2,267,294	153,552
Benefit payments, including refunds of employee contributions	(402,505)	(313,743)	(230,906)	(238,970)	(230,318)
Administrative expense	(6,931)	(6,752)	(6,451)	(5,395)	(5,085)
Other	244	280	249	216	(184)
Net change in plan fiduciary net position	$ 1,044,700	$ 691,231	$ 86,816	$ 2,361,294	$ 184,108
Plan fiduciary net position - beginning	11,298,035	10,606,804	10,519,988	8,158,694	7,974,586
Plan fiduciary net position - ending (b)	$ 12,342,735	$ 11,298,035	$ 10,606,804	$ 10,519,988	$ 8,158,694
Authority's net pension liability (asset) - ending (a) - (b)	$ (200,132)	$ (216,531)	$ (267,547)	$ (720,152)	$ 1,077,149
Plan fiduciary net position as a percentage of the total pension liability	101.65%	101.95%	102.59%	107.35%	88.34%
Covered payroll	$ 3,769,273	$ 3,641,030	$ 3,617,193	$ 3,563,832	$ 3,369,779
Authority's net pension (asset) liability as a percentage of covered payroll	-5.31%	-5.95%	-7.40%	-20.21%	31.96%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 246,411	$ 244,681	$ 235,183	$ 210,790	$ 210,819
Interest	504,181	469,509	454,867	411,798	381,354
Changes in assumptions	281,227	-	(192,707)	-	-
Difference between expected and actual experience	166,548	19,035	(61,521)	245,293	78,832
Benefit payments, including refunds of employee contributions	(224,975)	(250,832)	(202,483)	(302,722)	(169,477)
Net change in total pension liability	$ 973,392	$ 482,393	$ 233,339	$ 565,159	$ 501,528
Total pension liability - beginning	7,315,078	6,832,685	6,599,346	6,034,187	5,532,659
Total pension liability - ending (a)	$ 8,288,470	$ 7,315,078	$ 6,832,685	$ 6,599,346	$ 6,034,187
Plan fiduciary net position					
Contributions - employer	$ 105,933	$ 119,358	$ 120,399	$ 141,775	$ 131,280
Contributions - employee	146,362	143,020	141,283	162,447	128,938
Net investment income	503,694	515,935	755,805	106,166	264,236
Benefit payments, including refunds of employee contributions	(224,975)	(250,832)	(202,483)	(302,722)	(169,477)
Administrative expense	(4,822)	(4,358)	(4,233)	(3,680)	(3,477)
Other	(318)	(544)	(754)	(45)	(56)
Net change in plan fiduciary net position	$ 525,874	$ 522,579	$ 810,017	$ 103,941	$ 351,444
Plan fiduciary net position - beginning	7,448,712	6,926,133	6,116,116	6,012,175	5,660,731
Plan fiduciary net position - ending (b)	$ 7,974,586	$ 7,448,712	$ 6,926,133	$ 6,116,116	$ 6,012,175
Authority's net pension liability (asset) - ending (a) - (b)	$ 313,884	$ (133,634)	$ (93,448)	$ 483,230	$ 22,012
Plan fiduciary net position as a percentage of the total pension liability	96.21%	101.83%	101.37%	92.68%	99.64%
Covered payroll	$ 3,098,487	$ 3,002,308	$ 2,959,345	$ 2,728,127	$ 2,495,933
Authority's net pension (asset) liability as a percentage of covered payroll	10.13%	-4.45%	-3.16%	17.71%	0.88%

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Schedule of Employer Contributions
Pension Plan
Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	$ 153,946	$ 153,946	$ -	$ 3,944,501	3.91%
2024	156,622	156,622	-	3,769,273	4.16%
2023	152,964	152,964	-	3,641,030	4.20%
2022	172,614	172,614	-	3,617,193	4.77%
2021	171,609	171,609	-	3,563,832	4.82%
2020	108,533	108,533	-	3,369,779	3.22%
2019	105,891	105,891	-	3,098,487	3.42%
2018	124,405	124,405	-	3,002,308	4.14%
2017	129,619	129,619	-	2,959,345	4.38%
2016	145,955	145,955	-	2,728,127	5.35%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.01468%	$ 163,817	$ 3,769,273	4.35%	73.41%
2023	0.01546%	185,414	3,641,030	5.09%	69.30%
2022	0.01660%	200,241	3,617,193	5.54%	67.21%
2021	0.01730%	200,953	3,563,832	5.64%	67.45%
2020	0.01640%	273,189	3,569,779	7.65%	52.64%
2019	0.01581%	257,271	3,098,487	8.30%	52.00%
2018	0.01579%	240,000	3,002,308	7.99%	51.22%
2017	0.01604%	241,000	2,959,345	8.14%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	$ 18,539	$ 18,539	$ -	$ 3,944,501	0.47%
2024	20,354	20,354	-	3,769,273	0.54%
2023	19,516	19,516	-	3,641,030	0.54%
2022	19,364	19,364	-	3,617,193	0.54%
2021	19,245	19,245	-	3,563,832	0.54%
2020	17,523	17,523	-	3,369,779	0.52%
2019	16,112	16,112	-	3,098,487	0.52%
2018	15,732	15,732	-	3,002,308	0.52%
2017	15,389	15,389	-	2,959,345	0.52%
2016	13,095	13,095	-	2,728,127	0.48%

