



FY24

**Annual Comprehensive
Financial Report**

For the fiscal years ended December 31,
2024 and December 31, 2023



DIRECT

Rainfall lands on the large butterfly roof canopies at the Welcome Center and pavilions. The V-shape of the roof directs water to the lowest point where it falls into a rain basin below.

Rain to Reservoir

Reservoir Park in Ashburn, Virginia, tells the story of water through its design, illustrating how stormwater is captured, filtered, and directed to the nearby Beaverdam Reservoir. As a 70-acre public space, the park blends natural systems with infrastructure, making the water cycle visible and educational for visitors.

The park is a collaboration between Loudoun Water, which maintains the reservoir as a source of drinking water, and NOVA Parks, which owns and maintains the surrounding parklands. This partnership creates a unique model that balances public infrastructure with recreational open space, reflecting the essential role water plays in Loudoun County's environment, economy, and community life.

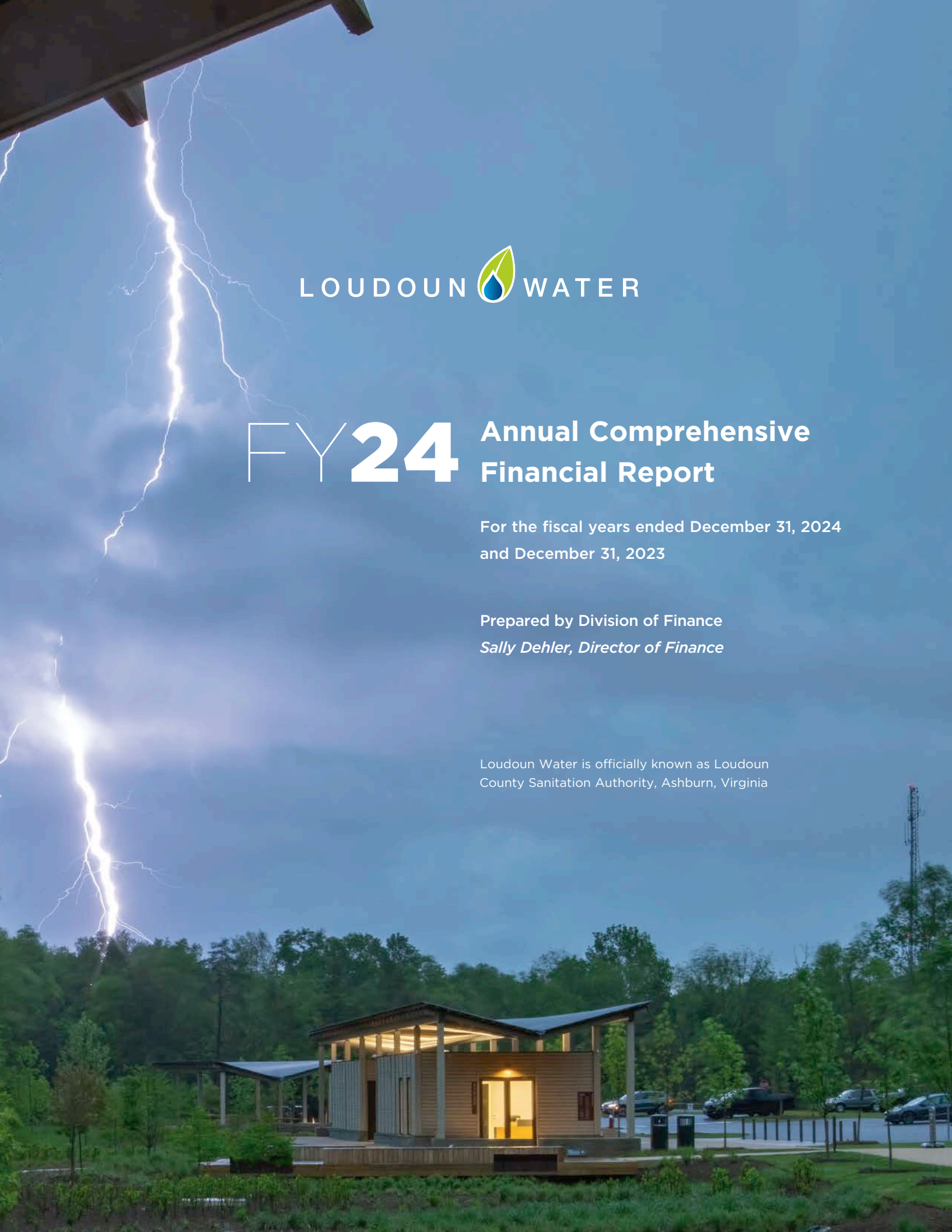


FY24 Annual Comprehensive Financial Report

For the fiscal years ended December 31, 2024
and December 31, 2023

Prepared by Division of Finance
Sally Dehler, Director of Finance

Loudoun Water is officially known as Loudoun
County Sanitation Authority, Ashburn, Virginia





CAPTURE

Rain basins capture and temporarily hold rainwater collected from the Welcome Center and pavilion canopies. These features slow down the water as it begins its journey to the reservoir.





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Introductory Section



ABSORB

Plants and soil media in the bioretention basins absorb large amounts of stormwater to help prevent flooding. Specific plants with deep, dense root systems were chosen for this purpose.



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May 16, 2025

To the Members of the Board of Directors and Customers of the Loudoun County Sanitation Authority:

The Annual Comprehensive Financial Report for the Loudoun County Sanitation Authority (the Authority) for the fiscal year ended December 31, 2024 is submitted herewith. This report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with government auditing standards generally accepted in the United States of America (GAGAS) by a firm of licensed certified public accountants. This report has also been prepared in accordance with the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

This report consists of management's representations concerning the finances of the Authority. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, the accounting system is dependent upon a strong foundation of internal accounting controls to ensure that financial information generated is both accurate and reliable. Recognizing that the cost of control should not exceed the benefits derived, the internal accounting controls are designed to provide reasonable assurance, but not absolute assurance, that the financial statements will be free from material misstatement. We believe that the data in this report presents fairly the financial position and results of operations and that all disclosures necessary to enable the reader to gain an understanding of financial activity have been included.

Virginia law requires an annual audit of the financial records and transactions of the Authority by independent certified public accountants, as selected by the Board.

The financial statements for the year ended December 31, 2024 have been audited by Yount, Hyde & Barbour, P.C., a firm of licensed certified public accountants.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

Governmental standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The MD&A can be found immediately following the independent auditor's report.

Profile of the Authority

The Authority was created on May 27, 1959 by action of the Board of Supervisors of Loudoun County, Virginia, as a public body politic and corporate under the provisions of the Virginia Water and Waste Authorities Act. The Authority is chartered by the State Corporation Commission and is responsible for providing water and wastewater service to Loudoun County. The Authority is governed by a Board consisting of nine members appointed by the Board of Supervisors. The Board appoints the General Manager, who is responsible for the daily management of the Authority.

The annual operating and capital budgets serve as the foundation for financial planning and control.

Each division prepares budget requests that are reviewed and adjusted, if necessary, by the General Manager and Deputy General Managers. The proposed budgets are presented to the Board for approval. Each division has line-item control of the budget; however, any overruns must be approved by the General Manager. Only the Board has the authority to revise the budget in total. All annual appropriations lapse at year-end.

Factors Affecting Financial Condition

Local Economy. Loudoun County is located in Northern Virginia, 25 miles west of Washington, D.C. The County has been one of the fastest growing counties in the U.S. since the late 1990s. According to the U.S. Census Bureau, Loudoun County was the fifth fastest growing county in the nation between 2000 and 2010. Between 2010 and 2020, Loudoun County was the twentieth fastest growing county in the nation and fourth most populous in the Commonwealth of Virginia. The County is expected to experience one of the highest population growth rates, and is expected to have one of the highest growth rates for jobs, in the entire Washington region according to the Metropolitan Washington Council of Government Round 9.1 regional forecasts.

Long-term Financial Planning. The Authority maintains a 5-Year Plan of Finance (the Plan) which is a planning tool developed through the use of a model to ensure funding is available to meet operating and capital needs and ensure compliance with revenue bond covenants. The Plan is monitored and updated when significant changes occur with the various inputs such as the budget and actual system connections. The Plan is not intended to project future rate increases; a user rate model is used for that evaluation.

The Authority also maintains and updates a capital spending plan and Capital Improvements Program (CIP) on an annual basis which details capital projects that are necessary for system expansion and rehabilitation over a ten year period.

Further, the Authority refers to a Strategic Plan that was created, with the input from the Board of Directors, management and staff, to enhance the Authority's sound financial planning performance and safeguard the customers' investment. The Strategic Plan contains a set of goals, both financial and operational, that were developed and prioritized for future action.

During fiscal year 2024, the Authority's net position continued to exceed policy goals and was a key factor in reaffirming the existing AAA credit ratings from Moody's Investor Service, Standard & Poor's and Fitch rating agencies.

Major Initiatives. The Authority continued planning for the design and construction of the Milestone Reservoir and Raw Water Pumping Station project. This project, a part of the CIP, will convert a retired rock quarry to a water reservoir, enabling the Authority to serve its growing population of customers well into the future. This multi-year project is expected to be operational in 2028. Funding of all phases of the project is included in the 5-Year Plan of Finance.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Loudoun County Sanitation Authority a Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report for the year ended December 31, 2023. This was the thirty-seventh consecutive year that the Authority has received this prestigious award. The GFOA awards a Certificate of Achievement to financial reports that clearly convey the financial position and results of operations of the governmental entity. The report must be easy to read, thorough, and efficiently organized, in addition to satisfying GAAP and applicable legal requirements.

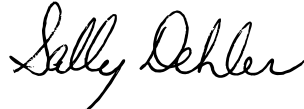
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements and standards.

This report has been accomplished with the dedicated services of the Division of Finance. We would like to express our appreciation to all employees that contributed to its preparation. We would also like to thank the Board that remains committed to fiscal integrity and financial leadership.

Respectfully submitted,



Brian Carnes
General Manager



Sally Dehler
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Loudoun Water
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

BOARD MEMBERS AND OFFICERS

Officers



Brian Carnes,
General Manager/Treasurer

Board Members



Terrence Allen,
Chairman



Brent Campbell,
Vice Chairman



Shaun Kelley



Jewell R. Lilly,
Executive Assistant/
Board Secretary



Keith Moody



Tony Buffington



Jack Vega



Martin Sultan

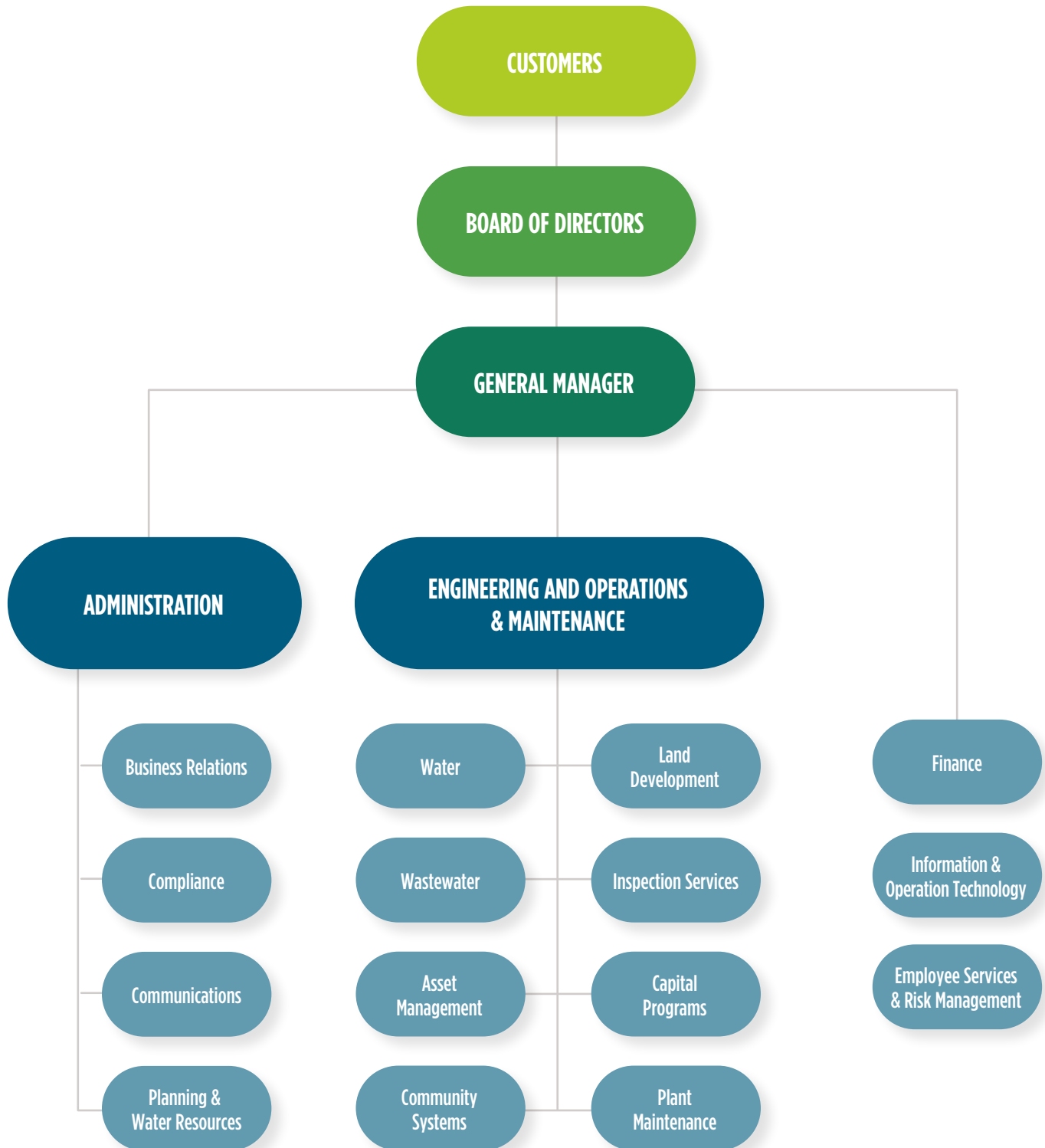


Jim Bonfils



Charles Yudd

ORGANIZATION CHART







Financial Section



FILTER

Stormwater enters the large bioretention basin where it is filtered by layers of engineered soil and specially selected plants. This process captures sediments and helps remove pollutants.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Loudoun County Sanitation Authority
Ashburn, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activity and the fiduciary fund of Loudoun County Sanitation Authority (Loudoun Water), as of and for the years ended December 31, 2024 and 2023, and related notes to the financial statements, which collectively comprise Loudoun Water's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the fiduciary fund of Loudoun Water, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Loudoun Water 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Loudoun Water's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Loudoun Water'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 Loudoun Water'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 other Required Supplementary Information, 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.

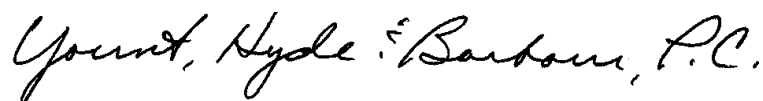
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 misstatement or the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2025 on our consideration of Loudoun Water'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 Loudoun Water'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 Loudoun Water's internal control over financial reporting and compliance.



Winchester, Virginia
May 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Loudoun County Sanitation Authority's financial performance provides a narrative overview of the financial activities of the Authority for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows exceeded liabilities at the close of the year by \$2.1 billion. Of this amount, \$384.7 million is unrestricted and may be used to fund the capital improvements program or meet on-going obligations to customers and creditors.
- The net position increased by \$147.8 million mainly due to the addition of water and wastewater lines and mains deeded to the Authority by developers.
- Operating revenues increased approximately 42.6% when compared to 2023. 80% of this increase was due to compensation related to an easement agreement. The customer base expanded by approximately 1,163 accounts (1.34%).
- Usage and base rates for water and wastewater were increased in January 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report 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 organization chart. The Financial Section includes the Independent Auditor's Report, this Management Discussion and Analysis, 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 types of financial statements included in the financial section of this report – Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. The Statements of Net Position include all of the Authority's assets and liabilities using the accrual basis of accounting. They provide the basis for evaluating the capital structure of the Authority and assessing the liquidity and flexibility of the Authority. All current and prior year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the Authority's operations 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 report the cash provided and used in operating activities as well as other cash sources, such as investment income, cash payments for capital additions and repayment of bonds. The Statements of Fiduciary Net Position report assets held by the Authority acting as a trustee for the employees' Other Postemployment Benefits (OPEB). The Statement of Changes in Fiduciary Net Position presents the activity of the OPEB Trust fund during the year. The notes to the financial statements provide additional information that is essential to 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 to determine if, overall, the financial position improved over the year. These two statements report the net position of the Authority and changes in them. Analyzing the Authority's net position is one way to measure financial health. Non-financial factors such as economic conditions, population growth and new or changed government legislation need to be considered as well. The Authority improved its financial position in 2024.

Net Position

The following table depicts the Authority's condensed summary of net position at December 31, 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current and Other Assets	\$ 484,982,100	\$ 414,240,308	\$ 404,615,814
Capital Assets	<u>1,901,220,065</u>	<u>1,827,119,801</u>	<u>1,776,991,104</u>
Total Assets	<u>2,386,202,165</u>	<u>2,241,360,109</u>	<u>2,181,606,918</u>
Deferred Outflows of Resources	4,500,913	6,414,240	7,617,312
Liabilities			
Current and Other Liabilities	85,527,844	71,637,662	46,292,569
Long-term Liabilities	<u>203,536,225</u>	<u>228,386,629</u>	<u>239,452,762</u>
Total Liabilities	<u>289,064,069</u>	<u>300,024,291</u>	<u>285,745,331</u>
Deferred Inflows of Resources	12,775,391	6,688,217	8,736,353
Net Position			
Net Investments in Capital Assets	1,677,811,279	1,583,168,244*	1,571,174,883
Restricted	26,340,730	26,450,642	23,175,643
Unrestricted	<u>384,711,609</u>	<u>331,442,955</u>	<u>300,392,021</u>
Total Net Position	<u>\$ 2,088,863,618</u>	<u>\$ 1,941,061,841</u>	<u>\$ 1,894,742,547</u>

*2023 Net Investment in Capital Assets restated due to formula error - net effect is a decrease of \$43,985,944

Current Year. The Authority's net position increased by \$147.8 million, or 7.6%, between fiscal years 2024 and 2023. A significant portion of the Authority's net position (80.3%) at December 31, 2024 reflects the net investment in capital assets. These capital assets are used to provide services to customers and are not available for future spending. Restricted net position decreased slightly primarily due to a decrease in restricted bond funds to be used for payment of debt service. Unrestricted net position increased by approximately 16.1% and may be used to fund the Authority's capital improvement program and meet on-going obligations to customers and creditors.

Prior Year. The Authority's net position increased by \$46.3 million, or 2.4%, between fiscal years 2023 and 2022. A significant portion of the Authority's net position (83.8%) at December 31, 2023 reflects the net investment in capital assets. These capital assets are used to provide services to customers and are not available for future spending. Restricted net position increased approximately 14.13% in 2023 primarily due to an increase in restricted bond funds to be used for payment of debt service. \$3.3 million of unspent bond proceeds are included in restricted funds, but are offset by \$3.3 million of revenue bonds payable. Unrestricted net position increased by approximately 10.3% and may be used to fund the Authority's capital improvement program and meet on-going obligations to customers and creditors.

