

Research Update:

Greene County, VA Water And Sewer Revenue Bonds Assigned 'AA-' Rating

October 13, 2025

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to [Greene County](#), Va.'s anticipated \$41.52 million series 2025 water and sewer revenue bonds.
- The outlook is stable.

Rationale

Security

The series 2025 water and sewer revenue bonds are secured by net revenues from the water enterprise system; if net revenue is insufficient to support debt service payments, the county's appropriation pledge under the master indenture provides further security.

The rating reflects the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024, criteria, as well as our "[U.S. Municipal Water, Sewer, And Solid Waste Utilities: Methodology And Assumptions](#)," April 14, 2022, criteria and our "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)," Nov. 20, 2019 criteria. We use our "[Methodology: Rating Approach To Obligations With Multiple Revenue Streams](#)," Nov. 29, 2011, criteria to analyze the strength of the two pledges. We rate the series 2025 bonds to the county's pledge to budget and appropriate general fund revenue in the event system net revenue is insufficient to cover debt service, which we view as the stronger pledge. The rating is one notch below the county's general creditworthiness to account for this appropriation risk.

Credit highlights

The rating reflects Greene County's positive and stable financial profile, supported by three consecutive years of surplus net results driven by strong revenue growth in the county. The county will likely see economic development opportunities come to fruition in the medium to longer term, supporting its economic profile and potentially translating into additional tax revenue that could support future budgets.

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Greene County was previously a member of Rapidan Service Authority (RSA), which provided water and sewer services to Greene, Orange and Madison counties; in 2023, the county formally left the authority and took over management of its own water and sewer system. This issuance provides funding for phase one of the White Run Reservoir project to build a water reservoir; additional debt is expected to be issued for phase two of the project in the next two to three years, which will complete the reservoir project and finance the accompanying water treatment plant. We understand the water system project is necessary to provide an adequate water supply, support identified economic development needs, and address potential environmental events, such as drought. The board of supervisors adopted a 7% rate increase in fiscal 2025 to help finance the projects; while general fund support for debt service is not expected, should it be required we project that debt service costs based on the current amortization schedule would remain a manageable portion of the budget.

The rating further reflects our view of Greene County's:

- Expanding residential economy supported by access to Charlottesville and connected to the wider Richmond and Washington, D.C., economies, with expectations for additional commercial and residential developments.
- Trend of positive financial operations while addressing growth-related budgetary needs, largely for new positions, sustaining reserves around 30% of revenue.
- Long-standing policies that were recently reviewed and updated, including those guiding reserves and debt, conservative budgeting practices, and annual capital planning.
- Debt burden that is split among the general and enterprise funds, resulting in manageable tax-supported current costs. The county participates in the well-funded and state-managed retirement and other post-employment benefits (OPEB) plans.
- For more information on our institutional framework assessment for Virginia counties, see ["Institutional Framework Assessment: Virginia Local Governments,"](#) Sept. 11, 2024.

Environmental, social, and governance

We view the county's environmental, social, and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our expectation that positive financial performance will continue, supported by ongoing economic development opportunities. While this enterprise debt is expected to be supported primarily by water enterprise net revenue, the outlook also reflects our expectation that general fund support, if necessary, would not result in material pressure on county operations.

Downside scenario

We could lower the rating if the county's financial performance weakens, whether due to general fund support for enterprise fund operations or other budgetary pressures, leading to sustained fund balance draws to bridge budgetary gaps.

Upside scenario

We could consider a positive rating action should the county's economic metrics improve to levels similar to its higher-rated peers, coupled with more comprehensive long-term planning.

Credit Opinion

Economy

Greene County sits in central Virginia along the eastern edge of Shenandoah National Park, just about 20 miles north of the city of Charlottesville; it is also situated between two major highways that connect it to Washington, D.C., and Richmond. The county's economic output is comparably much weaker than its similarly rated peers, likely due to its residential makeup and residents commuting outside of the county for employment, but local incomes are on par with peers and national averages. Officials anticipate that expansion of the Intelligence & National Security Innovation Acceleration Campus (INSIAC) in nearby Albemarle County will result in spillover growth to Greene County since its just three miles outside of the border; the county has also designated business growth areas and has about 2,800 approved housing units in various stages of development, mostly in the eastern portion of the county close to current growth areas. We anticipate the county's tax base will likely continue expanding, resulting in maintenance of current metrics or longer-term improvement.

Management

Greene County's management policies and practices are like those of many counties in the Virginia portfolio; current practices include:

- Budgets use standard planning techniques and are based on conservative and realistic assumptions; annual budgets are also linked to the county's strategic priorities.
- Five-year capital improvement plan that is reviewed and updated annually as part of the regular budget adoption process
- Formal debt policy limiting tax-supported debt to 4% of total taxable AV; net tax supported debt and appropriation debt cannot exceed 15% of total governmental expenditures (general fund plus school operating fund).
- Formal reserve policy to maintain minimum unassigned fund balance at 25% of general fund and school fund revenue. Excess funds above the 25% threshold can be used to supplement pay-go capital outlay or non-recurring expenditures. The policy also establishes a budget stabilization fund equal to 5% of general fund plus school fund revenue. If either account is used, it must be replenished to the minimum threshold within three years.
- Implementation of policies and practices to mitigate cyber security risk exposure.