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
OPEB Explicit Rate Plan
For the Measurement Date of June 30, 2025

		2025
Total OPEB liability		
Service cost	$	4,029
Interest		13,364
Effect of plan changes		174,157
Differences between expected and actual experience		(12,068)
Effect of assumptions changes or inputs		510
Net change in total OPEB liability		179,992
Total OPEB liability - beginning	$	-
Total OPEB liability - ending (a)	$	179,992
Plan fiduciary net position		
Contributions - employer	$	119,576
Net investment income		8,325
Administrative expense		(205)
Net change in plan fiduciary net position		127,696
Plan fiduciary net position - beginning		-
Plan fiduciary net position - ending (b)	$	127,696
Net OPEB liability (asset) (a) - (b)	$	52,296
Plan fiduciary net position as a percentage of the total OPEB liability		70.95%
Covered payroll	$	4,395,938
Net OPEB Liability (Asset) as a percentage of covered payroll		1.19%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Schedule of Employer Contributions
OPEB Explicit Rate Plan
For the Year Ended June 30, 2025

		2025
Actuarially determined contribution	$	19,077
Contributions in relation to the actuarially determined contribution		119,576
Contribution deficiency (excess)	$	(100,499)
Covered payroll	$	4,395,938
Contributions as a percentage of covered payroll		2.72%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, layered periods
Remaining amortization period	30 years
Asset valuation method	5 year smoothed market
Inflation	3.50%
Salary increases	3.50% payroll growth compounded annually plus a service-based merits and promotion scale
Investment rate of return	7.50%
Retirement age	The sum of (1) 80% multiplied by earliest age eligible for unreduced benefits and (2) 20% multiplied by 65
Mortality	Pub-2016 Mortality Table, with mortality projection using scale MP-2021

Schedule is intended to show information for 10 years. Additional years will be included as they become available

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Schedule of Investment Returns
OPEB Explicit Rate Plan
For the Year Ended June 30, 2025

	2025
Annual money-weighted rate of return, net of investment expense	6.98%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Statistical Section

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the the Authority's financial performance has changed over time.	1-2
Revenue, Rates and Usage Information These tables contain information to help the reader assess the factors affecting the Authority's change in revenues and its ability to generate revenues.	3-6
Expenses This table contains comparative information about the Authority's expenses.	7
Debt Capacity These tables present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue debt in the future.	8-9
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time.	10-11
Operating Information These tables contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relate to the activities it performs.	12
Other Information These tables contain miscellaneous data	13

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 1**

Net Position by Component
Last Ten years

	Fiscal Years				
	2025	**2024**	**2023**	**2022**	**2021**
Net position:					
Net Investment in capital assets	$ 95,105,841	$ 88,671,518	$ 79,753,230	$ 74,909,014	$ 72,469,768
Restricted	495,060	511,459	562,475	1,015,080	369,386
Unrestricted	20,494,250	* 16,900,731	* 16,512,497	15,220,728	15,928,292
Total net position	$ 116,095,151	$ 106,083,708	$ 96,828,202	$ 91,144,822	$ 88,767,446

	Fiscal Years				
	2020	**2019**	**2018**	**2017**	**2016**
Net position:					
Net Investment in capital assets	$ 71,821,673	$ 71,184,508	$ 67,421,966	$ 64,987,481	$ 65,074,202
Restricted	369,386	369,386	369,386	468,724	-
Unrestricted	15,925,377	15,325,543	13,320,422	10,881,809	7,996,376
Total net position	$ 88,116,436	$ 86,879,437	$ 81,111,774	$ 76,338,014	$ 73,070,578

* Unrestricted net position for FY2023 and FY2024 was restated as a result of retroactive implementation of GASB 101.