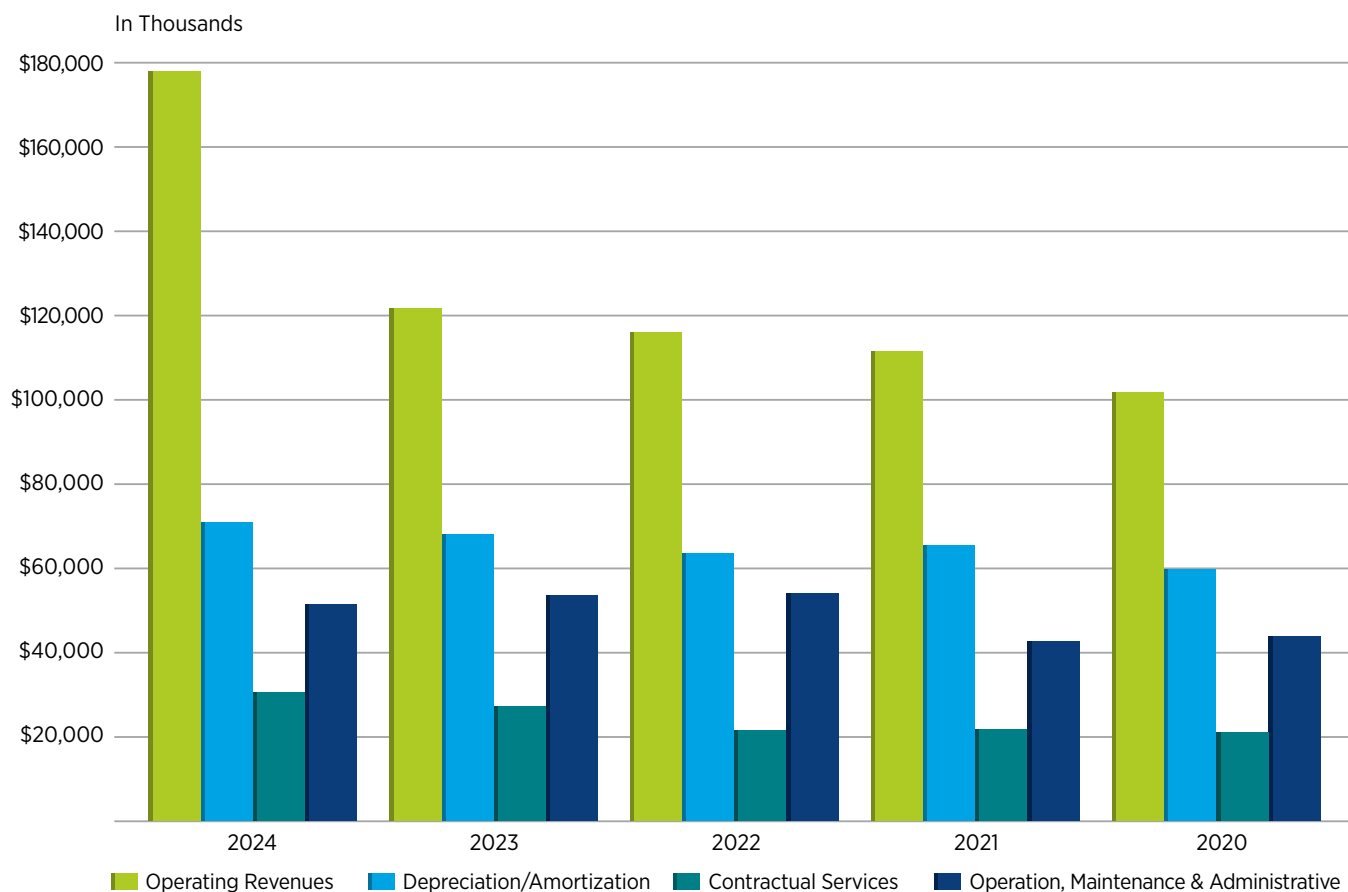
Changes in Net Position

The table below reflects the Authority's changes in net position for the years ended December 31, 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
Sale of Water	\$ 61,263,558	\$ 57,503,490	\$ 52,050,199
Sewage Disposal Fees	64,873,469	61,851,733	58,496,572
Other Operating Revenues	<u>51,921,840</u>	<u>5,550,821</u>	<u>5,714,132</u>
Total Operating Revenues	<u>178,058,867</u>	<u>124,906,044</u>	<u>116,260,903</u>
Operating Expenses			
Personnel	39,669,679	39,827,029	41,666,238
Contractual Services	27,926,626	25,467,445	21,420,718
Other Operating Expenses	<u>12,537,865</u>	<u>13,352,419</u>	<u>12,416,029</u>
Total Operating Expenses	<u>80,134,170</u>	<u>78,646,893</u>	<u>75,502,985</u>
Operating Income Before Depreciation and Amortization	97,924,697	46,259,151	40,757,918
Depreciation/Amortization	<u>70,224,862</u>	<u>67,578,845</u>	<u>63,724,425</u>
Operating (Loss)	<u>27,699,835</u>	<u>(21,319,694)</u>	<u>(22,966,507)</u>
Non-operating Revenues/(Expenses)			
Availability Fees	3,097,735	2,608,917	2,824,127
Investment (Expense) Income	16,047,494	16,772,665	(7,552,616)
Interest Expense	(6,664,251)	(8,232,254)	(8,395,859)
Bond Issuance Costs	(435,758)	-	-
Gain (Loss) on Disposal	41,541	261,272	100,517
Contribution From (To) VDOT/Government	<u>920,000</u>	<u>(6,669,931)</u>	<u>-</u>
Non-Operating (Expenses) Revenue	<u>13,006,761</u>	<u>4,740,669</u>	<u>(13,023,831)</u>
Net Gain (Loss) before Capital Contributions	40,706,596	(16,579,025)	(35,990,338)
Capital Contributions	<u>107,095,181</u>	<u>62,898,319</u>	<u>60,480,597</u>
Change in Net Position	147,801,777	46,319,294	24,490,259
Net Position, Beginning of Year	<u>1,941,061,841</u>	<u>1,894,742,547</u>	<u>1,870,252,288</u>
Net Position, End of Year	<u>\$ 2,088,863,618</u>	<u>\$ 1,941,061,841</u>	<u>\$ 1,894,742,547</u>

Operating Income

Current Year. Operating revenues totaled \$178.1 million in fiscal year 2024, an increase of \$53.2 million from 2023. 80% of this increase was due to compensation related to an easement agreement. The remaining increase can be attributed to the usage rate increase that became effective on January 1, 2024 as well as an increase in water usage. Operating expenses were \$80.1 million in 2024, an increase of \$1.5 million from 2023 primarily due to increases in contractual services expenses. The chart below depicts operating revenues compared to operating expenses over the last five years.



Prior Year. Operating revenues totaled \$124.9 million in fiscal year 2023, an increase of \$8.6 million from 2022. This increase can be attributed to the usage rate increase that became effective on January 1, 2023 as well as an increase in water usage. Operating expenses were \$78.6 million in 2023, an increase of \$3.1 million from 2022 primarily due to increases in contractual services expenses. The chart below depicts operating revenues compared to operating expenses over the last five years.

Income Before Capital Contributions

Current Year. Net gain before capital contributions increased \$57.3 million in 2024 mainly due to compensation related to an easement agreement. The Authority credits a portion of availability fees to capital contributions and the remainder to non-operating revenues. Investment income is also recorded as non-operating revenue. Non-operating expenses include interest paid on debt.

Prior Year. Net loss before capital contributions decreased \$19.4 million in 2023 mainly due to an increase in investment income. The Authority credits a portion of availability fees to capital contributions and the remainder to non-operating revenues. Investment income is also recorded as non-operating revenue. Non-operating expenses include interest paid on debt.

Capital Contributions

Current Year. Water and wastewater lines and mains that are deeded to the Authority by developers are reported as capital contributions. Approximately \$22.9 million of capital assets were deeded to the Authority in 2024 compared to \$24.3 million in 2023. The portion of availability charges credited to contributed capital totaled \$80.8 million in 2024 compared to \$37.0 million in 2023. In 2024, the Authority received approximately \$0.1 million from the County of Loudoun for certain projects. The Authority received \$0.9 million in 2024, in the form of land, from NOVA Parks.

Prior Year. Water and wastewater lines and mains that are deeded to the Authority by developers are reported as capital contributions. Approximately \$24.3 million of capital assets were deeded to the Authority in 2023 compared to \$22.9 million in 2022. The portion of availability charges credited to contributed capital totaled \$37.0 million in 2023 compared to \$36.3 million in 2022. In 2023, the Authority received approximately \$0.4 million from the County of Loudoun for certain projects. The Authority contributed \$6.7 million in 2023, in the form of a road, to the Virginia Department of Transportation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table depicts the Authority's condensed summary of capital assets at December 31, 2024, 2023, and 2022.

Capital Assets

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Capacity Rights, net	\$ 276,359,863	\$ 277,315,727	\$ 269,177,585
Water Facilities	787,910,085	769,578,507	759,876,099
Wastewater Facilities	719,268,783	706,553,345	695,586,558
Reclaimed Water Facilities	6,186,380	4,473,145	4,111,002
Building and Improvements	400,496,107	306,481,322	305,872,618
Machinery and Equipment	227,502,389	204,829,447	193,908,893
Right of Use Assets*	4,417,298	5,683,682	1,473,357
Land	68,154,172	67,234,172	67,234,172
Construction in Process	<u>159,794,900</u>	<u>176,237,600</u>	<u>115,958,573</u>
Total Capital Assets	2,650,089,977	2,518,386,947	2,413,198,857
Less: Accumulated Depreciation	<u>748,869,912</u>	<u>691,267,146</u>	<u>636,207,753</u>
Net Capital Assets	<u>\$ 1,901,220,065</u>	<u>\$ 1,827,119,801</u>	<u>\$ 1,776,991,104</u>

*Due to implementation of GASB 87 and GASB 96, Right of Use assets have their own category. Data for 2022 is not comparable.

Current Year. At the end of 2024, the Authority had invested \$2.7 billion in a broad range of capital assets including capacity rights, water and sewer lines, land, buildings, vehicles and equipment. This amount represents an increase of \$131.7 million, or 5.2% over last year.

Major capital asset additions for 2024 included:

- Water distribution mains constructed and contributed by developers - \$11.8 million
 - \$2,230,461 Hartland South Section
 - \$1,142,071 Brambleton
 - \$958,402 Hartland North Section
 - \$812,557 Brambleton Town Center Residential South
 - \$722,926 Bull Run Reserve
 - \$624,894 Avonlea Plaza
 - \$623,914 Broadlands
 - \$601,470 Lenah Circle East
 - \$549,448 Lenah Mill
 - \$534,298 National Conference Center - East
 - \$513,216 Samsara Place
 - \$438,197 Broadlands Section 23
 - \$314,247 AREP Beaumeade Data Center
 - \$225,292 Broadlands - South Section
 - \$222,285 South Riding
 - \$208,763 Project Kale
 - \$203,385 Loudoun Gateway
 - \$192,381 Dulles Trade Center West
 - \$144,935 Evergreen Meadows
 - \$140,918 Brambleton Performing Arts Center
 - \$131,078 Evergreen Commerce Center
 - \$121,885 Wawa
- Sewer lines constructed and contributed by developers - \$11.1 million
 - \$2,710,350 Hartland South Section
 - \$2,554,351 Brambleton
 - \$961,426 Hartland North Section
 - \$832,672 Lenah Mill
 - \$632,683 National Conference Center - East
 - \$469,645 Samsara Place
 - \$462,803 Broadlands
 - \$357,387 Avonlea Plaza
 - \$298,237 Broadlands Ashburn Metro
 - \$229,938 Pleasant Valley United Methodist Church
 - \$181,490 Arcola Center
 - \$100,596 AREP Beaumeade Data Center
- DC Water Capital Improvements - \$10.0 million
 - Broad Run Water Reclamation Facility Liquids Treatment Expansion - \$8.5 million
 - Mass Meter Replacement - \$6.2 million
 - Broadlands Tank 1 Rehabilitation - \$2.5 million
 - Broad Run Water Reclamation Facility - \$2.1 million
 - Paragon Park Transmission Main Interconnection - \$2.0 million
 - Broad Run Water Reclamation Facility Membrane Cassette Replacements - \$2.0 million
 - Trap Rock Water Treatment Facility upgrades - \$1.7 million
 - Broad Run Water Reclamation Facility Improvements - \$1.5 million
 - AMI Lid Replacement Project - \$1.1 million

The Authority's fiscal 2025 Capital Budget projects spending \$190.4 million for capital projects including:

- Various water main initiatives
- Various wastewater initiatives
- Milestone Reservoir Construction
- Information Technology Projects
- Broad Run Water Reclamation Facility Treatment Expansion
- Community Systems Projects
- Joint Land Management Area with Town of Leesburg
- Capital payments to the District of Columbia Water and Sewer Authority for improvements at the Blue Plains Wastewater Treatment plant

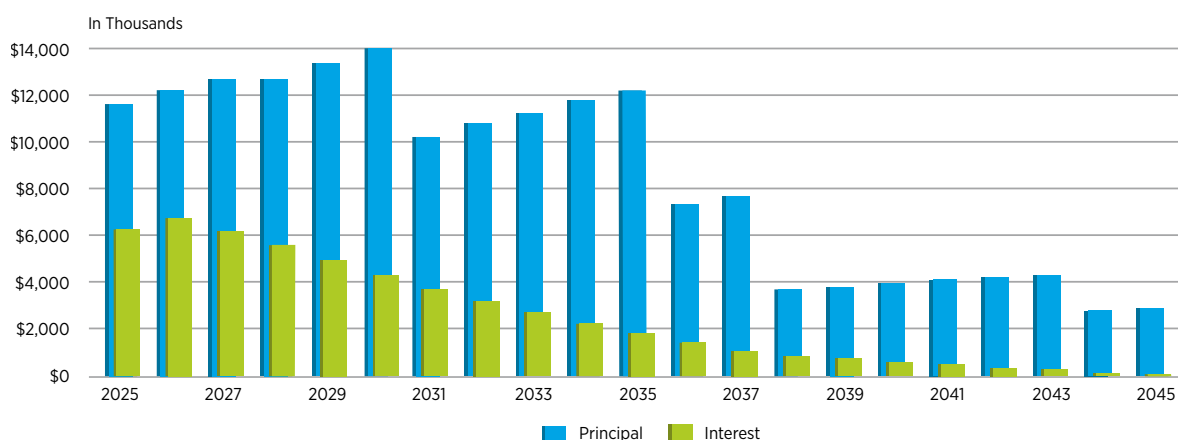
More detailed information regarding the Authority’s capital assets is presented in Note 4 to the financial statements.

Prior Year. At the end of 2023, the Authority had invested \$2.5 billion in a broad range of capital assets including capacity rights, water and sewer lines, land, buildings, vehicles and equipment. This amount represents an increase of \$105.2 million, or 4.3% over 2022.

Long-term Debt

Current Year. The Authority’s outstanding debt as of December 31, 2024 includes \$169,445,000 in Water and Sewer System Revenue Bonds that bear interest from 3.0% to 5.0%. In addition, the Authority has outstanding debt of \$8,295,000 in variable rate bonds.

The graph below provides an indication of how much principal and interest are due each year until the revenue bonds mature in 2045.



Outstanding revenue bonds carry an Aaa rating from Moody’s Investors Service, an AAA rating from Fitch and AAA from Standard and Poor’s (S&P). This is the highest rating available from each of the rating agencies.

The Authority’s outstanding debt to the Fairfax County Water Authority (FCWA) relates to 20 MGD (million gallons per day) of storage capacity.

More detailed information regarding the Authority’s long-term debt is presented in Note 6 to the financial statements.

Prior Year. The Authority’s outstanding debt as of December 31, 2023 includes \$105,885,000 in Water and Sewer System Revenue Bonds that bear interest from 3.25% to 5.0% and \$81,230,000 in Water and Sewer System Refunding Bonds that bear interest from 2.0% to 5.0%. In addition, the Authority has outstanding debt of \$9,520,000 in variable rate bonds.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The long term outlook for the region’s economic conditions and the prospect of these conditions is positive. The Authority continues to evaluate its resources as well as operational and capital requirements to ensure that water and wastewater service will be available to meet expected demand.

During 2024, the Authority continued to improve its financial position. The Authority was able to prepare a budget for 2025 that continues to preserve its financial integrity as well as provide high-quality water and wastewater service to all customers as economically as possible.

The Authority's rate structure is designed to collect sufficient revenues to pay debt service and recover operating and maintenance expenses. The Authority successfully accomplished this objective in 2024.

During 2024, the Authority's Board of Directors passed a resolution to adopt revised rates, fees and charges as a combined rate for both central service and developer initiated community system customers. These rates will be effective January 1, of 2025, 2026, and 2027. The average residential customer will realize an increase of approximately 7.0% with each rate increase. The existing rates for the two categories of community systems, the Goose Creek Wastewater Treatment Plant System and the County sponsored systems remain in effect.

The Board of Directors also adopted availability charges for all central system connections. These rates will be effective January 1, of 2025, 2026, and 2027. An increase of approximately 7.0% will be realized by customers with each rate increase.

REQUESTS FOR INFORMATION

This report is intended to provide our customers, bondholders and creditors with a general overview of the Authority's financial position and to demonstrate accountability for revenues received. Questions concerning information provided in this report or requests for additional financial information should be directed to the Director of Finance of the Authority at 571.291.7700 or to our office located at 44865 Loudoun Water Way, PO Box 4000, Ashburn, VA 20146.

STATEMENTS OF NET POSITION

DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and Temporary Investments:		
Unrestricted	\$ 126,664,172	\$ 84,685,835
Restricted.....	39,847,901	40,971,690
Investments:		
Unrestricted	113,119,403	108,696,963
Receivables:		
Water and Wastewater Service	28,284,701	25,254,004
Leases	379,510	307,942
Interest:		
Unrestricted.....	1,608,175	1,329,227
Restricted	93,375	120,550
Other	2,443,584	29,764
Inventory	6,236,878	5,664,301
Prepaid Expenses.....	13,958	15,409
Total Current Assets	<u>318,691,657</u>	<u>267,075,685</u>
Non-Current Assets		
Lease Receivable.....	3,822,627	3,973,617
Investments:		
Unrestricted	162,467,816	143,191,006
Capital Assets:		
Capacity Rights, net of amortization	276,359,863	277,315,727
Water Facilities	787,910,085	769,578,507
Wastewater Facilities.....	719,268,783	706,553,345
Reclaimed Water Facilities	6,186,380	4,473,145
Buildings and Improvements.....	400,496,107	306,481,322
Machinery and Equipment.....	227,502,389	204,829,447
Right of Use Assets - Leases and SBITAs	4,417,298	5,683,682
Less: Accumulated Depreciation	(748,869,912)	(691,267,146)
Land	68,154,172	67,234,172
Construction in Process	159,794,900	176,237,600
Capital Assets, net	1,901,220,065	1,827,119,801
Net Pension Asset.....	-	-
Total Non-Current Assets	<u>2,067,510,508</u>	<u>1,974,284,424</u>
Total Assets.....	<u>2,386,202,165</u>	<u>2,241,360,109</u>
Deferred Outflows of Resources		
Deferred Amounts on Refunding Debt	1,127,991	2,976,039
Deferred Amounts Related to OPEB.....	336,438	644,556
Deferred Amounts Related to GLI OPEB.....	348,521	361,535
Deferred Amounts Related to Pensions.....	2,687,963	2,432,110
Total Deferred Outflows of Resources	<u>4,500,913</u>	<u>6,414,240</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,390,703,078</u>	<u>\$ 2,247,774,349</u>

See accompanying notes to financial statements.