Financial performance and reserves

The county's financial performance trend has been positive, with property taxes (54%) and other local taxes (14%) largely supporting the general fund. Fiscal 2023 saw a smaller surplus than usual due to a one-time transfer from the general fund to the water and sewer fund, which was established in June 2023 after the county left the RSA and established its own water enterprise. Prior to fiscal 2023, the county transferred between \$1.5 million and \$2.0 million annually from the general fund to support utility debt service but has not made transfers since establishing its own enterprise fund. Fiscal 2025 preliminary budgetary results are positive and expected to be similar to fiscal 2024, thereby maintaining the three-year average. The fiscal 2026 budget totals about \$49 million; assumptions include flat property tax collections and small increases in other revenue, with corresponding minimal increases in expenditures largely in public safety/EMS line items.

The county has maintained reserves around 30% of general fund revenue above the 15% of general fund expenditures (including transfers) minimum threshold for unassigned fund balance established in the prior formal fund balance policy. In fiscal 2026, the board adopted a revised policy that increases the minimum to 25% of general fund and school fund revenue. We anticipate fund balance will likely further increase, given the county's expectations for surplus net performance results in fiscal 2025 and its conservative approach to budgeting.

Debt and liabilities

After this debt issuance, Greene County will have roughly \$86 million in total direct debt, inclusive of about \$49 million in enterprise system debt. The county's current costs are a manageable portion of the budget and remain below the debt policy's 15% of expenditures limitation. Should general fund support be required for debt service, we project costs would remain below 8% of total governmental fund revenue. The next debt issuance will likely be in fall 2027 for phase two of the White Run project (estimated to be about \$33 million) along with about \$8 million for the wastewater treatment plant. We do not anticipate this issuance to materially influence the county's debt metrics or operational performance.

The county participates in the Virginia Retirement System, which was 82% funded as of a 2022 measurement date, with a net pension liability of \$10.0 million. It provides other postemployment benefits (OPEBs) for eligible retirees and has a net OPEB liability of \$1.2 million.

Water and sewer enterprise

The operational risks of the water and sewer enterprise is heightened due to the pressing need to address water resource reliability to meet demand. The Rapidan River has had a history of droughts and the allotted capacity for Greene County is just meeting total demand. There is little recourse should there be realized demand growth in the area, which stresses the need for the county's intended reservoir project and update to the water treatment plant. The OMA considerations under the water/sewer criteria weighs these operational (need for capacity to meet demand, necessary updates to assets) and physical risks (droughts). With the nascent nature of the water/sewer enterprise, it is difficult to gauge immediately the efficacy of operational policies to address said issues.

Greene County, Virginia--credit summary

Institutional framework (IF)	1
Individual credit profile (ICP)	2.27
Economy	4.5
Financial performance	2
Reserves and liquidity	1
Management	2.35
Debt and liabilities	1.50

Greene County, Virginia--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	--	--	35	34
County PCPI % of U.S.	--	--	80	80

Greene County, Virginia--key credit metrics

	Most recent	2024	2023	2022
Market value (\$000s)	--	3,204,656	2,859,333	2,509,666
Market value per capita (\$)	--	149,339	133,595	122,172
Top 10 taxpayers % of taxable value	--	--	--	--
County unemployment rate (%)	--	2.4	2.3	2.2
Local median household EBI % of U.S.	--	113	108	106
Local per capita EBI % of U.S.	--	102	93	88
Local population	--	21,459	21,403	20,542
Financial performance				
Operating fund revenues (\$000s)	--	55,861	50,671	46,172
Operating fund expenditures (\$000s)	--	52,930	47,035	61,182
Net transfers and other adjustments (\$000s)	--	4,052	(2,419)	20,118
Operating result (\$000s)	--	6,983	1,217	5,108
Operating result % of revenues	--	12.5	2.4	11.1
Operating result three-year average %	--	8.7	--	--
Reserves and liquidity				
Available reserves % of operating revenues	--	33.8	31.2	28.9
Available reserves (\$000s)	--	18,876	15,834	13,325
Debt and liabilities				
Debt service cost % of revenues	--	2.5	2.2	45.0
Net direct debt per capita (\$)	1,711	1,860	1,809	3,168
Net direct debt (\$000s)	36,721	39,908	38,726	65,082
Direct debt 10-year amortization (%)	56	59	57	47
Pension and OPEB cost % of revenues	--	2.0	1.0	1.0
NPLs per capita (\$)	--	--	--	--
Combined NPLs (\$000s)	--	--	--	--

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$41.52 mil water and sewer rev bnds ser 2025 due 05/01/2055

Long Term Rating AA-/Stable

New Rating

Pooled

Greene County, VA Appropriation Service Contract, Water System Revenue, and Sewer System Revenue AA-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

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different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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