Source: Fauquier County Water and Sanitation Authority

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY

Table 2
Page 1 of 2

Changes in Net Position
Last Ten Years

	2025	2024	2023	2022	2021
Operating revenues:					
Water service	$ 6,291,706	$ 5,882,986	$ 5,484,704	$ 5,443,990	$ 5,113,110
Sewer service	6,136,866	5,981,721	5,909,875	5,802,569	5,426,486
Septic service	328,109	344,516	393,420	306,174	439,608
Late charges	215,851	222,100	178,566	152,895	107,643
Other operating revenues	939,322	298,378	406,082	406,181	968,349
Total operating revenues	$ 13,911,854	$ 12,729,701	$ 12,372,647	$ 12,111,809	$ 12,055,196
Operating expenses:					
Salaries	$ 3,798,525	$ 3,818,216	$ 3,654,459	$ 3,616,774	$ 3,527,031
Fringe benefits	1,153,568	1,309,669	1,236,007	1,109,622	1,361,809
General and administrative	848,492	758,844	644,611	635,469	475,141
Operations and maintenance	3,813,957	3,433,003	3,517,071	2,721,844	2,844,547
Depreciation expense	4,183,694	4,065,944	3,992,266	3,870,154	3,796,021
Total operating expenses	$ 13,798,236	$ 13,385,676	$ 13,044,414	$ 11,953,863	$ 12,004,549
Net operating income (loss)	$ 113,618	$ (655,975)	$ (671,767)	$ 157,946	$ 50,647
Nonoperating revenue (expenses):					
Availability fees	$ 5,238,515	$ 3,113,840	$ 2,405,450	$ 980,790	$ 828,590
Interest earned	835,564	983,605	771,051	44,207	47,841
Debt issuance costs	-	-	(35,000)	-	-
Interest expense	(313,821)	(347,586)	(399,303)	(247,222)	(280,663)
Arbitrage rebate expense	(34,664)	(132,861)	(77,726)	-	-
Insurance proceeds	-	167,850	-	40,988	4,595
Net nonoperating revenue (expenses)	$ 5,725,594	$ 3,784,848	$ 2,664,472	$ 818,763	$ 600,363
Net income (loss) before capital contributions	$ 5,839,212	$ 3,128,873	$ 1,992,705	$ 976,709	$ 651,010
Capital Contributions	4,172,231	6,126,633	3,690,675	1,400,439	-
Change in net position	$ 10,011,443	$ 9,255,506	$ 5,683,380	$ 2,377,148	$ 651,010
Net position, at beginning of year	106,083,708	96,828,202	91,144,822	88,767,674	88,116,436
Net position, at end of year	$ 116,095,151	$ 106,083,708	$ 96,828,202	$ 91,144,822	$ 88,767,446

Source: Fauquier County Water and Sanitation Authority.

* During FY2018, the Authority prospectively implemented GASB Statement No. 75, which resulted in a restatement of beginning net position. In the year of implementation, comparative information for the net OPEB liability and related items was unavailable. Therefore, the FY2017 amounts related to OPEB have not be restated to reflect the requirements of GASB Statement No. 75.

Changes in Net Position
Last Ten Years

	2020	2019	2018	2017	2016
Operating revenues:					
Water service	$ 5,094,624	$ 4,793,437	$ 4,630,031	$ 4,351,789	$ 3,438,450
Sewer service	5,353,484	5,144,754	4,867,411	4,515,284	3,874,505
Septic service	439,891	388,808	364,114	387,223	337,780
Late charges	124,090	181,607	194,015	163,712	129,880
Other operating revenues	303,788	276,633	368,109	420,630	334,378
Total operating revenues	$ 11,315,877	$ 10,785,239	$ 10,423,680	$ 9,838,638	$ 8,114,993
Operating expenses:					
Salaries	$ 3,539,417	$ 3,093,075	$ 3,167,950	$ 3,135,875	$ 2,848,966
Fringe benefits	1,044,151	837,296	872,536	984,579	1,138,118
General and administrative	582,573	497,459	639,812	584,324	556,190
Operations and maintenance	2,589,780	2,463,265	2,311,448	2,359,475	2,128,639
Depreciation expense	3,504,050	3,321,632	3,198,751	3,304,507	3,063,090
Total operating expenses	$ 11,259,971	$ 10,212,727	$ 10,190,497	$ 10,368,760	$ 9,735,003
Net operating income (loss)	$ 55,906	$ 572,512	$ 233,183	$ (530,122)	$ (1,620,010)
Nonoperating revenue (expenses):					
Availability fees	$ 893,800	$ 1,670,737	$ 3,043,318	$ 2,295,031	$ 2,095,670
Interest earned	232,502	299,055	221,570	81,424	31,869
Debt issuance costs	-	-	-	-	-
Interest expense	(300,269)	(315,493)	(349,662)	(250,894)	(168,652)
Arbitrage rebate expense	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Net nonoperating revenue (expenses)	$ 826,033	$ 1,654,299	$ 2,915,226	$ 2,125,561	$ 1,958,887
Net income (loss) before capital contributions	$ 881,939	$ 2,226,811	$ 3,148,409	$ 1,595,439	$ 338,877
Capital Contributions	355,060	3,540,852	1,875,351	1,671,997	4,689,932
Change in net position	$ 1,236,999	$ 5,767,663	$ 5,023,760	$ 3,267,436	$ 5,028,809
Net position, at beginning of year	86,879,437 *	81,111,774 *	76,088,014	73,070,578	68,041,769
Net position, at end of year	$ 88,116,436	$ 86,879,437	$ 81,111,774	$ 76,338,014	$ 73,070,578

Source: Fauquier County Water and Sanitation Authority.

* During FY2018, the Authority prospectively implemented GASB Statement No. 75, which resulted in a restatement of beginning net position. In the year of implementation, comparative information for the net OPEB liability and related items was unavailable. Therefore, the FY2017 amounts related to OPEB have not be restated to reflect the requirements of GASB Statement No. 75.