LIABILITIES AND NET POSITION

	<u>2024</u>	<u>2023</u>
Current Liabilities		
Accounts Payable	\$ 19,846,977	\$ 27,879,938
Retainages Payable	7,806,807	4,923,023
Oversizing Reimbursements	23,945,701	7,947,729
Unearned Revenue.....	2,538,360	2,688,841
Customer Advance Payment Fees	2,716,502	2,610,185
Developers' Advances	25,000	25,000
Performance Bonds.....	8,063,955	4,656,546
Maintenance Bonds	216,833	211,390
Bond Interest Payable	2,578,257	3,823,866
Compensated Absences	1,837,090	1,666,244
Fairfax Water Agreement	64,366	62,255
Leases and SBITAs Payable.....	1,661,636	1,823,333
Bonds Payable - VRLF	376,359	370,042
Bonds Payable - VRA	5,870	5,701
Revenue Bonds Payable.....	<u>13,844,131</u>	<u>12,943,569</u>
Total Current Liabilities.....	<u>85,527,844</u>	<u>71,637,662</u>
Long-term Liabilities		
Compensated Absences	4,286,543	3,887,902
Other Post Employment Benefits.....	2,735,967	5,951,389
GLI Other Post Employment Benefits	1,354,506	1,498,062
Net Pension Liability	3,412,359	4,382,260
Fairfax Water Agreement	293,274	357,641
Leases and SBITAs Payable.....	2,287,393	3,315,347
Bonds Payable - VRLF	3,682,287	4,058,646
Bonds Payable - VRA	30,881	36,751
Revenue Bonds Payable, net of unamortized amounts.....	<u>185,453,015</u>	<u>204,898,631</u>
Total Long-term Liabilities.....	<u>203,536,225</u>	<u>228,386,629</u>
Total Liabilities	<u>289,064,069</u>	<u>300,024,291</u>
Deferred Inflows of Resources		
Deferred Amounts on Refunding Debt	3,072,616	377,320
Deferred Amounts Related OPEB Health	3,136,569	344,083
Deferred Amounts Related GLI OPEB	257,764	218,848
Deferred Amounts Related to Pensions	2,383,422	1,644,818
Deferred Amounts Related to Leases.....	<u>3,925,020</u>	<u>4,103,148</u>
Total Deferred Inflows of Resources	<u>12,775,391</u>	<u>6,688,217</u>
Net Position		
Net Investment in Capital Assets.....	1,677,811,279	1,583,168,244*
Restricted Net Position for:		
Debt Service.....	26,340,730	26,450,642
Unrestricted Net Position	<u>384,711,609</u>	<u>331,442,955</u>
Total Net Position.....	<u>2,088,863,618</u>	<u>1,941,061,841</u>
Total Liabilities, Deferred Inflows of Resources and Net Position.....	<u><u>\$ 2,390,703,078</u></u>	<u><u>\$ 2,247,774,349</u></u>

*2023 Net Investment in Capital Assets restated due to formula error - net effect is a decrease of \$43,985,944

See accompanying notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sale of Water	\$ 61,263,558	\$ 57,503,490
Sewage Disposal Fees	64,873,469	61,851,733
Other Water/Wastewater Charges.....	587,318	567,779
Other Operating Revenues	<u>51,334,522</u>	<u>4,983,042</u>
Total Operating Revenues.....	<u>178,058,867</u>	<u>124,906,044</u>
 Operating Expenses		
Personnel	39,669,679	39,827,029
Contractual Services	27,926,626	25,467,445
Materials, Supplies, and Minor Equipment	8,121,308	7,651,583
Other Services	<u>4,416,557</u>	<u>5,700,836</u>
Total Operating Expenses	<u>80,134,170</u>	<u>78,646,893</u>
 Operating Income Before Depreciation and Amortization	97,924,697	46,259,151
 Depreciation	58,712,333	56,577,951
Amortization	<u>11,512,529</u>	<u>11,000,894</u>
Operating Income (Loss).....	<u>27,699,835</u>	<u>(21,319,694)</u>
 Non-Operating Revenues/(Expenses)		
Availability Charges.....	3,097,735	2,608,917
Investment (Loss) Income	16,047,494	16,772,665
Interest Expense	(6,664,251)	(8,232,254)
Bond Issuance Costs	(435,758)	-
Gain on Disposal.....	41,541	261,272
Contribution From (To) VDOT/Government	<u>920,000</u>	<u>(6,669,931)</u>
Non-Operating Revenues.....	<u>13,006,761</u>	<u>4,740,669</u>
 Net Gain (Loss) before Capital Contributions	40,706,596	(16,579,025)
 Capital Contributions	<u>107,095,181</u>	<u>62,898,319</u>
 Change in Net Position	147,801,777	46,319,294
 Total Net Position, Beginning of Year.....	<u>1,941,061,841</u>	<u>1,894,742,547</u>
 Total Net Position, End of Year	<u>\$ 2,088,863,618</u>	<u>\$ 1,941,061,841</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash Received from Customers.....	\$ 174,956,359	\$ 122,943,844
Cash Received from Operating Leases.....	354,317	415,081
Payments to Suppliers for Goods and Services	(43,110,435)	(36,573,676)
Payments to Employees for Services	<u>(39,793,786)</u>	<u>(40,333,950)</u>
Net Cash Provided by Operating Activities	<u>92,406,455</u>	<u>46,451,299</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets.....	140,684	259,575
Contributions from Developers.....	296,770	328,839
Contributions from Governments.....	2,934,724	3,954,532
Acquisition/Construction of Capital Assets	(106,667,826)	(75,052,448)
Capital Contributions - Availability Fees	81,520,672	39,931,038
Principal Payments on Fairfax Water Agreement.....	(62,256)	(60,214)
Principal Payments on Leases and Subscriptions Payable	(2,019,786)	(2,542,877)
Interest Payments on Fairfax Water Agreement.....	(14,137)	(16,178)
Principal Payments - VRA	(375,743)	(369,368)
Interest Payments - VRA	(74,924)	(81,299)
Principal Payments on Revenue Bonds	(11,070,000)	(10,545,000)
Interest Payments on Revenue Bonds	(7,820,799)	(8,397,339)
Bond Issuance Costs.....	<u>(435,758)</u>	<u>—</u>
Net Cash (Used in) Capital and Related Financing Activities	<u>(43,648,379)</u>	<u>(52,590,739)</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Investments.....	136,590,000	58,685,000
Purchase of Investments	(154,605,007)	(66,570,164)
Interest Received on Investments.....	<u>10,111,479</u>	<u>9,278,934</u>
Net Cash Provided by (Used in) Investing Activities.....	<u>(7,903,528)</u>	<u>1,393,770</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40,854,548	(4,745,670)
Cash and Cash Equivalents, Beginning of Year	<u>125,657,525</u>	<u>130,403,195</u>
Cash and Cash Equivalents, End of Year	<u>\$ 166,512,073</u>	<u>\$ 125,657,525</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating (Loss) to		
Net Cash Provided by Operating Activities		
Operating Gain (Loss)	\$ 27,699,835	\$ (21,319,694)
Adjustments to Reconcile Operating (Loss) to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	70,224,862	67,578,845
Non Cash Lease Adjustment.....	-	133,095
Changes in Assets and Liabilities:		
Decrease (Increase) in Water/Wastewater Receivables.....	(3,030,697)	(2,123,217)
(Increase) Decrease in Lease Receivables.....	176,189	281,986
Decrease (Increase) in Inventory	(572,577)	(776,408)
Decrease (Increase) in Prepaid Expenses	1,451	3,190,093
(Decrease) Increase in Accounts Payable.....	(2,074,818)	(167,497)
(Decrease) Increase in Other Liabilities.....	(124,107)	(506,921)
Increase in Liabilities Payable from Restricted Assets	106,317	161,017
Net Cash Provided by Operating Activities	<u>\$ 92,406,455</u>	<u>\$ 46,451,299</u>
Noncash Investing, Capital and Financing Activities		
Estimated Acquisition Value of Contributed Capital Assets	\$ 22,876,450	\$ 24,328,224
Increase (Decrease) in Fair Value of Investments	4,027,310	6,050,989
Reconciliation of Cash		
Cash and Temporary Investments:		
Unrestricted.....	\$ 126,664,172	\$ 84,685,835
Restricted	39,847,901	40,971,690
	<u>\$ 166,512,073</u>	<u>\$ 125,657,525</u>

See accompanying notes to financial statements.

STATEMENTS OF FIDUCIARY NET POSITION - OPEB TRUST FUND

ASSETS

	<u>2024</u>	<u>2023</u>
Assets Held in Trust, Investments at Fair Value:		
Fixed Income	\$ 1,011,440	\$ 919,824
Stocks	2,478,027	2,253,568
Real Estate	758,580	689,868
Alternative Investments	<u>809,152</u>	<u>735,859</u>
Total Assets	<u><u>5,057,199</u></u>	<u><u>4,599,119</u></u>

NET POSITION

Net Position Restricted for OPEB.....	<u>5,057,199</u>	<u>4,599,119</u>
Total Net Position	<u><u>\$ 5,057,199</u></u>	<u><u>\$ 4,599,119</u></u>

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - OPEB TRUST FUND

YEARS ENDED DECEMBER 31, 2024 AND 2023

ADDITIONS

	<u>2024</u>	<u>2023</u>
Contributions		
Employer	\$ 431,994	\$ 717,559
Total Contributions	<u>431,994</u>	<u>717,559</u>
Investments		
Net Increase in Fair Value of Investments.....	<u>424,501</u>	<u>426,634</u>
Total Investment Income.....	<u>424,501</u>	<u>426,634</u>
Total Additions	<u><u>856,495</u></u>	<u><u>1,144,193</u></u>

DEDUCTIONS

Benefit Payments	393,261	357,788
Administrative Expenses.....	<u>5,154</u>	<u>4,054</u>
Total Deductions	<u>398,415</u>	<u>361,842</u>
Change in Net Position	458,080	782,351
Net Position, Beginning of Year	<u>4,599,119</u>	<u>3,816,768</u>
Net Position, End of Year	<u><u>\$ 5,057,199</u></u>	<u><u>\$ 4,599,119</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Summary of Significant Accounting Policies

The Loudoun County Sanitation Authority d/b/a Loudoun Water, hereinafter referred to as the “Authority,” was created on May 27, 1959 as a public body politic and corporate under the provisions of the Virginia Water and Waste Authorities Act (Chapter 28, Title 15.1, Section 1239 et. seq., *Code of Virginia*, 1950, as amended), for the purpose of acquiring, constructing, operating and maintaining for Loudoun County (County) (a) an integrated water supply and distribution system, and (b) an integrated sewerage and sewage disposal system; and for the purpose of exercising the powers conferred by said Water and Waste Authorities Act.

The accounting policies conform to accounting principles generally accepted in the United States of America as applicable to authorities. The following is a summary of the more significant policies:

A. Reporting Entity

To determine the appropriate reporting entity for the Authority, its relationship with the County was considered. Although the members of the Board are appointed by the County Board of Supervisors, the County is not financially accountable for the Authority and does not have the ability to impose its will on the Authority. In addition, there is no potential for the Authority to provide specific financial benefit to, or impose specific financial burdens on, the County and the Authority is not fiscally dependent on the County. Based on the application of these criteria, the Authority is not a component unit of the County.

B. Basis of Presentation

The accounting policies conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. Operations are accounted for in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The costs (including depreciation) of providing goods and services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability. Fiduciary OPEB Trust Fund is used to account for the assets held in trust for other postemployment benefits.

C. Basis of Accounting and Use of Estimates

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues and expenses are accounted for within one fund: an enterprise fund. The Authority uses the accrual basis of accounting for its enterprise fund, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

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

D. Cash and Investments

Cash and temporary investments include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Restricted cash and temporary investments include amounts held in money market funds as well as short-term investments with an original maturity of three months or less.

Investments include United States government and agency obligations and obligations of the Commonwealth of Virginia and its subdivisions. Those investments with maturities of three months to a year are considered current and are stated at fair value. Investments with maturities greater than one year are considered long-term and are stated at fair value.

Investments held by the Trustee are stated at fair value and include all United States obligations with a maturity in excess of three months. Interest on investments is recorded in the year earned.

E. Accounts Receivable

All continuing service receivables are recognized when earned with no allowance for uncollectibles, as delinquent accounts attach as an enforceable lien on property if not collected within a certain period of time once notification has been given to the owner.

An estimated amount has been recorded for services rendered but not yet billed as of the close of the respective years presented. At December 31, 2024 and 2023, the Authority recorded \$16,894,368 and \$18,188,411 respectively, as unbilled water and wastewater service receivables.

F. Inventory

Inventory is valued at average cost. Inventories are recorded as an operating expense when consumed rather than when purchased.

G. Restricted Assets

Restricted assets represent resources designated for specific purposes and include developers' advances, advance payment fees, maintenance bonds, performance bonds and other project-related escrow funds. Restricted assets also include bond proceeds and funds set aside for repayment since their use is limited by applicable bond covenants.

H. Capital Assets

Capital assets include property, plant and equipment as well as intangible assets such as purchased capacity rights. Intangible assets are amortized over the maximum allowable period of 40 years and are shown on the financial statements net of accumulated amortization.

The Authority capitalizes all assets with a purchase price greater than \$10,000.

Capital assets are stated at historical cost. Donated assets are recorded at acquisition value at the time received. Expenses for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

Depreciation of all exhaustible capital assets is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Water and Wastewater Facilities	40-50 years
Buildings and Improvements	20-40 years
Machinery and Equipment	3-15 years

I. Leases

The Authority is a lessee of a postage meter, a printer, .25 acres of land and 18,000 SF gravel storage yard, and realizes a lease liability and an intangible right-of-use asset (lease asset) in its financial statements. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the statement of net position.

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

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

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

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

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

J. Subscription-Based Information Technology Arrangements (SBITAs)

The Authority is a party to noncancellable contracts with SBITA vendors that convey control of the right to use the vendor's IT software alone or in combination with tangible capital assets specified in the contract, for a period of time in an exchange or exchange-like transaction. The Authority recognizes an intangible right-to-use SBITA asset and a corresponding subscription liability. At the commencement of the agreement, the Authority measures the SBITA liability as the present value of SBITA payments expected to be made during the contract term. The SBITA liability is subsequently reduced by the principal portion of the payments made. The SBITA asset is initially measured as the beginning amount of the SBITA liability, plus payments made to the vendor prior to the commencement of a subscription and any capitalizable costs incurred to implement the SBITA. Subsequently, the SBITA asset is amortized on a straight-line basis over the life of the contract.

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

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

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

Detailed balances and information for Subscription-Based Information Technology Agreements (SBITAs) are presented in Note 4B.

K. Construction in Process

Construction in process includes design and construction costs that accumulate until completion of the respective project, at which time the total cost is transferred to depreciable capital assets.

L. Deferred Outflow and Inflow of Resources

A deferred outflow of resources represents a consumption of net assets that applies to future periods and will not be recognized as an expense until then. Deferred outflows from the refundings of debt will be recognized as interest expense in the appropriate reporting period. Deferred outflows related to pensions and OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and net OPEB liability, respectively, in the next fiscal year. A deferred inflow of resources represents an acquisition of net assets that applies to future periods. Deferred inflows related to pensions and OPEB will be recognized as expense in the appropriate reporting period.

M. Compensated Absences

Authority employees are granted annual leave in varying amounts based on years of service and sick leave at a rate of 3 1/2 hours per pay period. In the event of termination, an employee is reimbursed for accumulated annual leave in full, and for sick leave in varying amounts based on years of service. The Authority's compensated absences liability, which included vacation, sick, bonus and safety leave, plus related payroll taxes is measured based on the current pay rates of employees at the end of the fiscal year. A liability for compensated absences is recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. Compensated absences and related payroll taxes that are expected to be liquidated within one year are reflected on the financial statements as a current liability.

N. Bond Premiums and Discounts

Bond premiums and discounts are amortized over the life of the bonds using a method which approximates the effective interest method. Bond premiums, net of amortization, of \$21,557,146 and \$21,207,200 for 2024 and 2023, respectively, are presented as an increase to the face amount of bonds payable.

O. Capital Contributions

Capital contributions are recorded for the receipt of capital grants, contributions of funds, property, lines and improvements by developers, customers or other governments. Availability fees in excess of related costs are also recorded as capital contributions.

P. Comparative Data

Comparative data for the prior year is presented in the accompanying financial statements in order to provide an understanding of the changes in the Authority's financial position and operations.

Q. New Accounting Pronouncements Adopted

The Authority has adopted the following GASB Pronouncements in fiscal year 2024:

GASB Statement 100, *Accounting Changes and Error Corrections*, (Statement 100), will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 became effective for the Authority beginning with its year ending December 31, 2024.

GASB Statement 101, *Compensated Absences*, (Statement 101), will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 became effective for the Authority beginning with its year ending December 31, 2024.

R. New Accounting Pronouncements

GASB Statement 102, *Certain Risk Disclosures*, (Statement 102), will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Statement 102 will be effective for the Authority beginning with its year ending December 31, 2025.

GASB Statement 103, *Financial Reporting Model Improvements*, (Statement 103), improves the financial reporting model to assist with decision making and assessing a government's accountability. Statement 103 will be effective for the Authority with its fiscal year ending December 31, 2026.

GASB Statement 104, *Disclosure of Certain Capital Assets*, (Statement 104) requires state and local governments to provide more detailed information about capital assets in their financial statements to improve transparency and make capital asset disclosures more useful. Statement 104 will be effective for the Authority with its fiscal year ending December 31, 2026.

Management has not yet determined the effect that these Statements will have on its financial statements.

S. Error Correction

In the previous year, the Authority incorrectly calculated Net Investment in Capital Assets which overstated the amount by \$43,985,944. There is no change in Net Position.

2. Deposits and Investments

A. Deposits

All cash is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

B. Investments

The *Code of Virginia* authorizes the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia and its subdivisions, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk:

The Authority's investment policy specifies that investments shall be held in safekeeping by a third party and evidenced by safekeeping receipts. In addition, the *Code of Virginia* requires that all security holdings with maturities over thirty days may not be held in safekeeping with the "counterparty" (the issuer or seller of the security and any repurchase agreement provider) to the investment transaction.

At December 31, 2024, all securities purchased by the Authority were held in safekeeping by a third-party custodial bank or institution in the Authority's name.

Investment Policy:

In November 2019, the Authority updated the formal investment policy that was adopted in March 2000. It is the policy that the investment and administration of its funds be made in accordance with the *Code of Virginia* Investment in Public Funds Act, the applicable provisions of any outstanding bond indebtedness and the investment policy. It is the intent to be in complete compliance with all federal, state and local laws, and other regulations and statutes governing the investment of public funds.

The investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

Treasuries and obligations collateralized with Treasuries	No portfolio limitation
Obligations of the Commonwealth or Virginia Local Governments	10% of total portfolio
Certificates of Deposit (fully collateralized only)	25% of total portfolio; 5% from any one institution
Liquidity Investments	No portfolio limitation
Federal Agency Securities	No portfolio limitation; 40% from any one agency
Commercial Paper	25% of total portfolio
Corporate Notes	25% of total portfolio

Credit Risk:

As required by state statute, the investment policy requires 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 Investor Service, Standard & Poor’s and Fitch Investor 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.

As of December 31, 2024, the Authority held 54% in U.S. Government Agency Securities, 15% in corporate bonds, 14% in Local Government Investment Pool, 0% in Commercial Paper, 2% in obligations of the Commonwealth of Virginia and its subdivisions and 15% in money market funds.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of the total investments, there must be a disclosure for the amount and issuer.

At December 31, 2024, the portion of the portfolio, excluding U.S. Government guaranteed obligations, and money market funds that exceed 5% of the total portfolio are as follows:

<u>Investment Type</u>	<u>Credit Quality (Rating)</u>	<u>Credit Exposure as a Percentage of Total Investments</u>
Federal Home Loan Bank	AA+/Aaa	11%
Federal Farm Credit Bank	AA+/Aaa	10%
Toyota Motor Credit Mtn	A1/A+	6%

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.

Although the Authority has no formal policy relating to specific investment-related risk, the Authority contains interest-rate risk by avoiding asset-backed securities and by restricting the use of callable U.S. Agency securities. The risk of loss of fair value from rising interest rates is greater for those types of securities because the average maturity of such securities increases as interest rates rise, compounding the impact on fair value. By comparison, the average maturity of U.S. Treasury notes, non-callable Agency securities and the LGIP are not affected by changes in interest rates. The following table depicts the investment maturities, in years, at December 31, 2024:

The investment maturities, in years, at December 31, 2024:

	Fair Value	Investment Maturities		
		Less than 1 year	1-2 years	2-4 years
U.S. Treasuries	\$ 119,028,130	\$ 24,794,600	\$ 94,233,530	\$ -
U.S. Agencies	89,323,400	37,190,940	52,132,460	-
Municipal Bonds	7,685,839	1,246,513	5,089,266	1,350,060
Commercial Paper	-	-	-	-
Corporate Obligations	59,549,850	49,887,350	9,662,500	-
	<u>\$ 275,587,219</u>	<u>\$ 113,119,403</u>	<u>\$ 161,117,756</u>	<u>\$ 1,350,060</u>

The investment maturities, in years, at December 31, 2023:

	Fair Value	Investment Maturities		
		Less than 1 year	1-2 years	2-4 years
U.S. Treasuries	\$ 69,786,810	\$ 48,967,950	\$ 20,818,860	\$ -
U.S. Agencies	113,171,178	47,944,958	65,226,220	-
Municipal Bonds	5,816,231	1,896,755	2,424,485	1,494,991
Commercial Paper	-	-	-	-
Corporate Obligations	63,113,750	9,887,300	53,226,450	-
	<u>\$ 251,887,969</u>	<u>\$ 108,696,963</u>	<u>\$ 141,696,015</u>	<u>\$ 1,494,991</u>

Fair Value Measurements:

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Level 1 valuation inputs are quoted prices in active exchange markets. Level 2 inputs are less active markets, but still significant other observable inputs. Level 3 inputs include other valuation methodologies and are not based on market, exchange or traded transactions. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Securities classified as Level 3 have limited trade information, these securities are priced using the last trade price or estimated using recent trade prices. For the years ended December 31, 2024 and 2023, all investments were valued using Level 1 and 2 inputs and the application of valuation techniques applied has been consistent.

The following table depicts the fair value investments at December 31, 2024:

	Fair Value Investments			% of Total Investments		
	Level 1	Level 2	Total	Level 1	Level 2	Total
U.S. Treasuries	\$ 119,028,130	–	\$ 119,028,130	43.2%	0.0%	43.2%
FHLB	–	37,281,260	37,281,260	0.0%	13.5%	13.5%
FFCB	–	34,775,700	34,775,700	0.0%	12.6%	12.6%
FNMA	–	17,266,440	17,266,440	0.0%	6.3%	6.3%
Municipal Bonds	–	7,685,839	7,685,839	0.0%	2.8%	2.8%
Commercial Paper	–	–	–	0.0%	0.0%	0.0%
Corporate Obligations	19,977,650	39,572,200	59,549,850	7.2%	14.4%	21.6%
Total investments	<u>\$ 139,005,780</u>	<u>\$ 136,581,439</u>	<u>\$ 275,587,219</u>	<u>50.4%</u>	<u>49.6%</u>	<u>100.0%</u>

The fair value investments at December 31, 2023:

	Fair Value Investments			% of Total Investments		
	Level 1	Level 2	Total	Level 1	Level 2	Total
U.S. Treasuries	\$ 69,786,810	–	\$ 69,786,810	27.8%	–	27.8%
FHLB	–	56,860,958	56,860,958	–	22.6	22.6
FFCB	10,002,300	14,371,400	24,373,700	4.0	5.7	9.7
FHLMC	–	19,692,600	19,692,600	–	7.8	7.8
FNMA	–	12,243,920	12,243,920	–	4.9	4.9
Municipal Bonds	–	5,816,231	5,816,231	–	2.3	2.3
Commercial Paper	–	–	–	–	–	0.0
Corporate Obligations	33,718,950	29,394,800	63,113,750	13.4	11.5	24.9
Total investments	<u>\$ 113,508,060</u>	<u>\$ 138,379,909</u>	<u>\$ 251,887,969</u>	<u>45.2%</u>	<u>54.8%</u>	<u>100.0%</u>

The carrying amounts of the Authority's financial instruments not described above arise in the ordinary course of business and approximate fair value.

3. Restricted Assets Held by Trustee

Restricted assets held by the Trustee represent the portion of resources held by the Trustee on behalf of the Authority in accordance with the applicable bond covenants. These assets include: cash, investments (at fair value) and accrued interest receivable of \$93,375 and \$120,550 at December 31, 2024 and 2023, respectively. The restricted assets held by the Trustee at December 31, 2024 and 2023 in each account established under the indenture of trust are shown below.

	2024	2023
Bond Account (unspent bond proceeds offset by related liability)	\$ 15,174,148	\$ 15,120,978
Debt Service Reserve Account	13,638,239	15,107,686
Escrow Account	106,599	45,834
Total Restricted Assets held by Trustee	<u>\$ 28,918,986</u>	<u>\$ 30,274,498</u>

4. Capital Assets

Changes in capital assets as of December 31, 2024 are as follows:

	Balance January 1, 2024	Additions	Retirements/ Deletions	Transfers	Balance December 31, 2024
Capital Assets not being depreciated:					
Land	\$ 67,234,172	\$ 920,000	\$ -	\$ -	\$ 68,154,172
Construction in Process	176,237,600	20,590,712	-	(37,033,412)	159,794,900
Total Capital Assets not being depreciated	<u>243,471,772</u>	<u>21,510,712</u>	<u>-</u>	<u>(37,033,412)</u>	<u>227,949,072</u>
Capital Assets being amortized:					
Capacity Rights, net of amortization	277,315,727	(11,190,954)	-	10,235,090	276,359,863
Other Capital Assets:					
Water Facilities	769,578,507	12,080,854	-	6,250,724	787,910,085
Wastewater Facilities	706,553,345	11,757,618	-	957,820	719,268,783
Reclaimed Water Facilities	4,473,145	-	-	1,713,235	6,186,380
Building and Improvements	306,481,322	90,693,330	-	3,321,455	400,496,107
Machinery and Equipment	204,829,447	9,325,887	(1,208,033)	14,555,088	227,502,389
Right-of-use assets - Leases	215,156	173,816	-	-	388,972
Right-of-use assets - SBITAs	7,570,183	655,635	-	-	8,225,818
Total Other Capital Assets	<u>1,999,701,105</u>	<u>124,687,140</u>	<u>(1,208,033)</u>	<u>26,798,322</u>	<u>2,149,978,534</u>
Total Capital Assets	<u>2,520,488,604</u>	<u>135,006,898</u>	<u>(1,208,033)</u>	<u>-</u>	<u>2,654,287,469</u>
Less Accumulated Depreciation/ Amortization for:					
Water Facilities	(201,123,298)	(16,843,989)	-	-	(217,967,287)
Wastewater Facilities	(263,303,094)	(17,522,571)	-	-	(280,825,665)
Reclaimed Water Facilities	(577,666)	(125,414)	-	-	(703,080)
Building and Improvements	(78,113,984)	(9,803,130)	-	-	(87,917,114)
Machinery and Equipment	(148,149,104)	(14,417,229)	1,109,567	-	(161,456,766)
Right-of-use assets - Leases	(147,135)	(124,417)	-	-	(271,552)
Right-of-use assets - SBITAs	(1,954,522)	(1,971,418)	-	-	(3,925,940)
Total Accumulated Depreciation	<u>(693,368,803)</u>	<u>(60,808,168)</u>	<u>1,109,567</u>	<u>-</u>	<u>(753,067,404)</u>
Total Capital Assets, net	<u>\$ 1,827,119,801</u>	<u>\$ 74,198,730</u>	<u>\$ (98,466)</u>	<u>\$ -</u>	<u>\$ 1,901,220,065</u>

Changes in capital assets as of December 31, 2023 are as follows:

	Balance January 1, 2023	Additions	Retirements/ Deletions	Transfers	Balance December 31, 2023
Capital Assets not being depreciated:					
Land	\$ 67,234,172	\$ -	\$ -	\$ -	\$ 67,234,172
Construction in Process	115,958,573	92,413,798	-	(32,134,771)	176,237,600
Total Capital Assets not being depreciated	183,192,745	92,413,798	-	(32,134,771)	243,471,772
Capital Assets being amortized:					
Capacity Rights, net of amortization	269,177,585	(10,650,699)	-	18,788,841	277,315,727
Other Capital Assets:					
Water Facilities	759,876,099	14,693,178	(7,575,368)	2,584,598	769,578,507
Wastewater Facilities	695,586,558	10,027,240	-	939,547	706,553,345
Reclaimed Water Facilities	4,111,002	362,143	-	-	4,473,145
Building and Improvements	305,872,618	-	-	608,704	306,481,322
Machinery and Equipment	193,908,893	2,322,289	(614,816)	9,213,081	204,829,447
Right-of-use assets - Leases	1,553,180	549	(1,338,573)	-	215,156
Right-of-use assets - SBITAs*	7,570,183	-	-	-	7,570,183
Total Other Capital Assets	1,968,478,533	27,405,399	(9,528,757)	13,345,930	1,999,701,105
Total Capital Assets	2,420,848,863	109,168,498	(9,528,757)	-	2,520,488,604
Less Accumulated Depreciation/ Amortization for:					
Water Facilities	(185,380,887)	(16,647,849)	905,438	-	(201,123,298)
Wastewater Facilities	(246,019,611)	(17,283,483)	-	-	(263,303,094)
Reclaimed Water Facilities	(452,204)	(125,462)	-	-	(577,666)
Building and Improvements	(70,588,354)	(7,525,630)	-	-	(78,113,984)
Machinery and Equipment	(133,766,697)	(14,995,527)	613,120	-	(148,149,104)
Right-of-use assets - Leases	(79,823)	(67,312)	-	-	(147,135)
Right-of-use assets - SBITAs*	(1,954,522)	-	-	-	(1,954,522)
Total Accumulated Depreciation	(638,242,098)	(56,645,263)	1,518,558	-	(693,368,803)
Total Capital Assets, net	\$ 1,782,606,765	\$ 52,523,235	\$ (8,010,199)	\$ -	\$ 1,827,119,801

* Includes implementation of GASB 96, Subscription-Based IT arrangements for year ended 12.31.23

4A. Leases

Lease Payable

The Authority has entered into various lease agreements for equipment. Leases have initial terms of: 5 years (printer), 5 years (postage meter), 2 years (.25 acres of land) and 2 years (18,000 SF Storage yard); and contain one or more renewals at our option. We have generally included these renewal periods, if available in the lease term when it is reasonably certain that we will exercise the renewal option. The Authority's lease arrangements do not contain any material residual value guarantees. As the interest rates implicit in the Authority's leases are not readily determinable, the incremental borrowing rate is utilized to discount the lease payments. One lease for the postage meter was terminated during 2024 resulting in a loss of \$678. One lease for a tower rental was terminated in 2023 resulting in a gain of \$68,836.

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

	<u>2024</u>	<u>2023</u>
Right-of-Use Assets	\$ 271,002	\$ 134,784
Right-of-Use Assets, Net	<u>\$ 117,420</u>	<u>\$ 68,021</u>

<u>Lease Payable</u>	<u>2024</u>	<u>2023</u>
Current	105,755	\$ 42,944
Non-current	23,643	26,276
Total	<u>\$ 129,398</u>	<u>\$ 69,220</u>

The future principal and interest lease payments as of December 31, 2024 were as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	105,755	2,504
2026	16,188	410
2027	4,933	169
2028	2,522	28
Total	<u>\$ 129,398</u>	<u>\$ 3,111</u>

Lease Receivable

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

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

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 379,510	\$ 120,914
2026	405,754	109,171
2027	386,758	96,798
2028	318,361	86,580
2029	249,170	77,569
2030-2034	1,102,844	285,335
2035-2039	1,086,772	127,866
2040-2041	272,968	4,910
Total	<u>\$ 4,202,137</u>	<u>\$ 909,143</u>

The total amount of deferred inflows of resources relating to leases are as follows:

	<u>2024</u>	<u>2023</u>
Principal	\$ 178,128	\$ 483,506

4B. Subscription-Based Information Technology Agreements (SBITAs)

The Authority entered into various SBITAs for software subscriptions. Most SBITA contracts have initial terms of 1 year and contain one or more renewals at our option. The Authority has generally included these renewal periods in the SBITA term when it is reasonably certain that renewal option will be exercised. For renewal options without specified amounts, the Authority calculates an annual increase based on the U.S. Consumer's Price Index: Information Technology, Hardware and Services. The SBITAs generally include termination options which are reasonably certain not to be exercised. As the interest rates implicit in the Authority's SBITAs are not readily determinable, the incremental borrowing rate is utilized to discount the fixed SBITA subscription payments. The Authority has a SBITA with variable payments based on usage of the underlying IT asset. Total payments for this SBITA were \$565,242 and \$482,780 for 2024 and 2023 respectively. Variable SBITAs are excluded from the liability measurement.

The beginning balance of other capital assets (note 4) at January 1, 2023 was restated for implementation of GASB 96, Subscription-Based Information Technology Arrangements.

<u>Right-of-use assets:</u>	<u>2024</u>	<u>2023</u>
SBITAs	\$ 8,225,818	\$ 7,570,183
SBITAs, net of Amortization	<u>\$ 4,299,878</u>	<u>\$ 5,615,661</u>

<u>SBITAs Payable</u>	<u>2024</u>	<u>2023</u>
Current	\$ 1,555,881	\$ 1,780,389
Non-current	<u>2,263,750</u>	<u>3,289,071</u>
Total	<u>\$ 3,819,631</u>	<u>\$ 5,069,460</u>

The future principal and interest SBITA payments as of December 31, 2024 were as follows:

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,555,881	\$ 113,142
2026	1,388,447	65,731
2027	331,717	23,699
2028	199,549	13,651
2029	205,661	7,539
2030-2033	<u>138,376</u>	<u>1,557</u>
Total	<u>\$ 3,819,631</u>	<u>\$ 225,319</u>

5. Oversizing Reimbursements

Oversizing reimbursements represent the current payable to developers who constructed oversized facilities and entered into an agreement to be reimbursed as availability charges to that particular portion of the system are received. The Authority provides reimbursements annually for oversized facilities. Amounts payable for oversizing reimbursements are recorded only when availability and/or local facility fees are received. The amount of unrecorded but potential reimbursements if all requirements are met is \$73,608,351 and \$60,575,537 for 2024 and 2023, respectively.

6. Long-term Obligations

A. Revenue Bonds Payable

The Authority issues revenue bonds to provide funds for the acquisition and construction of major capital facilities and for refunding of higher-interest revenue bonds. The payment of principal and interest on all revenue bonds is collateralized by a security interest in and pledge of the "Net Revenues" derived from the

ownership and operation of the system. “Net Revenues” of the system are defined as all revenues, receipts and other income derived from the ownership or operation of the system, including availability charges and any investment earnings, after deducting operating expenses (exclusive of depreciation and amortization).

Per the bond agreements, upon the occurrence of any event of default, the Trustee may, and if requested by the Owner of not less than twenty-five percent in aggregate principal amount of the bonds then outstanding will, by notice to the Authority, invoke the acceleration clause declaring the entire unpaid principal of and interest on the bonds due and payable. Upon the occurrence of an event of default the Trustee may pursue any available remedy, at law or in equity, to enforce the payment of the principal and interest of the bonds.

The bond covenants contain certain provisions that require the maintenance of revenues of at least 1.2 times annual senior debt service requirements. During 2024 and 2023, the Authority continued to be in compliance with all covenants associated with the bond indentures.

At December 31, 2024, \$17,050,000, \$21,605,000, \$31,875,000, \$4,670,000, \$22,770,000, \$17,872,000, \$65,045,000, \$60,290,000, \$30,075,000, \$27,765,000, and \$64,700,000 respectively, of series 1996, 1996A, 1998, 1999, 2000, 2009, 2004, 2007, 2010, 2012, and 2013 bonds outstanding are considered defeased.

The Authority is required to adhere to the rebate and reporting requirements of the federal tax code pertaining to arbitrage. The Authority has contracted with an outside consultant to perform annual arbitrage rebate calculations on all outstanding revenue bond issues. At December 31, 2024, the Authority had \$0 arbitrage rebate payable to the federal government and \$391,177 accrued for future liability. At December 31, 2023, the Authority had \$52,057 arbitrage rebate payable to the federal government.

Outstanding long-term debt at December 31, 2024 and 2023 includes the following bond issues:

	<u>2024</u>	<u>2023</u>
\$25,000,000 Water and Sewer System Revenue Bonds, Variable Rate Series 2005 (Parity Indebtedness); due in annual installments of \$785,000 to \$1,505,000 through January 2030, plus interest payable semi-annually of 0.03% at December 31, 2015; interest rates will vary weekly based on comparable bonds and the short term interest rate.....	\$ 8,295,000	\$ 9,520,000
\$117,235,000 Water and Sewer System Revenue and Refunding Bonds, Series 2015; due in annual installments of \$750,000 to \$6,590,000 beginning January 2016 through 2045; plus interest payable semi-annually ranging from 2.0% to 5.0%	12,775,000	95,420,000
\$23,095,000 Water and Sewer System Revenue Refunding Bonds, Series 2019; due in annual installment of \$2,120,000 to \$6,015,000 beginning January 2022 through 2029; plus interest payable semi-annually of 5%	16,455,000	18,750,000
\$76,055,000 Water and Sewer System Revenue and Refunding Bonds, Series 2021; due in annual installments of \$965,000 to \$6,545,000 beginning January 2022 through 2043; plus interest payable semi-annually ranging from .06% to 2.10%	69,280,000	72,945,000
\$70,935,000 Water and Sewer Revenue and Refunding Bonds, Series 2024; due in annual installments of \$4,010,000 to \$6,225,000 beginning January 2028 through 2045; plus interest payable semi-annually ranging from 3% to 5%	70,935,000	-
Total Outstanding Long-term Debt.....	177,740,000	196,635,000
Unamortized Premiums, net.....	21,557,146	21,207,200
Total Bonded Debt.....	<u>\$ 199,297,146</u>	<u>\$ 217,842,200</u>

The combined revenue bond debt service requirements to maturity for all issues are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2025	\$ 11,615,000	\$ 6,267,485	\$ 17,882,485
2026	12,190,000	6,746,557	18,936,557
2027	12,710,000	6,217,669	18,927,669
2028	12,720,000	5,632,920	18,352,920
2029	13,350,000	4,988,319	18,338,319
2030-2034	58,005,000	16,199,268	74,204,268
2035-2039	34,805,000	6,028,409	40,833,409
2040-2044	19,465,000	1,889,301	21,354,301
2045	2,880,000	50,400	2,930,400
Total	<u>\$ 177,740,000</u>	<u>\$ 54,020,328</u>	<u>\$ 231,760,328</u>

Refunding:

In 2024, the Authority issued the \$70,935,000 Water and Sewer System Revenue and Refunding Bonds, Series 2024, with interest rates ranging from 3.0% to 5.0%. The proceeds were used to refund a portion of the outstanding Series 2015 Water and Sewer System Revenue and Refunding Bonds as well as pay the costs of issuance of the Series 2024 bonds. The Series 2015 Bonds which were refunded had interest rates ranging from 4% to 5%. Net proceeds for the refunding of \$79,645,521 were deposited in an irrevocable trust with an escrow agent and used to extinguish the refunded debt. As a result, the 2028-2045 portions of the outstanding Series 2015 Bonds are considered defeased and the liability has been removed from the statement of net position. The escrow agent called the 2028-2045 portion of the Series 2015 bonds on January 1, 2025. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by \$2,809,243. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The Authority refunded the Series 2015 Water and Sewer System Revenue Bonds to reduce its total debt service payments by \$8,446,892 and obtain a net economic gain (the difference between the present values of the debt service payments on the refunded bonds and debt service payments on the Series 2024 Bonds plus the release of funds from the Debt Service Reserve Fund) of \$5,329,525.