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 3**

Schedule of Revenues
Last Ten Fiscal Years

Fiscal Years	Water Service	Sewer Service	Availability Fees	Other Revenues	Total
2016	$ 3,438,450	$ 3,874,505	$ 2,095,670	$ 833,907	$ 10,242,532
2017	4,351,789	4,515,284	2,295,031	1,052,989	12,215,093
2018	4,630,031	4,867,411	3,043,318	1,147,808	13,688,568
2019	4,793,437	5,144,754	1,670,737	1,146,103	12,755,031
2020	5,094,624	5,353,484	893,800	1,100,271	12,442,179
2021	5,113,110	5,426,486	828,590	1,568,036	12,936,222
2022	5,443,990	5,802,569	980,790	950,445	13,177,794
2023	5,484,704	5,909,875	2,405,450	1,749,119	15,549,148
2024	5,882,986	5,981,721	3,113,840	2,016,449	16,994,996
2025	6,291,706	6,136,866	5,238,515	2,318,846	19,985,933

Source: Fauquier County Water and Sanitation Authority

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 4**

Schedule of Rates
Last Ten Years

Fiscal Year	Water Usage Fee (1)	Water Base Service Fees	Sewer Usage Fee (2)	Sewer Base Service Fees
2016	$ 3.94	$ 21.09	$ 7.74	$ 21.33
2017	4.06	25.59	8.48	25.86
2018	4.35	27.39	9.07	27.67
2019	4.48	28.21	9.34	28.50
2020	4.61	29.05	9.62	29.35
2021	4.61	29.05	9.62	29.35
2022	4.75	29.92	9.91	30.23
2023	5.94	22.24	11.57	25.99
2024	6.29	23.57	11.57	25.99
2025	6.64	24.87	11.57	25.99

(1) This is the first step of several steps in the Water Usage Fee schedule.
(2) There is only one rate for the Sewer Usage Fee.

Source: Fauquier County Water and Sanitation Authority

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 5**

Schedule of New Connections
Last Ten Fiscal Years

	WATER			*SEWER*		
Fiscal Year	**New Connections**	**Cumulative Connections**	**% of Growth**	**New Connections**	**Cumulative Connections**	**% of Growth**
2016	141	5,717	2.53%	115	3,927	3.02%
2017	171	5,888	2.99%	135	4,062	3.44%
2018	133	6,021	2.26%	134	4,196	3.30%
2019	159	6,180	2.64%	143	4,339	3.41%
2020	56	6,236	0.91%	65	4,404	1.50%
2021	218	6,454	3.50%	195	4,599	4.43%
2022	440	6,894	6.82%	27	4,626	0.59%
2023	135	7,029	1.96%	25	4,651	0.54%
2024	129	7,158	1.84%	109	4,760	2.34%
2025	152	7,310	2.12%	150	4,910	3.15%

Source: Fauquier County Water and Sanitation Authority connection records

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 6**

Schedule of Water Processed and Wastewater Treated (in gallons)
Last Ten Calendar Years

Fiscal Year	Water Processed	Wastewater Treated
2016	545,205,211	546,088,100
2017	596,703,569	461,951,400
2018	573,800,866	512,976,900
2019	553,532,301	749,957,300
2020	523,397,812	569,722,300
2021	522,518,917	643,819,900
2022	564,763,851	515,840,660
2023	580,081,373	626,842,557
2024	460,955,262	329,951,049
2025	472,328,471	332,707,855

Source: Fauquier County Water and Sanitation Authority

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 7**

Schedule of Operating Expenses
Last Ten Fiscal Years

Fiscal Years	Salaries	Fringe Benefits	General & Administrative	Operations & Maintenance	Depreciation Expense	Total
2016	$ 2,848,966	$ 1,138,118	$ 556,190	$ 2,128,639	$ 3,113,765	$ 9,785,678
2017	3,135,875	984,579	584,324	2,359,475	3,393,628	10,457,881
2018	3,167,950	872,536	639,812	2,311,448	3,198,751	10,190,497
2019	3,093,075	837,296	497,459	2,463,265	3,321,632	10,212,727
2020	3,539,417	1,044,151	582,573	2,589,780	3,504,050	11,259,971
2021	3,527,031	1,361,809	475,141	2,844,547	3,796,021	12,004,549
2022	3,616,774	1,109,622	635,469	2,721,844	3,870,154	11,953,863
2023	3,654,459	1,005,791	644,611	3,517,071	3,992,266	12,814,198
2024	3,818,216	1,309,669	758,844	3,433,003	4,065,944	13,385,676
2025	3,798,525	1,153,568	848,492	3,813,957	4,183,694	13,798,236

Source: Fauquier County Water and Sanitation Authority

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 8**

Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year				
	2025	**2024**	**2023**	**2022**	**2021**
Revenue Refunding Bond 2017	$ 1,207,382	$ 1,363,229	$ 1,515,222	$ 1,663,456	$ 1,808,023
Revenue Refunding Bond 2017	3,493,312	3,944,224	4,383,984	4,812,867	5,231,144
Revenue Bond 7-9-2009	904,120	1,070,744	1,232,928	1,390,788	1,544,441
Revenue Refunding Bond 2012	-	-	-	322,197	956,935
Revenue Refunding Bond 2012	-	-	-	26,614	78,515
Revenue Bond 2022	5,142,000	5,498,000	5,844,000	-	-
Financed Purchase	400,000	594,000	785,000	972,000	1,155,000
Subscription liability	19,179	39,551	59,363	-	-
Total outstanding debt	$ 11,165,993	$ 12,509,748	$ 13,820,497	$ 9,187,922	$ 10,774,058
Outstanding debt to personal income (1)	1.71%	2.02%	2.40%	1.60%	2.15%
Debt per capita (1)	$ 129	$ 151	$ 187	$ 125	$ 151

	Fiscal Year				
	2020	**2019**	**2018**	**2017**	**2016**
Revenue Refunding Bond 2017	$ 1,949,016	$ 2,086,521	$ 2,220,626	$ 2,350,262	$ -
Revenue Refunding Bond 2017	5,639,076	6,036,920	6,424,924	6,800,000	-
Revenue Bond 7-9-2009	1,693,999	1,839,568	1,981,259	2,119,172	2,253,410
Revenue Bond 9-20-10	-	-	125,240	270,038	410,421
Revenue Bond 11-16-2012	-	-	-	-	1,949,592
Revenue Refunding Bond 2012	1,579,011	2,188,678	2,786,184	3,371,772	3,945,678
Revenue Refunding Bond 2012	128,698	177,222	224,138	269,502	313,364
Financed Purchase	1,334,000	-	-	-	-
Total outstanding debt	$ 12,323,800	$ 12,328,909	$ 13,762,371	$ 15,180,746	$ 8,872,465
Outstanding debt to personal income (1)	2.46%	2.66%	3.12%	3.52%	2.17%
Debt per capita	$ 401	$ 442	$ 281	$ 280	$ 289

Source: Fauquier County Water and Sanitation Authority

(1) Personal income and population data can be found in the table of demographic and economic statistics, reference Table 10.

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 9**

Revenue Bond Coverage (Water and Sewer Bonds)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2016	$ 10,242,532	$ 6,671,913	$ 3,570,619	$ 871,465	$ 156,916	$ 1,028,381	3.47
2017	12,215,093	7,064,253	5,150,840	892,390	260,741	1,153,131	4.47
2018	13,688,568	6,991,746	6,696,822	1,418,375	367,544	1,785,919	3.75
2019	12,755,031	6,891,095	5,863,936	1,339,109	295,404	1,634,513	3.59
2020	12,936,222	6,891,095	6,045,127	1,370,741	263,772	1,634,513	3.70
2021	13,177,794	8,083,709	5,094,085	1,403,136	231,377	1,634,513	3.12
2022	13,177,794	8,083,709	5,094,085	1,083,787	199,134	1,282,921	3.97
2023	15,549,149	8,821,932	6,727,217	1,099,936	335,616	1,435,552	4.69
2024	16,994,996	9,319,732	7,675,264	1,129,383	306,376	1,435,759	5.35
2025	19,985,933	9,614,542	10,371,391	1,323,383	316,386	1,639,769	6.32

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements. Gross revenues includes investment earnings and availability fees. Operating expenses do not include interest or depreciation.

Revenue means:

i All rates, fees, rentals, charges, income and money property allocable to the System in accordance with general accepted accounting principles or resulting from the Borrow's ownership or operation of the System, excluding customer and other deposits subject to refund until such deposits have become the Borrow's property,

ii The proceeds of any insurance covering business interruption loss relating to the System,

iii Interest on any money or securities related to the System held by or on behalf of the Borrower,

iv Any other money from other sources pledged by the Borrower to the payment of its Local Bond.

Source: Fauquier County Water and Sanitation Authority

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	County Civilian Labor Force (3)	At-Place Employment Annual Average (3)	School Enrollment (4)
2016	67,898	4,410,308	63,854	3.7%	36,308	22,054	11,042
2017	68,168	4,637,197	66,756	3.4%	36,573	22,116	11,007
2018	69,098	5,002,860	70,787	2.8%	37,212	22,417	11,104
2019	70,150	5,169,053	72,577	2.6%	38,163	22,249	11,153
2020	70,580	5,368,172	62,189	5.7%	36,646	21,969	11,039
2021	70,996	5,730,279	66,305	3.1%	36,977	21,803	11,058
2022	73,291	6,187,539	82,872	2.8%	37,428	21,924	11,177
2023	73,536	6,530,779	86,886	2.6%	39,779	22,360	10,839
2024	73,731	*	*	2.7%	39,242	23,311	10,845
2025	74,563	*	*	3.0%	42,758	23,783	10,750

Sources: (1) Weldon Cooper Center for Public Service - July 1, 2024 Estimate; Revised 2022-2023.
(2) Bureau of Economic Analysis, calendar year data.
(3) Bureau of Labor Statistics; FRED Federal Reserve Bank of St Louis
(4) Fauquier County Schools Adopted Budgets