B. Fairfax Water Agreement

In June 1989, the Authority entered into Water Service Agreement #2 with Fairfax Water to pay for the reservation of 10 MGD of water capacity which became available in February 1993, when construction of the project was completed. In February 1993, the Authority began amortizing the Purchased Capacity Rights over its useful life of 40 years.

In addition, the Water Service Agreement requires the Authority to make 480 equal monthly payments of \$2,760 with respect to additional storage capacity.

In December 1993, the Authority entered into a Second Amendment Agreement to Water Service Agreement #2 for the purchase of an additional 5 MGD of water capacity with the option to acquire further capacity of 5 MGD as well as storage capacity at the Randolph Reservoir. The Agreement obligates the Authority to make 420 equal monthly payments of \$95,565 and \$1,695 for the additional 5 MGD of capacity and storage capacity, respectively. The Authority continues to make equal monthly payments of \$1,695 for the storage capacity at the Randolph Reservoir.

In July 1996, the Authority exercised its option to purchase additional storage capacity at the Randolph Reservoir for which it now makes equal monthly payments of \$1,911.

In June 2004, the Authority entered into Water Service Agreement No. 5 regarding the allocated cost for the expansion of the Corbalis Water Treatment Plant, which will allow for an additional 30 MGD of water treatment capacity. The Authority has made payments to Fairfax Water for estimated projected costs of approximately \$116.5 million as of December 31, 2019. Expansion of the Corbalis Plant is now substantially complete.

In February 2015, the Authority entered into Water Service Agreement No. 6 for the purchase of an additional 10 MGD transmission capacity from the Fox Mill Pumping Station to the Route 50/Route 28 interchange and 10 MGD of transmission capacity from the Route 50/Route 28 interchange to the Loudoun County line. The Authority made payments of \$3,816,870 and \$7,439,084, respectively, for the purchase of these capacities.

These Agreements shall continue as long as Fairfax Water's system remains in existence and operation. In the event of default, the Authority is obligated to continue making all payments and Fairfax Water is obligated to continue service otherwise due under the agreement.

The remaining payment obligations for the agreements with Fairfax Water are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2025	\$ 64,366	\$ 12,021	\$ 76,387
2026	66,547	9,840	76,387
2027	68,804	7,583	76,387
2028	71,159	5,250	76,409
2029	41,745	2,841	44,586
2030-2032	45,019	1,900	46,919
Total	<u>\$ 357,640</u>	<u>\$ 39,435</u>	<u>\$ 397,075</u>

C. Bonds Payable/Virginia Resources Authority (VRA)

Green Reserve Initiative

In April 2011, the Virginia State Water Control Board authorized funding from the Virginia Clean Water Revolving Loan Fund to Loudoun Water to finance energy improvements (Green Reserve project), including the installation and modification of heat reclamation equipment, installation of solar panel and wind turbines, and construction of a permanent reclaimed water dispensing station together with related expenses. The funding consists of 50 percent principal forgiveness loan of \$102,000 and principal repayment loan of \$102,000 for a total funding package of \$204,000. The principal repayment loan has an interest rate of 2.93% which includes a fee of 0.20% for administrative and management services attributable to the loan. Payments began approximately six months after project completion for a term of 20 years. The loan may be prepaid in whole or in part any time, after final payment to the contractor, without penalty. In the event of default, outstanding amounts become immediately due and payable without further notice or demand.

The loan will be secured by a pledge of revenues and will be issued on a parity basis with all outstanding bonds secured by Loudoun Water's system revenues. The loan is being administered through the Virginia Resources Authority (VRA).

The remaining payment obligations for the agreement with VRA are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2025	\$ 5,870	\$ 1,034	\$ 6,904
2026	6,043	861	6,904
2027	6,221	683	6,904
2028	6,405	499	6,904
2029	6,594	310	6,904
2030	5,618	115	5,733
Total	<u>\$ 36,751</u>	<u>\$ 3,502</u>	<u>\$ 40,253</u>

D. Bonds Payable/Virginia Resources Authority (VRA), Administrator of Virginia Water Facilities Revolving Loan Fund

In April 2013, the State Water Control Board authorized funding into the amount of \$7,339,000 from the Virginia Water Facilities Revolving Loan Fund to Loudoun Water to finance the construction of a reclaimed water pump station and two storage tanks together with related expenses. The principal repayment loan has an interest rate of 1.70% which includes a fee of 0.20% for administrative and management services attributed to the loan. Payments began approximately six months after project completion for a term of 20 years. The loan may be repaid in whole or in part any time, after final payment to the contractor, without penalty. In the event of default, outstanding amounts become immediately due and payable without further notice or demand.

The loan will be secured by a pledge of revenues and will be issued on a parity basis with all outstanding bonds secured by Loudoun Water’s system revenues. The loan is being administered by the Virginia Resources Authority (VRA).

Fiscal Year Ending December 31,	Principal	Interest	Total
2025	\$ 376,359	\$ 67,404	\$ 443,763
2026	382,785	60,979	443,764
2027	389,320	54,444	443,764
2028	395,966	47,797	443,763
2029	402,726	41,037	443,763
2030-2034	2,111,490	99,677	2,211,167
Total	\$ 4,058,646	\$ 371,338	\$ 4,429,984

E. Summary of Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amounts Due within One Year
Bonds Payable:					
Revenue Bonds	\$ 196,635,000	\$ –	\$ (18,895,000)	\$ 177,740,000	\$ 11,615,000
VRA Loan Fund	4,471,140	–	(375,743)	4,095,397	382,229
Deferred Amounts:					
Issuance Premiums	21,207,200	2,282,774	(1,932,828)	21,557,146	2,229,131
Total Bonds Payable	222,313,340	2,282,774	(21,203,571)	203,392,543	14,226,360
Other Liabilities:					
FCWA Agreement	419,896	–	(62,256)	357,640	64,366
Compensated Absences	5,554,146	1,665,482	(1,095,995)	6,123,633	1,837,090
Other Post Employment Benefits	5,951,389	872,692	(4,088,114)	2,735,967	–
GLI Other Post Employment Benefits	1,498,062	–	(143,556)	1,354,506	–
Net Pension Liability	4,382,260	9,453,154	(10,423,055)	3,412,359	–
Total Long-term Liabilities	\$ 240,119,093	\$ 14,274,102	\$ (37,016,547)	\$ 217,376,648	\$ 16,127,816

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amounts Due within One Year
Bonds Payable:					
Revenue Bonds	\$ 207,180,000	\$ –	\$ (10,545,000)	\$ 196,635,000	\$ 11,070,000
VRA Loan Fund	4,840,508	–	(369,368)	4,471,140	375,743
Deferred Amounts:					
Issuance Premiums	23,080,768	–	(1,873,568)	21,207,200	1,873,569
Total Bonds Payable	235,101,276	–	(12,787,936)	222,313,340	13,319,312
Other Liabilities:					
FCWA Agreement	480,110	–	(60,214)	419,896	62,255
Compensated Absences	5,360,116	1,248,592	(1,054,562)	5,554,146	1,666,244
Other Post Employment Benefits	6,226,583	868,999	(1,144,193)	5,951,389	–
GLI Other Post Employment Benefits	1,471,767	26,295		1,498,062	–
Net Pension Liability	3,786,770	8,189,013	(7,593,523)	4,382,260	–
Total Long-term Liabilities	<u>\$ 252,426,622</u>	<u>\$ 10,332,899</u>	<u>\$ (22,640,428)</u>	<u>\$ 240,119,093</u>	<u>\$ 15,047,811</u>

7. Defined Benefit Pension Plan

Plan Description

The Virginia Retirement System (VRS) Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan net fiduciary 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.

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

VRS administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out on the following pages:

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About VRS Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About VRS Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election</p> <p>VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p><i>*Non-Eligible Members</i></p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions</p> <p>Same as Plan 1.</p>	<p>Retirement Contributions</p> <p>A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit</p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p><i>Defined Benefit Component:</i></p> <p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.</p> <p>It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined Contributions Component:</i></p> <p>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit.</p> <p>Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><i>Defined Benefit Component:</i></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i></p> <p>Defined contribution vesting is the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 73.</p>

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit</p> <p>The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit</p> <p>See definition under Plan 1</p>	<p>Calculating the Benefit</p> <p><i>Defined Benefit Component:</i> See definition under Plan 1</p> <p><i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.</p>	<p>Service Retirement Multiplier</p> <p>VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier</p> <p><i>Defined Benefit Component:</i> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members that 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.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions. Distribution is not required by law until age 73.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service credit equal 90.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><i>Eligibility:</i></p> <p>Same as Plan 1</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><i>Defined Benefit Component:</i></p> <p>Same as Plan 2.</p> <p><i>Defined Contribution Component:</i></p> <p>Not applicable.</p> <p><i>Eligibility:</i></p> <p>Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1 and Plan 2.</p>

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Eligible political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service.</p> <p>Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><i>Defined Benefit Component:</i></p> <p>Same as VRS Plan 1 with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component:</i></p> <p>Not applicable.</p>

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the VRS Retirement Plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>109</u>
Inactive members:	
Vested	45
Non-vested	95
Active elsewhere in VRS	<u>35</u>
Total inactive members	175
Active members	<u>340</u>
Total covered employees	<u><u>624</u></u>

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5% of annual base compensation toward their retirement. Through June 30, 2012, the Authority had assumed this 5% member contribution for its Plan 1 employees, both before and after the October 1, 2004 employer status change. In June 2010, the Authority's Board adopted a resolution to pay the full 5% member contribution for Plan 2 employees effective July 1, 2010. As the result of Virginia State legislative changes in 2012, VRS participating employers were required to begin withholding the 5% member contribution from employees, and give a corresponding increase in base salary. The Authority's Board adopted resolutions to implement the withholding and related salary increases at 5% effective July 1, 2012.

The Authority's contractually required contribution rate for fiscal year 2024 was 6.38% of covered employee compensation, based on an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. The total of employer and employee contributions to VRS were \$2,925,659 and \$2,835,880 for the years ended June 30, 2024 and 2023, respectively.

Net Pension Liability

The Authority's net pension liability (NPL) was measured as of June 30, 2023. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The Authority's total pension 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:

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change- 6.75%

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.

Discount Rate

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 employee contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used

in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, 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 the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balance at June 30, 2023	\$ 82,022,306	\$ 77,640,046	\$ 4,382,260
Changes for the Year:			
Service cost	2,144,519	-	2,144,519
Interest	5,552,916	-	5,552,916
Changes in assumptions	-	-	-
Difference between expected and actual experience	1,708,397	-	1,708,397
Contributions – employer	-	1,504,471	(1,504,471)
Contributions – employee	-	1,384,877	(1,384,877)
Net investment income	-	7,533,707	(7,533,707)
Benefit payments, including refunds of employee contributions	(3,802,803)	(3,802,803)	-
Administrative expense	-	(48,919)	48,919
Other charges	-	1,597	(1,597)
Net changes	<u>5,603,029</u>	<u>6,572,930</u>	<u>(969,901)</u>
Balance at June 30, 2024	<u>\$ 87,625,335</u>	<u>\$ 84,212,976</u>	<u>\$ 3,412,359</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension (asset) liability	\$ 15,963,560	\$ 3,412,359	\$ (6,608,422)

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

For the year ended June 30, 2024, the Authority recognized pension expense of \$1,037,094. The Authority also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual expense	\$ 1,801,978	\$ 237,880
Net change in assumptions	122,052	-
Net difference between projected and actual earnings on plan investments	-	2,145,542
Employer contributions subsequent to the measurement date*	763,933	-
Total	<u>\$ 2,687,963</u>	<u>\$ 2,383,422</u>

*\$763,933 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 of the Net Pension Liability in the year ending December 31, 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:

<u>Years Ended June 30,</u>	<u>Amount</u>
2026	\$ (1,202,551)
2027	1,151,405
2028	15,171
2029	(423,417)
2030	-
Thereafter	-
Total	<u>\$ (459,392)</u>

Pension Plan Data

The System issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

8. Other Post-Employment Benefits (OPEB)

A. OPEB Health Benefits

Plan Description

The Loudoun Water OPEB Trust Fund is a single-employer defined benefit healthcare plan (the Plan) administered by the Authority. The Plan provides health, dental, and vision insurance for eligible retirees, their spouses and dependents through the same plan that covers active employees. The Plan is available until the retiree reaches 65 years of age. Retired employees who participate in the Plan receive a health insurance premium contribution that will pay between 25% and 75% of the premium based on years of service. In order to participate, retirees must meet retirement eligibility requirements of the Virginia Retirement System and have a minimum of fifteen years of service with the Authority.

Loudoun Water began providing post-65 retiree health benefits in 2022. Health coverage is for retirees, spouses, and other covered dependents. Coverages include medical, prescription drug, dental and vision. Retirees, spouses, and other eligible dependents who are eligible for Medicare Parts A and B must enroll for Medicare coverage at age 65 and provide proof of enrollment 45 days prior to the Medicare coverage effective date in order to retain supplemental coverage. This change increased the plan's Total and Net OPEB Liability by about \$5.4 million as of December 31, 2022. This increase was immediately recognized in fiscal 2022 OPEB expense.

Employees Covered by Benefit Terms

As of the January 1, 2024 actuarial valuation, the following employees were covered by the benefit terms:

	<u>Number</u>
Active Participants	349
Retirees and Beneficiaries	19
Spouses	5
Beneficiaries	<u>1</u>
Total Participants	<u>374</u>

Contributions

The contribution requirements of plan members are established and may be amended by the Authority's Board of Directors. The Authority participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), which was established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for the purposes of GAAP are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to provide benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for payment of benefits in accordance

with the terms of the plan. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, VACo/VML at 8 E Canal Street, Richmond, VA 23219.

Net OPEB Liability

The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024, using the update procedures to roll forward to the measurement date of December 31, 2024. The components of the net OPEB liability are as follows:

Total OPEB Liability	\$ 7,793,166
Fiduciary Net Position	<u>5,057,199</u>
Net OPEB Liability	\$ 2,735,967
Fiduciary Net Position as a percentage of the Total OPEB Liability	64.89%

Actuarial Assumptions

The Authority's total OPEB liability was based on an actuarial valuation as of January 1, 2024, 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 December 31, 2024:

Inflation	2.50%
Investment Return	6.50%, net of investment expense
Healthcare Cost Trend Rates	Based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model. 6.5% in 2024, 5.9% in 2025, then grading to an ultimate rate of 3.9% in 2073

Mortality Rates

Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service-related.
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Best estimates of real rates of return for each major asset class included in the OPEB plan's target asset allocation as of December 31, 2024, and the final investment return assumption, is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Rate of Return</u>
US Core Fixed Income	20.00%	2.36%	2.21%
US Large Cap Equity	21.00	5.33	3.71
US Small Cap Equity	10.00	6.82	4.24
Foreign Developed Equity	13.00	6.91	5.12
Emerging Market Equities	5.00	9.29	6.15
Private Real Estate Property	15.00	5.93	4.51
Private Equity	10.00	10.37	6.16
Hedge FOF Strategic	6.00	2.57	1.85
Assumed Inflation		2.30	2.30
Portfolio Real Mean Return		5.72	4.79
Portfolio Nominal Mean Return		8.02	7.20
Portfolio Standard Deviation			13.28
Long-Term Expected Rate of Return			6.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will continue in addition to the benefits paid. 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 rates of return on OPEB Trust investments were applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

The components of the net OPEB liability of the Authority at December 31, 2024 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2023	\$ 10,550,508	\$ 4,599,119	\$ 5,951,389
Changes for the Year:			
Service cost	182,474	-	182,474
Interest cost	685,064	-	685,064
Effect of economic/demographic gains or losses	(3,100,531)	-	(3,100,531)
Effect of assumption changes or inputs	(131,088)	-	(131,088)
Benefit payments	(393,261)	(393,261)	-
Contributions – employer	-	431,994	(431,994)
Net investment income	-	424,501	(424,501)
Administrative expense	-	(5,154)	5,154
Net changes	(2,757,342)	458,080	(3,215,422)
Balance at December 31, 2024	<u>\$ 7,793,166</u>	<u>\$ 5,057,199</u>	<u>\$ 2,735,967</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates

The sensitivity of the net OPEB liability to changes in the discount rate was calculated using the discount rate of 6.50%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate. The results of the sensitivity analysis are presented below:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Total OPEB Liability	\$ 8,787,281	\$ 7,793,166	\$ 6,963,329
Fiduciary Net Position	\$ 5,057,199	\$ 5,057,199	\$ 5,057,199
Net OPEB Liability	\$ 3,730,082	\$ 2,735,967	\$ 1,906,130

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The sensitivity of the net OPEB liability to changes in the healthcare cost trend rate was calculated using the current healthcare cost trend rate of 5.40%, as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is 1.00% lower or 1.00% higher than the current rate. The results of the sensitivity analysis are presented below:

	1% Decrease 5.50%	Current Trend Rate 6.50%	1% Increase 7.50%
Total OPEB Liability	\$ 6,799,329	\$ 7,793,166	\$ 9,018,121
Fiduciary Net Position	\$ 5,057,199	\$ 5,057,199	5,057,199
Net OPEB Liability	\$ 1,742,130	\$ 2,735,967	\$ 3,960,922

OPEB Expenses

	<u>2024</u>	<u>2023</u>
Service cost	\$ 182,474	\$ 209,927
Interest on total OPEB liability	685,064	655,018
Projected earnings on plan investments	(298,979)	(248,829)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains	(105,255)	179,197
Recognition of assumption changes or inputs	(142,302)	(130,276)
Recognition of investment losses or gains	(8,980)	(31,617)
Administrative expense	5,154	4,054
Total	<u>\$ 317,176</u>	<u>\$ 637,474</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 266,749	\$ 2,816,079
Net difference between projected and actual earnings	34,660	320,490
Changes in assumptions	35,029	-
Total	<u>\$ 336,438</u>	<u>\$ 3,136,569</u>

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

<u>Years Ended December 31,</u>	<u>Amount</u>
2025	\$(220,659)
2026	(173,782)
2027	(329,693)
2028	(322,528)
2029	(297,422)
Thereafter	(1,456,047)
Total	<u>\$ (2,800,131)</u>

B. OPEB Group Life Insurance (GLI)

Plan Description

The Virginia Retirement System Group Life Insurance (GLI) Plan is a multi-employer, cost sharing plan. The GLI program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the GLI Program OPEB and the additions to/deductions from the GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

All full-time, salaried permanent employees of the Authority are automatically covered by the GLI program upon employment. The plan is administered by the Virginia Retirement System along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life 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 insurance program, it is not included as part of the GLI OPEB Program.