* Unavailable

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 11**

Principal Employers
Current Fiscal Year and Nine Years Ago

	2025		2016	
Employer	Rank	Number of Employees	Rank	Number of Employees
Fauquier County School Board	1	1,000 and over	1	1,000 and over
Fauquier County Government	2	500 to 999	3	500 to 999
US Department of Transportation	3	500 to 999	4	250 to 499
Fauquier Health	4	250 to 999	2	500 to 999
Walmart	5	100 to 249	5	100 to 249
Apt-Ability	6	100 to 249		
Town of Warrenton	7	100 to 249	7	100 to 249
White Horse Opco LLC	8	100 to 249		
Food Lion	9	100 to 249	6	100 to 249
CES Consulting LLC	10	100 to 249		
Airlie Foundation			8	100 to 249
Laurel Ridge (Lord Fairfax) Community College			10	100 to 249
Country Chevrolet, Peugeot			9	100 to 249

Source: Fauquier County via Virginia Employment Commission

FAUQUIER COUNTY WATER AND SANITATION AUTHORITY **Table 12**

Operating and Capital Indicators
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water System:										
Number of water systems	16	16	16	16	16	16	16	16	16	16
Number of service connections	7,310	7,158	7,029	6,894	6,454	6,236	6,034	6,021	5,888	5,717
Miles of water mains*	146	145	145	143	143	143	143	143	142	142
Daily average consumption per MGD	1.64	1.59	1.59	1.54	1.43	1.43	1.89	1.42	1.63	1.49
Average daily water distributed per MGD	1.64	1.59	1.59	1.54	1.43	1.43	1.89	1.42	1.63	1.49
Storage capacity in million gallons	5.95	5.9	5.9	5.9	5.904	5.9	5.9	5.15	5.15	5.15
Sewerage System:										
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Number of pump stations	17	17	15	15	15	15	15	15	14	14
Number of service connections	4,910	4,760	4,651	4,626	4,599	4,404	4,339	4,196	4,062	3,927
Miles of sanitary sewer mains	98	97	97	96	96	96	96	96	91	91
Daily average treatment per MGD*	1.3	1.71	1.71	1.23	1.76	1.56	0.86	1.28	1.33	1.49
Design capacity of treatment plants per MGD	3.6	3.60	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59
***Number of Full-Time Employees:**	48	48	46	47	48	46	47	47	47	46

MGD - Million Gallon per Day

Source: Fauquier County Water and Sanitation Authority

* Table has been restated in prior years per new information provided to management

Principal Water and Sewer Customers
Last Ten Fiscal Years

Principal Users of the Water System	Principal Business	FY2025 000/gals	FY2025 % of System	FY2024 000/gals	FY2024 % of System	FY2023 000/gals	FY2023 % of System
Fauquier County Public Schools	Public School	9,404	1.99%	9,287	2.01%	9,249	2.00%
Chuck Davis/Odec	Utility	7,571	1.60%	3,332	0.72%	4,993	1.08%
Aspen Club Apts/North 40	Apartments	5,184	1.10%	4,957	1.08%	4,089	0.88%
Goose Pond Grove	Apartments	5,022	1.06%	3,837	0.83%	3,912	0.84%
Federal Aviation Administration	Government	4,676	0.99%	5,090	1.10%	4,152	0.90%
Aspen South	Apartments	4,190	0.89%	3,340	0.72%	3,477	0.75%
Villa At Suffield Meadows	Apartments	3,874	0.82%	2,720	0.59%	3,169	0.68%
Cedar Lee Condo Associates	Apartments	2,541	0.54%	2,282	0.50%	2,836	0.61%
Mintbrook Senior Apartment	Apartments	2,312	0.49%	2,042	0.44%	2,168	0.47%
Peter Pan Llc	Developer	1,978	0.42%	1,268	0.28%		
Ryan Homes	Developer					3,766	0.81%
Brookside Hoa	Homeowners Association						
Waverly Station	Apartments						
Suffield Meadow Condo	Apartments						
North Forty Aspen Plus	Apartments						
Wakefield School	Private School						
Bealeton Village Center Llc	Shopping Center						
Van Management Inc	Restaurant						
Cedar Lee Condo Associates	Apartments						
R. B. Drumheller Inc.	Restaurant						7.50%
Total		46,752	9.90%	38,155	8.28%	41,811	16.53%
Total Water System Annual Consumption		472,328		460,955		463,111	

Principal Users of the Water System	Principal Business	FY2025 000/gals	FY2025 % of System	FY2024 000/gals	FY2024 % of System	FY2023 000/gals	FY2023 % of System
Fauquier County Public Schools	Public School	8,745	2.63%	8,395	2.62%	8,622	2.75%
Aspen Club Apts/North 40	Apartments	5,184	1.56%	4,957	1.55%	4,089	1.30%
Goose Pond Grove	Apartments	5,022	1.51%	3,837	1.20%	3,912	1.25%
Federal Aviation Administration	Government	4,676	1.41%	5,090	1.59%	4,152	1.32%
Aspen South	Apartments	3,875	1.16%	3,340	1.04%	3,478	1.11%
Chuck Davis/Odec	Utility	3,912	1.18%	2,605	0.81%	3,201	1.02%
Cedar Lee Condo Associates	Apartments	2,541	0.76%	2,282	0.71%	2,836	0.90%
Mint Brook Senior Apartments	Apartments	2,312	0.69%	2,042	0.64%	2,168	0.69%
Vint Hill Data Center Llc	Developer	1,978	0.59%				
Richmond American Homes	Developer	1,578	0.47%				
3Gs Enterprises Inc	Restaurant			1,404	0.44%		
Waverly Station	Apartments					1,856	0.59%
Ryan Homes	Developer			1,318	0.41%	1,613	0.51%
Sheetz # 221 Utilities	Convenience Store/Gas Station						
North Forty Aspen Plus	Apartments						
Bealeton Village Center Llc	Shopping Center						
Opal Oil, Inc.	Gas Station						
Brookside Hoa	Homeowners Association						
Van Management Inc	Restaurant						
Blue Ridge Christian Home	Nursing Home						
R. B. Drumheller Inc.	Restaurant						
Wakefield School	Private School						
Total		39,823	11.97%	35,270	11.02%	35,927	11.45%
Total Sewer System Annual Flow		332,707		319,943		313,760	

Principal Water and Sewer Customers
Last Ten Fiscal Years

Principal Users of the Water System	Principal Business	FY2022 000/gals	FY2022 % of System	FY 2021 000/gals	FY 2021 % of System	FY 2020 000/gals	FY 2020 % of System
Fauquier County Public Schools	Public School	11,472	2.48%	6,892	1.49%	8,281	1.83%
Chuck Davis/Odec	Utility	6,299	1.36%	6,120	1.33%	7,448	1.65%
Aspen Club Apts/North 40	Apartments	4,920	1.07%		0.00%		0.00%
Goose Pond Grove	Apartments	3,863	0.84%				
Federal Aviation Administration	Government	5,064	1.10%	3,758	0.81%	4,469	0.99%
Aspen South	Apartments	3,330	0.72%	3,117	0.68%	3,178	0.70%
Villa At Suffield Meadows	Apartments	3,803	0.82%				
Cedar Lee Condo Associates	Apartments	3,293	0.71%	3,147	0.68%	2,650	0.59%
Mintbrook Senior Apartment	Apartments	2,280	0.49%	2,121	0.46%		
Peter Pan Llc	Developer						
Ryan Homes	Developer						
Brookside Hoa	Homeowners Association	2,469	0.53%	9,070	1.97%		0.00%
Waverly Station	Apartments	1,764	0.38%	6,612	1.43%	1,721	0.38%
Suffield Meadow Condo	Apartments			4,633	1.00%	1,750	0.39%
North Forty Aspen Plus	Apartments			5,564	1.21%	1,567	0.35%
Wakefield School	Private School			923	0.20%	5,632	1.25%
Bealeton Village Center Llc	Shopping Center					2,929	0.65%
Van Management Inc	Restaurant						
Cedar Lee Condo Associates	Apartments						
R. B. Drumheller Inc.	Restaurant						
Total		48,557	10.51%	51,957	11.26%	39,625	8.78%
Total Water System Annual Consumption		461,952		461,344		451,497	

Principal Users of the Water System	Principal Business	FY2022 000/gals	FY2022 % of System	FY 2021 000/gals	FY 2021 % of System	FY 2020 000/gals	FY 2020 % of System
Fauquier County Public Schools	Public School	10,433	3.30%	6,578	2.12%	11,483	3.93%
Aspen Club Apts/North 40	Apartments	4,920	1.56%	2,473	0.80%	3,648	1.25%
Goose Pond Grove	Apartments	3,863	1.22%	3,998	1.29%		
Federal Aviation Administration	Government	5,064	1.60%	3,758	1.21%	4,469	1.53%
Aspen South	Apartments	3,330	1.05%	3,117	1.01%	3,231	1.11%
Chuck Davis/Odec	Utility	2,834	0.90%	2,747	0.89%		0.00%
Cedar Lee Condo Associates	Apartments	3,293	1.04%	3,147	1.02%	8,509	2.91%
Mint Brook Senior Apartments	Apartments	2,280	0.72%	2,121	0.68%		
Vint Hill Data Center Llc	Developer						
Richmond American Homes	Developer						
3Gs Enterprises Inc	Restaurant						
Waverly Station	Apartments	1,764	0.56%		0.00%	1,721	0.59%
Ryan Homes	Developer						
Sheetz # 221 Utilities	Convenience Store/Gas Station	1,455	0.46%	1,273	0.41%	5,735	1.96%
North Forty Aspen Plus	Apartments			1,546	0.50%	1,567	0.54%
Bealeton Village Center Llc	Shopping Center			791	0.26%	8,531	2.92%
Opal Oil, Inc.	Gas Station					1,293	0.44%
Brookside Hoa	Homeowners Association						
Van Management Inc	Restaurant						
Blue Ridge Christian Home	Nursing Home					8,932	3.06%
R. B. Drumheller Inc.	Restaurant						
Wakefield School	Private School						
Total		39,236	12.43%	31,549	10.19%	31,340	20.23%
Total Sewer System Annual Flow		315,751		309,702		292,228	