The specific information for GLI Program OPEB, including eligibility coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PROVISIONS

Eligible Employers

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

Benefit Amounts

The benefits payable under the GLI Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

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

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

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

Contributions

The contribution requirements for the GLI Program 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 GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or a part of the employee contribution, however the employer must pay all of the employer contribution. The Authority has elected to pay all of the employee contributions in addition to the employer contributions.

The Authority's contractually required contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 GLI Program from the Authority were \$168,295 and \$171,560 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, the Authority reported a liability of \$1,354,506 and \$1,498,062, respectively, 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 as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program 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 Authority's proportion was 0.121% as compared to 0.125% at June 30, 2023.

For the year ended June 30, 2024, the Authority recognized GLI OPEB expense of \$50,402. 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.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 213,637	\$ 33,086
Net difference between projected and actual earnings	-	114,171
Changes in assumptions	7,721	67,127
Changes in proportionate share	51,932	43,380
Employer contributions subsequent to the measurement date*	75,231	-
Total	<u>\$ 348,521</u>	<u>\$ 257,764</u>

*\$75,231 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 fiscal year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Years Ended December 31,</u>	<u>Amount</u>
2025	\$ (47,615)
2026	35,041
2027	207
2028	13,249
2029	14,644
Thereafter	-
Total	<u>\$ 15,526</u>

Actuarial Assumptions

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

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

Mortality Rates

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.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change- 6.75%

Net GLI OPEB Liability

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

Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		<u>3,080,133</u>
GLI Net OPEB Liability	\$	1,115,922
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		73.41%

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 Stmt. 74 in the System’s notes to the financial statements and required supplementary information.

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:

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

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

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 employee contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the employer rate contributed by the Authority will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2023 on, employers are assumed 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 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 1.00% lower or 1.00% higher than the current rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net OPEB Liability - Group Life Insurance	\$ 2,106,433	\$ 1,354,506	\$ 747,048

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://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.

C. Combined OPEB Plans

The OPEB Trust and VRS GLI have been reported separately since each plan has different and distinct characteristics, reporting requirements and valuations. For purposes of aiding the reader of these financial statements in gaining a full understanding of the impact of total OPEB requirements on the net position of the Authority, the following combined schedule is presented:

	<u>OPEB Trust</u>	<u>VRS GLI</u>	<u>Total OPEB Combined</u>
Net OPEB Liability	\$ 2,735,967	\$ 1,354,506	\$ 4,090,473
OPEB Expense	317,176	50,402	367,578
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 266,749	\$ 213,637	\$ 480,386
Changes in assumptions	34,660	7,721	42,381
Changes in proportionate share	-	51,932	51,932
Net difference between projected and actual earnings	35,029	-	35,029
Employer contribution subsequent to measurement date.	-	75,231	75,231
Total Deferred Outflows of Resources	\$ 336,438	\$ 348,521	\$ 684,959
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 2,816,079	\$ 33,086	\$ 2,849,165
Net difference between projected and actual earnings	-	114,171	114,171
Changes in assumptions	320,490	67,127	387,617
Changes in proportionate share	-	43,380	43,380
Total Deferred Inflows of Resources	\$ 3,136,569	\$ 257,764	\$ 3,394,333

9. Net Investment in Capital Assets

Net investment in capital assets includes all capital assets as well as purchased capacity rights. These values have been recorded net of depreciation, outstanding principal related to the asset and any unspent bond proceeds related to the outstanding debt.

Net investments in capital assets are as follows:

	<u>2024</u>	<u>2023</u>
Net Capital Assets	\$ 1,901,220,065	\$ 1,827,119,801
Net Deferred Outflows/Inflows of Resources	(1,944,625)	2,598,719
Lease & Subscription Liability	(3,949,029)	(5,138,680)
Capital Related Debt	(217,515,132)	(241,411,596)*
	<u>\$ 1,677,811,279</u>	<u>\$ 1,583,168,244</u>

*2023 Net Investment in Capital Assets restated due to formula error - net effect is a decrease of \$43,985,944

10. Restricted Net Position

Restricted net position reflects that portion of total net position legally or contractually segregated for a specific future use. The following amounts represent restricted net position at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Revenue Bond Accounts	\$ 28,918,986	\$ 33,589,118
Other Restricted Assets	11,022,291	7,503,121
Revenue Bond Payable for Unspent Bond Proceeds	–	(3,314,610)
Customer Advance Payment Fees	(2,716,502)	(2,610,185)
Developers' Advances Payable	(25,000)	(25,000)
Performance Bonds	(8,063,955)	(4,656,546)
Maintenance Bonds	(216,833)	(211,390)
Bond Interest Payable	(2,578,257)	(3,823,866)
	<u>\$ 26,340,730</u>	<u>\$ 26,450,642</u>

11. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased through the Virginia Municipal Liability Pool, a public entity risk pool that provides commercial general liability, property, automobile and other types of insurance coverage. Settled claims from these risks did not exceed coverage in the three most recent fiscal years.

The Authority also has coverage with the Virginia Municipal Group Self Insurance Association (Association) for workers' compensation. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays Virginia Municipal Group 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.

12. Commitments and Contingencies

A. Broad Run Water Reclamation Facility

In 1998, the Authority initiated the Broad Run Water Reclamation Facility (BRWRF) Preliminary Design Study to identify the best overall solution to meet the area's increasing need for wastewater treatment while considering and protecting the interests of the community and the environment. The study was completed in 2000 at a cost of approximately \$975,000. After extensive evaluation, the Authority identified membrane bioreactor (MBR) technology as the most promising treatment process for the future BRWRF and began pilot testing of the process in 2000. The pilot program was completed in May of 2001, and the BRWRF became operational on April 1, 2008. As of December 31, 2024, the Authority has paid approximately \$237.7 million in expenses associated with the plant.

In 2011, Fairfax County purchased 1 MGD of capacity at the BRWRF for the amount of \$20.9 million. The Authority is committed to reserve this capacity for Fairfax County.

B. District of Columbia Water and Sewer Authority (DC Water)

In 1998, the Authority, DC Water and the District of Columbia executed an Agreement whereby DC Water agreed to provide wastewater treatment capacity at the Blue Plains Wastewater Treatment Plant, as well as corresponding transmission entitlements in the Potomac Interceptor System. The Authority pays DC Water for capital expenses based on the Authority's allocated capacity of 13.8 MGD. Operation and maintenance costs are based on actual flows. For the year ended December 31, 2024, the Authority paid DC Water approximately \$10.0 million for on-going capital improvements at Blue Plains.

C. Claims and Legal Proceedings

The Authority has become subject to litigation incidental to its business. Management, based on consultation with legal counsel, expresses no opinion on outcome, results or even likelihood.

Required Supplementary Information



SLOW

Stormwater leaving the bioretention basin makes its way through a bioswale. The meandering river rock swale continues to slow the speed of water allowing for further infiltration and capture of sediments.



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending December 31				
	2024	2023	2022	2021	2020
Total Pension Liability					
Service Cost	\$ 2,144,519	\$ 2,051,623	\$ 1,898,743	1,956,296	\$ 1,919,064
Interest	5,552,916	5,233,985	5,004,697	4,442,818	4,250,110
Change in Assumptions	–	–	–	1,749,440	–
Difference Between Actual and Expected Experience	1,708,397	858,406	(649,559)	939,515	(825,248)
Benefit Payments, including Refunds of Employee Contributions	(3,802,803)	(3,221,198)	(2,798,620)	(2,526,734)	(2,451,244)
Net Change in Total Pension Liability	5,603,029	4,922,816	3,455,261	6,561,335	2,892,682
Total Pension Liability - Beginning	82,022,306	77,099,490	73,644,229	67,082,894	64,190,212
Total Pension Liability - Ending (a)	<u>\$ 87,625,335</u>	<u>\$ 82,022,306</u>	<u>\$ 77,099,490</u>	<u>\$ 73,644,229</u>	<u>\$ 67,082,894</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,504,471	\$ 1,473,732	\$ 1,396,494	\$ 1,343,555	\$ 1,051,036
Contributions - Employee	1,384,877	1,348,905	1,205,444	1,159,638	1,147,676
Net investment Income	7,533,707	4,770,886	(99,902)	15,938,755	1,094,029
Benefit Payments, including Refunds of Employee Contributions	(3,802,803)	(3,221,198)	(2,798,620)	(2,526,734)	(2,451,244)
Administrative Expense	(48,919)	(46,922)	(45,554)	(38,631)	(36,638)
Other	1,597	1,923	1,723	1,512	(1,303)
Net Change in Plan Fiduciary Net Position	\$ 6,572,930	\$ 4,327,326	\$ (340,415)	\$ 15,878,095	\$ 803,556
Plan Fiduciary Net Position - Beginning	77,640,046	73,312,720	73,653,135	57,775,040	56,971,484
Plan Fiduciary Net Position - Ending (b)	<u>\$ 84,212,976</u>	<u>\$ 77,640,046</u>	<u>\$ 73,312,720</u>	<u>\$ 73,653,135</u>	<u>\$ 57,775,040</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,412,359</u>	<u>\$ 4,382,260</u>	<u>\$ 3,786,770</u>	<u>\$ (8,906)</u>	<u>\$ 9,307,854</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	96.11%	94.66%	95.09%	100.01%	86.12%
Covered Payroll	\$ 30,978,986	\$ 30,388,437	\$ 28,142,703	\$ 26,097,117	\$ 24,924,480
Net Pension Liability as a percentage of Covered Payroll	11.02%	14.42%	13.46%	-0.03%	37.34%

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending December 31				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 1,822,392	\$ 1,796,398	\$ 1,854,142	\$ 1,807,259	\$ 1,773,936
Interest	3,927,320	3,694,873	3,477,398	3,218,327	3,009,500
Change in Assumptions	2,012,467	–	(1,199,985)	–	–
Difference Between Actual and Expected Experience	1,496,869	(36,206)	837,373	340,825	(326,390)
Benefit Payments, including Refunds of Employee Contributions	(2,343,971)	(1,927,653)	(1,796,647)	(1,534,137)	(1,413,476)
Net Change in Total Pension Liability	6,915,077	3,527,412	3,172,281	3,832,274	3,043,570
Total Pension Liability - Beginning	57,275,135	53,747,723	50,575,442	46,743,168	43,699,598
Total Pension Liability - Ending (a)	<u>\$ 64,190,212</u>	<u>\$ 57,275,135</u>	<u>\$ 53,747,723</u>	<u>\$ 50,575,442</u>	<u>\$ 46,743,168</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,038,736	\$ 1,681,357	\$ 1,100,980	\$ 1,510,324	\$ 651,113
Contributions - Employee	1,313,832	1,088,084	1,165,954	1,168,027	1,078,785
Net investment Income	3,602,161	3,683,582	5,388,063	772,404	1,827,075
Benefit Payments, including Refunds of Employee Contributions	(2,343,971)	(1,927,653)	(1,796,647)	(1,534,137)	(1,413,476)
Administrative Expense	(34,674)	(30,974)	(30,088)	(25,392)	(23,671)
Other	(2,274)	(3,314)	(4,834)	(319)	(388)
Net Change in Plan Fiduciary Net Position	\$ 3,573,810	\$ 4,491,082	\$ 5,823,428	\$ 1,890,907	\$ 2,119,438
Plan Fiduciary Net Position - Beginning	53,397,674	48,906,592	43,083,164	41,192,257	39,072,819
Plan Fiduciary Net Position - Ending (b)	<u>\$ 56,971,484</u>	<u>\$ 53,397,674</u>	<u>\$ 48,906,592</u>	<u>\$ 43,083,164</u>	<u>\$ 41,192,257</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,218,728</u>	<u>\$ 3,877,461</u>	<u>\$ 4,841,131</u>	<u>\$ 7,492,278</u>	<u>\$ 5,550,911</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.75%	93.23%	90.99%	85.19%	88.12%
Covered Payroll	\$ 23,482,772	\$ 22,590,740	\$ 21,575,706	\$ 20,476,432	\$ 17,866,892
Net Pension Liability as a percentage of Covered Payroll	30.74%	17.16%	22.44%	36.59%	31.07%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions – Pension

Fiscal Year Ending December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 1,524,244	\$ 1,524,244	\$ –	\$ 31,638,299	4.70%
2023	1,485,677	1,485,677	–	30,229,946	4.91%
2022	1,439,608	1,439,608	–	27,882,283	5.16%
2021	1,361,259	1,361,259	–	26,508,440	5.14%
2020	1,195,288	1,195,288	–	25,636,401	4.66%
2019	1,040,880	1,040,880	–	23,878,697	4.36%
2018	1,083,514	1,083,514	–	23,177,069	4.67%
2017	1,110,465	1,110,465	–	21,983,932	5.05%
2016	1,243,763	1,243,763	–	21,164,245	5.88%
2015	1,373,430	1,373,430	–	18,617,434	7.38%

Notes to Required Supplementary Information

Changes of Benefits 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, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates	Adjusted retirement rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; and changed final retirement age
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	No change
Salary Scale	No change
Discount Rate	No change - 6.75%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ending December 31			
	2024	2023	2022	2021
Total OPEB Liability				
Service Cost	\$ 182,474	\$ 209,927	\$ 118,863	\$ 109,362
Interest	685,064	655,018	293,073	271,726
Effect of Plan Changes	–	–	5,419,149	–
Effect of Economic/ Demographic Gain	(3,100,531)	–	157,773	157,158
Effect of Assumption Changes or Inputs	(131,088)	–	(168,621)	84,176
Benefit Payments	(393,261)	(357,788)	(328,497)	(279,289)
Net change in total OPEB liability	(2,757,342)	507,157	5,491,740	343,133
Total OPEB Liability - Beginning	10,550,508	10,043,351	4,551,611	4,208,478
Total OPEB Liability - Ending (a)	\$ 7,793,166	\$ 10,550,508	\$ 10,043,351	\$ 4,551,611
Plan Fiduciary Net Position				
Contributions - Employer	\$ 431,994	\$ 717,559	\$ 699,462	\$ 472,309
Net Investment Income/(Expense)	424,501	426,634	(486,444)	490,085
Benefit Payments	(393,261)	(357,788)	(328,497)	(279,289)
Administrative expense	(5,154)	(4,054)	(4,282)	(4,075)
Net change in plan fiduciary net position	458,080	782,351	(119,761)	679,030
Plan Fiduciary Net Position - Beginning	4,599,119	3,816,768	3,936,529	3,257,499
Plan Fiduciary Net Position - Ending (b)	\$ 5,057,199	\$ 4,599,119	\$ 3,816,768	\$ 3,936,529
Net OPEB Liability - Ending (a) - (b)	\$ 2,735,967	\$ 5,951,389	\$ 6,226,583	\$ 615,082
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	64.89%	43.59%	38.00%	86.49%
Covered Payroll	\$ 31,115,445	\$ 26,022,913	\$ 26,022,913	\$ 25,358,092
Net OPEB Liability as a percentage of Covered Payroll	8.79%	22.87%	23.93%	2.43%

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ending December 31			
	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 97,893	\$ 147,701	\$ 126,084	\$ 106,287
Interest	265,381	312,964	243,596	239,308
Effect of Plan Changes	-	-	-	-
Effect of Economic/ Demographic Gain	-	939,621	-	-
Effect of Assumption Changes or Inputs	-	(844,748)	-	166,826
Benefit Payments	(275,047)	(320,534)	(208,670)	(197,824)
Net change in total OPEB liability	88,227	235,004	161,010	314,597
Total OPEB Liability - Beginning	4,120,251	3,885,247	3,724,237	3,409,640
Total OPEB Liability - Ending (a)	\$ 4,208,478	\$ 4,120,251	\$ 3,885,247	\$ 3,724,237
Plan Fiduciary Net Position				
Contributions - Employer	\$ 559,698	\$ 634,534	\$ 491,070	\$ 471,624
Net Investment Income/(Expense)	385,525	372,586	(76,926)	191,749
Benefit Payments	(275,047)	(320,534)	(208,670)	(197,824)
Administrative expense	(3,130)	(2,695)	(2,317)	(1,886)
Net change in plan fiduciary net position	667,046	683,891	203,157	463,663
Plan Fiduciary Net Position - Beginning	2,590,453	1,906,562	1,703,405	1,239,742
Plan Fiduciary Net Position - Ending (b)	\$ 3,257,499	\$ 2,590,453	\$ 1,906,562	\$ 1,703,405
Net OPEB Liability - Ending (a) - (b)	\$ 950,979	\$ 1,529,798	\$ 1,978,685	\$ 2,020,832
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	77.40%	62.87%	49.07%	45.74%
Covered Payroll	\$ 24,260,228	\$ 24,260,228	\$ 20,783,700	\$ 20,783,700
Net OPEB Liability as a percentage of Covered Payroll	3.92%	6.31%	9.52%	9.72%

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions – OPEB

<u>Fiscal Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution (1) (2)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2024	\$ 431,994	\$ 431,994	\$ –	\$ 31,115,445	1.39%
2023	717,435	717,559	(124)	26,022,913	2.76%
2022	699,462	699,462	–	26,022,913	2.69%
2021	193,020	472,309	(279,289)	25,358,092	1.86%
2020	284,651	559,698	(275,047)	24,260,228	2.31%
2019	277,158	634,534	(357,376)	24,260,228	2.62%
2018	282,400	491,070	(208,670)	20,783,700	2.36%
2017	273,800	471,624	(197,824)	20,783,700	2.27%
2016	208,400	320,800	(112,400)	18,405,600	1.74%
2015	202,700	337,000	(134,300)	18,405,600	1.83%

- (1) The Authority established its OPEB trust during the fiscal year ending December 31, 2012
- (2) Employer contributions include trust contribution, implicit and explicit subsidy payments provided directly to retirees from the Authority's own resources

Notes to Required Supplementary Information

Changes of Benefits Terms

Loudoun Water began providing post-65 retiree health benefits in 2022. Health coverage is for retirees, spouses, and other covered dependents. Coverages include medical, prescription drug, dental and vision. Retirees, spouses, and other eligible dependents who are eligible for Medicare Parts A and B must enroll for Medicare coverage at age 65 and provide proof of enrollment 45 days prior to the Medicare coverage effective date in order to retain supplemental coverage. This change increased the plan's Total and Net OPEB Liability by about \$5.4 million as of December 31, 2022. This increase was immediately recognized in fiscal 2022 OPEB expense.

Changes of Assumptions

The following changes in actuarial assumptions were used to calculate the Actuarially Determined Contribution since the prior actuarial valuation.

Interest rate	6.50%, net of investment expense
Healthcare Cost Trend Rates	The healthcare trend assumption was updated. These rates are consistent with information from the Getzen Trend Model, Milliman's Health Cost Guidelines, and actuarial judgement. 6.5% in 2024, 5.9% in 2025, then grading to an ultimate rate of 3.9% in 2073
Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Changed to be consistent with those used in the June 30, 2021 actuarial valuation of the Virginia Retirement System. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Changed to be consistent with those used in the June 30, 2021 actuarial valuation of the Virginia Retirement System. 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	Changed to be consistent with those used in the June 30, 2021 actuarial valuation of the Virginia Retirement System. Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program

	Fiscal Year Ending December 31			
	2024	2023	2022	2021
Employer's Proportion of the Net GLI OPEB Liability	0.12%	0.12%	0.12%	0.12%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 1,354,506	\$ 1,498,062	\$ 1,471,767	\$ 1,433,335
Employer's Covered Payroll	\$ 31,165,740	\$ 29,423,291	\$ 26,588,296	\$ 25,417,749
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	4.35%	5.09%	5.54%	5.64%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%

	Fiscal Year Ending December 31			
	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability	0.12%	0.12%	0.12%	0.11%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 1,962,718	\$ 1,916,000	\$ 1,756,000	\$ 1,713,000
Employer's Covered Payroll	\$ 24,204,790	\$ 23,080,316	\$ 21,994,276	\$ 20,998,945
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.98%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions – Group Life Insurance Program

Fiscal Year Ending December 31,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 168,295	\$ 168,295	–	\$ 31,825,052	0.53%
2023	158,886	158,886	–	30,409,732	0.52%
2022	143,577	143,577	–	27,934,978	0.51%
2021	137,256	137,256	–	25,829,072	0.53%
2020	125,865	125,865	–	24,916,711	0.51%
2019	120,018	120,018	–	23,476,241	0.51%
2018	114,370	114,370	–	22,580,605	0.51%
2017	109,195	109,195	–	21,407,171	0.51%
2016	94,656	94,656	–	20,407,724	0.46%
2015	89,737	89,737	–	19,445,726	0.46%

Notes to Required Supplementary Information

Changes of Benefits 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, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows.

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 Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates	No change
Salary Scale	No change
Discount Rate	No change - 6.75%



Statistical Section



RELEASE

Stormwater is released into the reservoir in a controlled way through groundwater or overland flow. A stabilized edge of boulders and vegetation helps prevent erosion along the shoreline.



PROTECT

The sustainable water management practices installed at Reservoir Park help improve and protect the water quality in Beaverdam Reservoir. These efforts are part of the larger mission of Loudoun Water to protect and ensure the availability of clean drinking water for the community.

PROTECT

Beaverdam Reservoir is a vital source of drinking water for the community. The stormwater management practices used at Reservoir Park showcase Loudoun Water's mission to protect this critical resource.

We can all contribute to the protection of safe and reliable drinking water by practicing water conservation, preventing pollution and raising awareness about the importance of water stewardship.



A photograph of a person in a white kayak on a calm river. The person is wearing a blue shirt and a cap. The water is still, reflecting the sky and the surrounding green trees. In the foreground, a wooden railing with vertical slats is visible, suggesting the viewer is looking from a bridge or walkway. The sky is blue with some light clouds.

STATISTICAL SECTION

TABLE OF CONTENTS

The statistical section of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information say about the Authority's overall financial health. This information has not been audited by the independent auditor.

84-86 FINANCIAL TRENDS

These tables contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

86-91 REVENUE CAPACITY INFORMATION

These tables contain information to help the reader assess the Authority's significant revenue sources.

92-93 DEBT CAPACITY INFORMATION

These tables present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.

94-95 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.

96-97 OPERATING INFORMATION

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

Sources: Unless otherwise noted, the information in this section is derived from the Authority's Annual Comprehensive Financial Reports for the relevant year.

FINANCIAL TRENDS

Financial trend information is intended to help the reader understand how the Authority's financial well-being has changed over time.

TABLE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year				
	2024	2023	2022	2021	2020
Net Investment in Capital Assets	\$ 1,677,811,279	\$ 1,583,168,244*	\$ 1,571,174,883	\$ 1,571,358,973	\$ 1,486,736,687
Restricted	26,340,730	26,450,642	23,175,643	26,994,329	27,712,690
Unrestricted	384,711,609	331,442,955	300,392,021	271,898,986	315,181,493
Total Net Position	\$ 2,088,863,618	\$ 1,941,061,841	\$ 1,894,742,547	\$ 1,870,252,288	\$ 1,829,630,870

	Fiscal Year				
	2019	2018	2017	2016	2015
Net Investment in Capital Assets	\$ 1,472,036,076	\$ 1,439,867,536	\$ 1,382,225,134	\$ 1,269,997,525	\$ 1,146,550,399
Restricted	27,527,317	28,807,540	28,265,041	28,146,477	60,934,260
Unrestricted	277,642,398	228,707,756	232,221,546	255,905,913	267,020,978
Total Net Position	\$ 1,777,205,791	1,697,382,832	\$ 1,642,711,721	\$ 1,554,049,915	\$ 1,474,505,6374

*2023 Net Investment in Capital Assets restated due to formula error - net effect is a decrease of \$43,985,94

Source: Authority Annual Comprehensive Financial Report for the relevant year.

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Net Non-Operating Revenues (Expenses)	Gain (Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2024	\$ 178,058,867	\$ (150,359,032)	\$ 27,699,835	\$ 13,006,761	\$ 40,706,596	\$ 107,095,181	\$ 147,801,777
2023	124,906,044	(146,225,738)	(21,319,694)	4,740,669	(16,579,025)	62,898,319	46,319,294
2022	116,260,903	(139,227,410)	(22,966,507)	(13,023,831)	(35,990,338)	60,480,597	24,490,259
2021	111,771,057	(129,104,930)	(17,333,873)	(6,305,473)	(23,639,346)	64,260,764	40,621,418
2020	101,603,174	(124,552,400)	(22,949,226)	1,590,129	(21,359,097)	73,784,176	52,425,079
2019	99,226,529	(124,425,893)	(25,199,364)	4,660,199	(20,539,165)	100,362,124	79,822,959
2018	89,185,271	(106,226,900)	(17,041,629)	649,050	(16,392,579)	71,063,690	54,671,111
2017	87,924,692	(97,127,709)	(9,203,017)	(363,515)	(9,566,532)	98,228,338	88,661,806
2016	88,032,744	(87,679,863)	352,881	(1,843,791)	(1,490,910)	81,035,188	79,544,278
2015	81,280,474	(84,862,095)	(3,581,621)	(1,544,887)	(5,126,508)	100,803,381	95,676,873

Source: Authority Annual Comprehensive Financial Report for the relevant year.

TABLE 3**OPERATING REVENUES BY SOURCE**

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Water Revenue	Sewage Disposal Fees	Penalties & Fees ⁽¹⁾	Miscellaneous ⁽²⁾	Total
2024	\$ 61,263,558	\$ 64,873,469	\$ 4,610,843	\$ 47,310,997 ⁽³⁾	\$ 178,058,867
2023	57,503,490	61,851,733	5,088,150	462,671	124,906,044
2022	52,050,199	58,496,572	4,891,292	822,840	116,260,903
2021	50,691,670	55,927,713	4,194,679	956,995	111,771,057
2020	46,280,789	51,590,873	2,890,714	840,798	101,603,174
2019	45,633,147	49,239,167	3,467,889	886,326	99,226,529
2018	39,066,229	45,846,228	3,587,250	685,564	89,185,271
2017	36,896,957	46,072,656	4,104,368	850,711	87,924,692
2016	40,141,669	42,378,231	4,554,090	958,754	88,032,744
2015	37,418,322	38,445,588	4,316,302	1,100,262	81,280,474

Notes:

(1) Penalties and fees include plan review, inspection, and backflow prevention fees, cut-off/on charges and miscellaneous penalties.

(2) Miscellaneous income includes sales of goods and services, income from leased land and facilities and miscellaneous revenues.

(3) \$42 million from compensation related to an easement agreement.

Source: Authority Annual Comprehensive Financial Report for the relevant year.

TABLE 4**OPERATING EXPENSES**

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Personnel ⁽¹⁾	Repairs & Maintenance Materials	Supplies & Minor Equipment	Utilities	Contractual Services ⁽²⁾	Administration Costs ⁽³⁾	Depreciation and Amortization	Total Operating Expenses
2024	\$ 39,669,679	\$ 2,972,108	\$ 5,149,200	\$ 5,436,721	\$ 27,926,626	\$ (1,020,164)	\$ 70,224,862	\$ 150,359,032
2023	39,827,029	2,839,284	4,812,299	5,586,324	25,467,445	114,512	67,578,845	146,225,738
2022	41,666,238	2,601,976	4,215,871	4,855,769	21,420,718	742,413	63,724,425	139,227,410
2021	31,851,149	2,185,238	3,686,041	4,185,811	21,639,562	407,661	65,149,468	129,104,930
2020	32,326,145	2,080,958	3,642,959	4,261,666	21,349,099	1,300,414	59,591,159	124,552,400
2019	29,674,102	2,021,157	3,640,763	4,667,777	22,877,416	1,956,261	59,588,417	124,425,893
2018	24,697,189	2,138,653	2,722,103	3,838,745	21,942,482	903,983	49,983,745	106,226,900
2017	26,847,887	1,614,239	2,937,257	3,556,596	17,334,972	1,573,661	43,263,097	97,127,709
2016	23,237,460	1,656,789	2,638,127	3,395,861	17,487,714	1,053,450	38,210,462	87,679,863
2015	22,851,955	1,424,927	2,189,719	3,421,799	16,583,277	1,802,218	36,588,200	84,862,095

Notes:

(1) Total employment cost net of capitalized salaries.

(2) Contractual Services includes purchased water and sewage disposal fees, professional services, maintenance contracts and other contractual services.

(3) Administration Costs includes communication costs, insurance, travel, leases and rentals and miscellaneous costs.

Source: Authority Annual Comprehensive Financial Report for the relevant year.

TABLE 5**NON-OPERATING REVENUES AND EXPENSES**

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Availability Fees	Investment Income (Loss)	Gain (Loss) on Sale of Capital Assets	Interest Expense	Bond Issuance Costs	Contribution From (to) VDOT/ Government	Net Non-Operating Revenues/ (Expenses)
2024	\$ 3,097,735	\$ 16,047,494	\$ 41,541	\$ (6,664,251)	\$ (435,758)	\$ 920,000	\$ 13,006,761
2023	2,608,917	16,772,665	261,272	(8,232,254)	-	(6,669,931)	4,740,669
2022	2,824,127	(7,552,616)	100,517	(8,395,859)	-	-	(13,023,831)
2021	4,055,805	(1,594,623)	47,240	(8,519,663)	(294,232)	-	(6,305,473)
2020	5,495,167	5,980,479	(23,274)	(9,862,243)	-	-	1,590,129
2019	7,330,607	7,566,376	40,894	(10,137,709)	(139,969)	-	4,660,199
2018	6,248,570	5,195,499	13,069	(10,808,088)	-	-	649,050
2017	6,394,729	2,285,153	1,767,415	(10,810,812)	-	-	(363,515)
2016	4,764,399	2,462,585	41,847	(9,112,622)	-	-	(1,843,791)
2015	5,526,342	1,432,470	92,287	(7,602,084)	(993,902)	-	(1,544,887)

Note: Interest expense is net of capitalized interest.

Source: Authority Annual Comprehensive Financial Report for the relevant year.

REVENUE CAPACITY INFORMATION

Revenue capacity information is provided to assist the reader in understanding the Authority's significant revenue sources.

TABLE 6**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED (PER 1,000 GALLONS)**

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Gallons of Water Produced/Purchased (FCWA/Goose Creek/ Trap Rock/ Community Wells) (3)		Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Wastewater Treated		Total Direct Rates (per 1,000 gallons)(1)					
	Blue Plains (million gallons)	BRWRF (million gallons)				Water			Wastewater				
						Base Rate(2)	Tier 1	Tier 2	Tier 3	Base Rate(2)	Usage Rate		
2024	10,584,910	9,972,777	612,133	5.78%	4,867	3,358	\$ 13.38	\$ 2.94	8.16	10.93	\$ 13.37	\$ 5.76	
2023	10,040,137	9,390,845	649,292	6.47%	4,781	3,140	12.99	2.85	7.92	10.61	12.98	5.59	
2022	9,772,197	9,011,592	760,605	7.78%	4,886	3,025	12.61	2.77	7.69	10.30	12.60	5.43	
2021	9,602,260	8,776,686	825,574	8.60%	4,716	2,952	12.25	2.69	7.47	10.00	12.24	5.27	
2020	9,169,654	8,376,719	792,935	8.65%	4,868	3,046	11.95	2.62	7.29	9.76	11.94	5.14	
2019	9,380,390	8,461,067	919,323	9.80%	4,787	2,856	11.54	2.53	7.04	9.43	11.53	4.97	
2018	8,690,283	8,145,954	544,329	6.26%	5,082	2,389	11.15	2.44	6.80	9.11	11.14	4.80	
2017	8,678,789	8,250,441	428,348	4.94%	4,733	2,175	10.83	2.37	6.60	8.84	10.82	4.66	
2016	8,702,906	8,367,785	335,121	3.85%	4,731	1,858	10.51	2.30	6.41	8.58	10.50	4.52	
2015	8,501,733	7,765,499	736,234	8.66%	4,430	1,591	10.21	2.23	6.22	8.33	10.20	4.39	

Notes:

(1) Total direct rates are reviewed annually by the Authority. Any change to rates is subject to a public hearing and a change is adopted by a Resolution of the Board of Directors of the Authority.

(2) Base rates above represent one month of service.

(3) Starting in 2018 Community Wells production was added to the total.

Source: Authority Division of Finance and Operations and Maintenance.

TABLE 7**ANNUAL WATER AND SEWER PERMITS (ERCs)**

LAST TEN FISCAL YEARS (UNAUDITED)

<u>Fiscal Year</u>	<u>Water Permits Issued</u>	<u>Sewer Permits Issued</u>	<u>Total Permits</u>
2024	7,314	4,653	11,967
2023	2,918	2,052	4,970
2022	2,710	2,042	4,752
2021	4,242	2,865	7,107
2020	4,206	3,004	7,210
2019	6,268	4,278	10,546
2018	4,269	3,289	7,558
2017	4,097	3,575	7,672
2016	3,709	3,121	6,830
2015	4,703	3,974	8,677

Note: Equivalent Residential Connections (ERCs) are determined based upon the rated capacity of a water meter (e.g. the average amount of water which can flow through such a meter on a continuous basis) as compared to the rated capacity for a typical 5/8" residential water meter.

Source: Authority Division of Engineering.

TABLE 8**NUMBER OF WATER AND SEWER CUSTOMERS BY TYPE**

LAST TEN FISCAL YEARS (UNAUDITED)

<u>Fiscal Year</u>	<u>Water & Sewer</u>				<u>Total</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	
2024	82,639	5,194	–	–	87,833
2023	81,599	5,071	–	–	86,670
2022	80,568	5,001	–	–	85,569
2021	79,853	4,967	–	–	84,820
2020	78,773	4,850	–	–	83,623
2019	77,662	4,725	–	–	82,387
2018	76,096	4,555	–	–	80,651
2017	74,293	4,399	–	–	78,692
2016	72,179	4,196	–	–	76,375
2015	70,170	3,779	13	228	74,190

Notes: Information is from customer billing records as of December 31. "Commercial" includes apartments, multiple business malls, government buildings, schools and churches. As of 2016 only residential and commercial customer types are maintained.

Source: Authority Division of Finance.

TABLE 9

WATER AND SEWER RATES CENTRAL SYSTEM
LAST TEN FISCAL YEARS (UNAUDITED)

Water Rates ⁽¹⁾	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Base Rate (Meter Size)										
5/8"	\$ 13.38	\$ 12.99	\$ 12.61	\$ 12.25	\$ 11.95	\$ 11.54	\$ 11.15	\$ 10.83	\$ 10.51	\$ 10.21
3/4"	20.08	19.49	18.92	17.25	16.83	16.26	15.71	15.25	14.81	14.38
1"	40.15	38.98	37.84	36.26	35.38	34.18	33.03	32.06	31.13	30.23
1.5"	86.99	84.46	81.99	57.28	55.89	54.00	52.17	50.65	49.17	47.74
2"	160.60	155.92	151.36	92.31	90.06	87.01	84.07	81.62	79.24	76.94
3"	354.66	344.32	334.25	152.36	148.64	143.61	138.76	134.72	130.79	126.99
4"	649.09	630.18	611.75	252.43	246.28	246.28	229.90	223.21	216.71	210.41
6"	910.07	883.55	857.71	502.63	490.37	473.79	457.77	444.43	431.49	418.95
Usage Rate (per 1,000 gallons)										
Tier 1	\$ 2.94	\$ 2.85	2.77	\$ 2.69	\$ 2.62	\$ 2.53	\$ 2.44	\$ 2.37	\$ 2.30	\$ 2.23
Tier 2	\$ 8.16	7.92	7.69	7.47	7.29	7.04	6.80	6.60	6.41	6.22
Tier 3	\$ 10.93	10.61	10.30	10.00	9.76	9.43	9.11	8.84	8.58	8.33

Sewer Rates ⁽¹⁾	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Base Rate (Meter Size)										
5/8"	\$ 13.37	\$ 12.98	\$ 12.60	\$ 12.24	\$ 11.94	\$ 11.53	\$ 11.14	\$ 10.82	\$ 10.50	\$ 10.20
3/4"	20.06	19.47	18.91	17.50	17.08	16.50	15.94	15.48	15.03	14.59
1"	40.11	38.94	37.81	37.56	36.64	35.40	34.20	33.21	32.24	31.30
1.5"	86.91	84.37	81.92	59.71	58.25	56.28	54.38	52.79	51.26	49.77
2"	160.44	155.76	151.24	96.63	94.27	91.09	88.01	85.44	82.95	80.55
3"	354.31	343.97	333.99	159.93	156.03	150.75	145.66	141.41	137.29	133.31
4"	648.45	629.53	611.26	265.43	258.95	250.20	241.74	234.70	227.86	221.26
6"	909.16	882.64	857.03	529.17	516.26	498.80	481.94	467.90	454.27	441.11
Usage Rate (per 1,000 gallons)										
	\$ 5.76	\$ 5.59	\$ 5.43	\$ 5.27	\$ 5.14	\$ 4.97	\$ 4.80	\$ 4.66	\$ 4.52	\$ 4.39

Notes:

(1) Water and sewer rates are reviewed annually by the Authority. Any change to rates is subject to a public hearing and a change is adopted by a Resolution of the Board of Directors of the Authority. Base rates represent one month of service.

Source: Authority Division of Finance.

TABLE 10

WATER AND SEWER RATES COMMUNITY SYSTEMS
 LAST TEN FISCAL YEARS (UNAUDITED)

Water Rates ⁽¹⁾	Fiscal Year										
	2024	2023	2022	2021	2020	2019	2018	2017	2016 ⁽²⁾	2015	
Base Rate (Meter Size)											
5/8"	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	22.00
3/4"											15.25
1"											34.58
1.5"											55.94
2"											91.53
3"											152.55
4"											254.25
6"											508.50
Usage Rate (per 1,000 gallons)											
Tier 1											\$ 3.03
Tier 2											\$ 7.32
Tier 3											\$ 9.46
New Customers											
Established Customers	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	

Sewer Rates ⁽¹⁾	Fiscal Year										
	2024	2023	2022	2021	2020	2019	2018	2017	2016 ⁽²⁾	2015	
Base Rate (Meter Size)											
5/8"	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	22.20
3/4"											33.30
1"											75.48
1.5"											122.10
2"											199.80
3"											337.50
4"											555.00
6"											1,110.00
Usage Rate (per 1,000 gallons)											
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	11.34

Notes:
 (1) Water and sewer rates are reviewed annually by the Authority. Any change to rates is subject to a public hearing and a change is adopted by a Resolution of the Board of Directors of the Authority. Base rates represent one month of service.
 (2) Effective April 1, 2016 Community System rates are the same as Central System rates. Please refer to table 9 for Central System Rates.

Source: Authority Division of Finance.