Principal Water and Sewer Customers
Last Ten Fiscal Years

Principal Users of the Water System	Principal Business	FY 2019 000/gals	FY 2019 % of System	FY 2018 000/gals	FY 2018 % of System	FY 2017 000/gals	FY 2017 % of System	FY 2016 000/gals	FY 2016 % of System
Fauquier County Public Schools	Public School	9,752	2.24%	11,945	2.76%	11,667	1.96%	12,252	2.32%
Chuck Davis/Odec	Utility	6,090	1.40%	7,230	1.67%	6,683	1.12%	8,900	1.68%
Aspen Club Apts/North 40	Apartments							1,080	0.20%
Goose Pond Grove	Apartments								
Federal Aviation Administration	Government	6,846	1.58%	5,064	1.17%	13,657	2.30%	2,470	0.47%
Aspen South	Apartments	4,900	1.13%	2,638	0.61%	5,826	0.98%	3,191	0.60%
Villa At Suffield Meadows	Apartments								
Cedar Lee Condo Associates	Apartments	3,500	0.81%	2,654	0.61%	6,960	1.17%	2,880	0.54%
Mintbrook Senior Apartment	Apartments								
Peter Pan Llc	Developer								
Ryan Homes	Developer								
Brookside Hoa	Homeowners Association	977	0.22%	1,029	0.24%	4,313	0.72%	1,047	0.20%
Waverly Station	Apartments	1,901	0.44%	1,611	0.37%	3,273	0.55%	1,422	0.27%
Suffield Meadow Condo	Apartments	1,889	0.43%	1,142	0.26%	5,577	0.94%	12,605	2.38%
North Forty Aspen Plus	Apartments	1,330	0.31%	1,628	0.38%	3,757	0.63%	1,754	0.33%
Wakefield School	Private School								
Bealeton Village Center Llc	Shopping Center	985	0.23%						
Van Management Inc	Restaurant			1,028	0.24%	2,022	0.34%		
Cedar Lee Condo Associates	Apartments							2,880	0.54%
R. B. Drumheller Inc.	Restaurant								
Total		38,170	8.78%	9,092	1.76%	63,735	10.71%	48,011	9.08%
Total Water System Annual Consumption		434,569		432,214		439,931		404,214	

Principal Users of the Water System	Principal Business	FY 2019 000/gals	FY 2019 % of System	FY 2018 000/gals	FY 2018 % of System	FY 2017 000/gals	FY 2017 % of System	FY 2016 000/gals	FY 2016 % of System
Fauquier County Public Schools	Public School	12,189	3.89%	10,985	3.97%	9,632	1.99%	12,835	2.50%
Aspen Club Apts/North 40	Apartments							1,080	0.21%
Goose Pond Grove	Apartments								
Federal Aviation Administration	Government	5,156	1.65%	5,064	1.83%	13,657	2.82%	2,470	0.48%
Aspen South	Apartments	3,528	1.13%	2,638	0.95%	5,826	1.20%	3,191	0.62%
Chuck Davis/Odec	Utility							8,900	1.73%
Cedar Lee Condo Associates	Apartments	4,628	1.48%	2,654	0.96%	6,960	1.44%	2,880	0.56%
Mint Brook Senior Apartments	Apartments								
Vint Hill Data Center Llc	Developer								
Richmond American Homes	Developer								
3Gs Enterprises Inc	Restaurant								
Waverly Station	Apartments	1,884	0.60%	1,611	0.58%	3,273	0.67%	1,422	0.28%
Ryan Homes	Developer								
Sheetz # 221 Utilities	Convenience Store/Gas Station	1,581	0.51%	2,128	0.77%	2,227	0.46%	2,285	0.45%
North Forty Aspen Plus	Apartments	1,565	0.50%	1,628	0.59%	3,757	0.77%	1,754	0.34%
Bealeton Village Center Llc	Shopping Center	375	0.12%	930	5.18%	1,981	0.41%		
Opal Oil, Inc.	Gas Station	1,293	0.41%						
Brookside Hoa	Homeowners Association	1,007	0.32%	259	0.09%	4,313	0.89%	1,047	0.20%
Van Management Inc	Restaurant			1,028	0.37%	2,022	0.42%		
Blue Ridge Christian Home	Nursing Home								
R. B. Drumheller Inc.	Restaurant								
Wakefield School	Private School								
Total		33,206	10.61%	17,940	3.85%	53,648	11.06%	35,394	6.90%
Total Sewer System Annual Flow		286,597		276,755		272,583		254,520	

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

To The Honorable Members of the Board of Directors
Fauquier County Water and Sanitation Authority
Warrenton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Fauquier County Water and Sanitation Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Fauquier County Water and Sanitation Authority's basic financial statements and have issued our report thereon dated November 24, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 24, 2025