TABLE 11**AVAILABILITY CHARGES**

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Residential (1)			Commercial (2)		
	Water	Wastewater	Total	Water	Wastewater	Total
2024	\$ 7,846	\$ 9,519	\$ 17,365	\$ 23,538	\$ 28,557	\$ 52,095
2023	7,617	9,241	16,858	22,851	27,723	50,574
2022	7,395	8,972	16,367	22,185	26,916	49,101
2021	7,180	8,711	15,891	21,540	26,134	47,674
2020	7,039	8,541	15,580	21,118	25,622	46,740
2019	6,901	8,373	15,274	20,704	25,120	45,824
2018	6,766	8,209	14,975	20,298	24,627	44,925
2017	6,766	8,209	14,975	20,298	24,627	44,925
2016	6,514	7,896	14,410	19,542	23,688	43,230
2015	6,514	7,896	14,410	19,542	23,688	43,230

(1) Residential availability fee disclosed above is based on a 5/8" meter size.

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

Source: Authority Division of Finance.

TABLE 12

TEN PRINCIPAL CUSTOMERS

CURRENT YEAR AND TEN YEARS AGO, 2024 AND 2015 (UNAUDITED)

Fiscal Year 2024						
Annual Revenues						
Customers	Water	Percentage	Wastewater	Percentage	Total	Percentage
Hayden Technologies LLC	\$ 1,203,344	1.96%	\$ 334,977	0.52%	\$ 1,538,321	1.22%
Loudoun County Public Schools	646,885	1.06%	827,575	1.28%	1,474,460	1.17%
VADData Inc	568,844	0.93%	405,263	0.62%	974,107	0.77%
VADData Services	427,169	0.70%	320,904	0.49%	748,073	0.59%
SDK Acadia LLC	317,478	0.52%	403,874	0.62%	721,352	0.57%
Wheeler Survey Company LLC	511,199	0.83%	157,458	0.24%	668,657	0.53%
Newberry 1 Condominiums	256,389	0.42%	341,137	0.53%	597,526	0.47%
Cuisine Solutions	274,982	0.45%	309,043	0.48%	584,025	0.46%
Aligned Energy Data Centers LLC	197,001	0.32%	368,539	0.57%	565,540	0.45%
Amberlea @ South Riding	238,398	0.39%	316,831	0.49%	555,229	0.44%
Subtotal	4,641,689	7.58%	3,785,601	5.84%	8,427,290	6.67%
Balance from other customers	56,621,869	92.42%	61,087,868	94.16%	117,709,737	93.33%
Grand Totals	\$ 61,263,558	100.00%	\$ 64,873,469	100.00%	\$126,137,027	100.00%

Fiscal Year 2015						
Annual Revenues						
Customers	Water	Percentage	Wastewater	Percentage	Total	Percentage
VADData Inc	\$ 488,036	1.32%	\$ 373,159	1.00%	\$ 861,195	1.16%
Loudoun County Public Schools	371,416	1.00%	422,731	1.14%	794,147	1.07%
AERC Ashbourough LLC	213,279	0.58%	231,798	0.62%	445,077	0.60%
Ashburn Campus, LLC, Ashby Ponds	228,484	0.62%	201,560	0.54%	430,044	0.58%
DDI Inc	171,258	0.46%	254,791	0.68%	426,049	0.57%
Newberry 1 Condominiums	187,453	0.51%	238,430	0.64%	425,883	0.57%
Howard Hughes Medical Institution	193,664	0.52%	194,371	0.52%	388,035	0.52%
Amberlea @ South Riding	155,950	0.42%	196,699	0.53%	352,649	0.48%
Summit Properties Partnership LP	154,893	0.42%	192,228	0.52%	347,121	0.47%
Stoneridge LLC	146,843	0.40%	175,480	0.47%	322,323	0.43%
Subtotal	2,311,276	6.25%	2,481,247	6.67%	4,792,523	6.46%
	34,678,531	93.75%	34,741,801	93.33%	69,420,332	93.54%
Grand Totals	\$ 36,989,807	100.00%	\$ 37,223,048	100.00%	\$ 74,212,855	100.00%

Source: Authority Division of Finance.

DEBT CAPACITY INFORMATION

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

TABLE 13

RATIOS OF OUTSTANDING DEBT

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Revenue Bonds	FCWA Agreement	Virginia Revolving Loan Fund	Virginia Resources Authority Loan Fund	Lease Liability	Subscription Based IT Arrangements (SIBTA)	Total Amount	Per Capita ⁽¹⁾	As a share of Personal Income ⁽²⁾
2024	\$ 199,297,146	\$ 357,640	\$ 4,058,646	\$ 36,751	\$ 129,398	\$ 3,819,631	\$ 207,699,212	\$ 605	0.59%
2023	217,842,200	419,896	4,428,688	42,452	69,220	5,069,460	227,871,916	674	0.67%
2022	230,260,768	480,110	4,792,518	47,990	–	–	235,581,386	706	0.78%
2021	241,159,142	538,349	5,150,242	53,369	–	–	246,901,102	751	0.85%
2020	260,222,754	594,679	5,501,960	58,594	–	–	266,377,987	822	0.97%
2019	272,208,352	649,162	5,847,775	63,669	–	–	278,768,958	877	1.09%
2018	286,338,172	701,858	6,187,785	68,599	–	–	293,296,414	946	1.19%
2017	296,993,400	752,827	6,522,088	73,387	–	–	304,341,702	1,007	1.32%
2016	307,273,629	802,126	6,850,779	78,038	–	–	315,004,572	1,072	1.44%
2015	318,080,815	847,621	7,173,953	82,556	–	–	326,184,945	1,428	2.00%

Notes:

(1) Represents the total outstanding debt as a share of the population served by the Authority.

(2) Represents the total outstanding debt as a share of the personal income of the population served by the Authority. Personal income and population figures can be found in Table 15.

(3) Due to implementation of GASB 96, 2023 is the first year available for tracking Lease Liability and SBITAs.

Source: Authority Division of Finance.

TABLE 14**REVENUE COVENANT**

LAST TEN FISCAL YEARS (UNAUDITED)

TEST NUMBER 1 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Gross Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Revenues Available for Debt Service	1.2 Times Senior Debt Service Requirements ⁽³⁾	Subordinate Debt Service ⁽⁴⁾	Coverage (1.00 Req'd)
2024	\$ 261,993	\$ 80,134	\$ 181,859	\$ 23,038	\$ 527	7.72
2023	173,775	78,647	95,128	22,976	527	4.05
2022	159,482	75,503	83,979	22,976	527	3.57
2021	167,722	63,956	103,766	20,879	527	4.85
2020	161,673	34,535	127,138	25,026	527	4.98
2019	174,885	34,537	140,348	24,638	527	5.58
2018	143,985	44,142	99,843	24,422	527	4.00
2017	142,410	53,865	88,545	25,467	527	3.41
2016	136,522	49,469	87,053	25,881	527	3.30
2015	144,559	47,442	97,117	25,768	527	3.69

(1) Total operating and non-operating revenues plus availability fees credited to capital contributions.

(2) Total of operating expenses exclusive of depreciation and amortization.

(3) Includes principal and interest of Revenue Bonds only.

(4) Includes principal and interest payments to Fairfax Water and Virginia Resources Authority.

TEST NUMBER 2 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Net Revenues	Less 50% Availability Fees	Adjusted Net Revenues	Senior Debt Service Requirement	Either/Or Coverage Requirements Adjusted Net Revenues		
					Coverage (1.00 Req'd)	Plus 50% Unrestricted Reserves ⁽¹⁾	Coverage (1.50 Req'd)
2024	\$ 181,859	\$ 41,967	\$ 139,892	\$ 19,198	7.29	\$ 336,883	17.55
2023	95,128	19,795	75,333	19,147	3.93	239,632	12.52
2022	83,979	19,553	64,426	19,147	3.36	209,530	10.94
2021	103,766	26,604	77,162	17,399	4.43	206,920	11.89
2020	127,138	28,306	98,832	20,855	4.74	253,858	12.17
2019	140,348	35,876	104,472	20,532	5.09	243,553	11.86
2018	99,843	25,781	74,062	20,352	3.64	192,474	9.46
2017	88,545	26,004	62,541	21,222	2.95	185,620	8.75
2016	87,053	23,050	64,003	21,568	2.95	196,936	9.15
2015	97,117	30,065	67,052	21,473	3.12	203,482	9.48

Notes:

(1) Unrestricted Reserves include unrestricted cash and investments less one month's operating budget (exclusive of depreciation and amortization).

Revenue Bonds, Refunding Series 2010, were issued in April, 2010.

Revenue Bonds, Refunding Series 2010A, were issued in September, 2010.

Revenue Bonds, Refunding Series 2012, were issued in March, 2012.

Revenue Bonds and Refunding Series 2013, were issued in June 2013.

Revenue Bonds and Refunding Series 2015, were issued in August 2015.

Revenue Bonds and Refunding Series 2019, were issued in October 2019

Revenue Bonds and Refunding Series 2021, were issued in August 2021

Revenue Bonds and Refunding Series 2024, were issued in October 2024.

Source: Authority Division of Finance.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and economic information is intended to assist the reader in understanding the environment within which the Authority's financial activities take place and to help make comparisons over time.

TABLE 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	County of Loudoun, VA				Loudoun Water – Service Area			
	Population ⁽¹⁾	Personal Income ⁽¹⁾ (thousands of dollars)	Per Capita Personal Income ⁽¹⁾	Unemployment Rate ⁽¹⁾	Estimated Population Served ⁽²⁾	Usage		Customer Accounts ⁽²⁾
						Water (Millions Gal.) ⁽²⁾	Sewage (Millions Gal.) ⁽²⁾	
2024	446,530	\$ 45,994,823	\$ 103,055	2.7%	343,280	9,973	7,948	87,833
2023	440,025	44,065,424	100,143	2.6%	338,119	9,391	7,545	86,670
2022	434,280	41,852,457	96,862	2.5%	333,720	9,012	7,353	85,569
2021	427,660	39,485,918	92,163	3.7%	328,737	8,776	7,220	84,820
2020	420,959	36,092,801	85,393	9.0%	323,990	8,377	6,877	83,623
2019	413,000	34,006,073	81,966	2.4%	317,789	8,460	6,959	82,387
2018	402,575	31,913,668	78,609	2.6%	310,083	8,146	6,546	80,651
2017	392,376	30,041,689	75,632	3.1%	302,322	8,250	6,486	78,692
2016	381,214	28,491,347	73,857	3.3%	293,739	8,368	6,436	76,375
2015	368,654	26,592,906	71,069	3.7%	228,443	7,765	6,257	74,190

Sources: (1) County of Loudoun, VA Annual Comprehensive Financial Report - 2024.

(2) Authority Department of Billing.

TABLE 16**PRINCIPAL EMPLOYERS, 2024 AND 2015**

(UNAUDITED)

2024			
<u>Employers</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Loudoun County Public Schools	1	12,968	6.79%
County of Loudoun	2	4,813	2.48%
U.S. Department of Homeland Security	3	2,500-5,000	1.99%
Inova Health System - (Loudoun Hospital Center)	4	2,500-5,000	1.99%
United Airlines	5	2,500-5,000	1.99%
Amazon	6	1,000-2,500	0.93%
Northrop Grumman (formerly Orbital ATK)	7	1,000-2,500	0.97%
Verizon Business (formerly MCI Worldcom)	8	1,000-2,500	0.93%
RTX (formerly Raytheon Technologies)	9	1,000-2,500	0.93%
Walmart	10	1,000-2,500	0.93%

2015			
<u>Employers</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Loudoun County Public Schools	1	9,822	6.53%
County of Loudoun	2	3,854	2.38%
United Airlines	3	1,000-3,500	1.50%
M.C. Dean, Inc.	4	1,000-3,500	1.50%
Orbital Sciences Corporation	5	1,000-3,500	1.50%
U.S. Department of Homeland Security	6	1,000-3,500	1.50%
Verizon Business (formerly MCI Worldcom)	7	1,000-3,500	1.50%
United States Postal Service	8	1,000-3,500	1.50%
Raytheon Company	9	1,000-3,500	1.50%
Loudoun Hospital Center	10	1,000-3,500	1.50%

Note: These are the principal employers within the County of Loudoun, VA and are not necessarily customers of the Authority.

Source: County of Loudoun, VA Annual Comprehensive Financial Report - 2024.

OPERATING INFORMATION

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

TABLE 17

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY

LAST TEN FISCAL YEARS (UNAUDITED)

	Full-time-Equivalent Employees as of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water:										
Field Services	12	11	12	12	12	13	10	10	10	9
Utility Protection	8	8	8	7	6	6	6	6	4	4
Cross Connection/Backflow	4	4	8	8	4	–	4	4	4	4
Utility Systems Maintenance	36	39	38	37	40	38	39	36	32	29
Fleet Maintenance	2	2	2	2	2	2	2	2	2	1
Operations Technology	19	18	16	16	12	11	13	11	10	8
Water Operations	17	18	15	14	13	12	11	11	11	12
Plant Maintenance	–	–	9	–	8	6	–	–	–	–
Administrative Staff	32	29	29	29	37	40	32	21	22	17
Sewer:										
Remote Facilities	22	22	19	18	8	10	9	9	10	14
Laboratory	13	11	11	10	10	9	9	9	9	8
Regulatory Programs	4	4	4	4	6	6	–	–	–	–
Waste Water Operations	22	22	15	16	16	17	15	14	14	14
Water Treatment Administration	–	–	5	–	–	–	–	3	8	6
Plant Maintenance	23	22	15	22	17	17	21	19	8	6
Engineering:										
Capital Programs	10	9	8	–	–	–	–	–	–	–
Capital Construction	–	–	–	5	5	4	3	5	5	4
Capital Design	–	–	–	7	7	7	5	6	5	6
Inspections	19	18	21	18	18	19	20	19	21	20
Land Development	9	8	6	6	7	6	6	5	6	4
Utility Planning	9	8	7	3	2	2	2	3	3	3
Administrative Staff	6	5	5	9	5	5	5	5	5	5
Trap Rock Water Treatment	–	–	–	–	–	–	–	4	4	5
Administration:										
Billing/Customer Service	–	–	–	–	–	–	–	–	3	–
Finance	3	2	2	2	2	2	3	5	8	7
Accounting	6	6	6	6	6	5	6	4	4	4
Billing	4	4	4	4	4	4	4	4	3	3
Procurement	5	5	5	3	4	3	3	4	4	4
Safety	3	3	3	–	–	–	–	–	–	2
Business Solutions	–	–	–	–	–	–	6	5	5	7
Facilities	10	8	9	9	8	8	7	6	6	5
Customer Relations	16	16	16	16	15	15	15	15	13	12
Information Technology	28	28	27	26	25	22	19	20	16	16
Human Resources	3	3	3	3	3	3	3	3	3	–
Corporate Communications	3	3	3	2	3	3	3	3	3	3
Corporate Services	–	–	–	–	–	–	–	–	–	5
General Services	1	1	1	4	4	4	4	4	4	–
General Managers' Office	6	8	8	7	9	9	8	7	7	5
Total Employees:	355.00	345.00	340.00	325.00	318.00	308.00	293.00	282.00	272.00	252.00

Notes: All managers or directors are included with their divisions. A full-time employee is scheduled to work 1,950 hours per year (including vacation and sick leave).

Full-time-equivalent employment is calculated by dividing total labor hours by 1,950.

Source: Authority Division of Human Resources.

TABLE 18**OPERATING AND CAPITAL INDICATORS**

LAST TEN FISCAL YEARS (UNAUDITED)

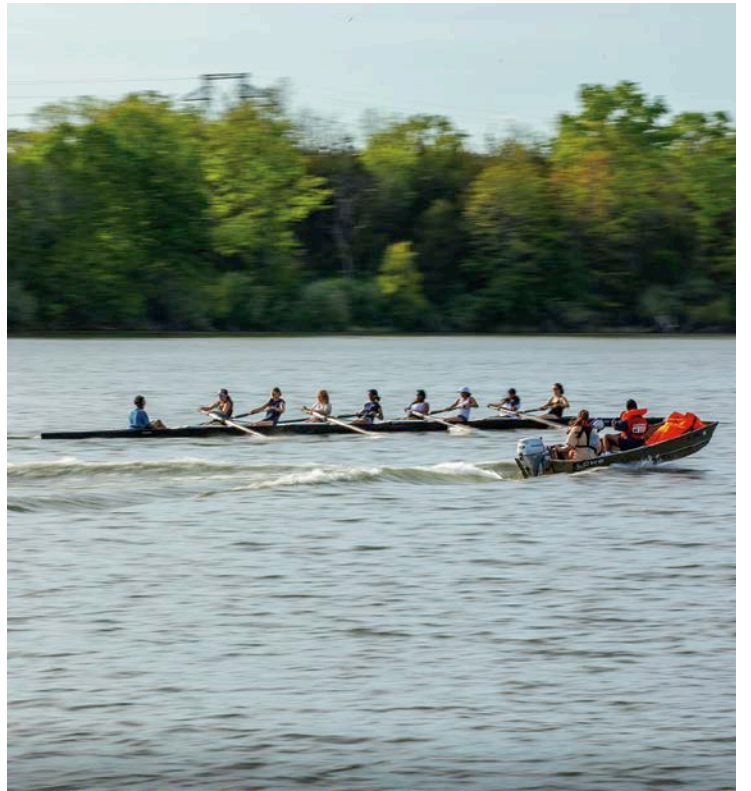
	Fiscal Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Water Services:										
Miles of Main	1,470.0	1,467.0	1,450.1	1,421.5	1,381.9	1,358.2	1,332.4	1,285.0	1,250.0	1,210.0
Miles of Service Lines	200.0	194.0	188.0	179.0	168.0	159.0	151.0	138.0	127.0	112.0
Number of:										
Pressure Regulating Stations	37	36	36	36	36	35	28	27	23	23
Valves	49,787	48,808	47,699	46,414	44,535	43,332	42,044	41,994	38,773	37,123
Fire Hydrants	14,838	14,613	14,363	14,044	13,598	13,270	12,981	12,551	12,177	11,755
Service Accounts	87,833	86,670	85,569	84,820	83,623	82,387	80,651	78,692	76,375	74,190
Community Water Systems	5	5	5	5	5	5	5	5	6	6
Water Capacity (MGD):										
Capacity at Fairfax Water	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Capacity at Goose Creek WTP ⁽²⁾	-	-	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Capacity at Trap Rock WTP ⁽¹⁾	20.0	20.0	20.0	20.0	20.0	20.0	20.0	-	-	-
Wastewater Services:										
Miles of Gravity Main	1,030.0	1,030.0	1,020.0	1,000.0	983.0	969.0	956.0	928.0	908.0	884.0
Miles of Force Main	54.0	54.0	55.0	55.0	54.0	53.0	54.0	49.0	48.0	48.0
Miles of Lateral	293.0	285.0	276.0	265.0	250.0	237.0	225.0	210.0	194.0	138.0
Number of Disposal Systems	9	9	9	8	8	8	8	9	11	11
Wastewater Treatment Capacity (MGD):										
Capacity at DCWASA	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Capacity at Broad Run Water Reclamation Facility	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Reclaimed Water Services:										
Miles of Mains	22.0	22.0	22.0	21.0	19.0	19.0	18.0	20.0	20.0	18.0
Miles of Service Lines	2.7	2.6	2.4	2.2	1.9	1.9	1.5	1.1	0.8	0.5

Notes: Additional operating indicators can be found in Tables 7-9.

(1) Loudoun Water began producing water at the Trap Rock WTP in 2018. This data will be presented prospectively until ten years is accumulated.

(2) Goose Creek WTP decommissioned in 2023.

Source: Divisions of Information Technology, Finance and Water Treatment.



LOUDOUN WATER

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