BLUE RIDGE RESOURCE AUTHORITY

(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

BLUE RIDGE RESOURCE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

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BLUE RIDGE RESOURCE AUTHORITY

(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

BLUE RIDGE RESOURCE AUTHORITY BOARD OF DIRECTORS

Daniel E. Lyons, Chairman (Rockbridge County)
Frank W. Friedman, Vice-Chairman (Lexington City)
Charles N. Smith, Treasurer (Rockbridge County)
R. W. Day (Rockbridge County)
David B. McDaniel (Rockbridge County)
Daniel P. Truxell (Rockbridge County)
Leslie E. Ayers (Rockbridge County)

AUTHORITY OFFICIALS

Secretary………………………………………………………………….……………….. James Black
Authority Counsel……………………………………………………………….….. Jeremy Carroll
Treasurer……………………………………………………………….……………..Charles Smith

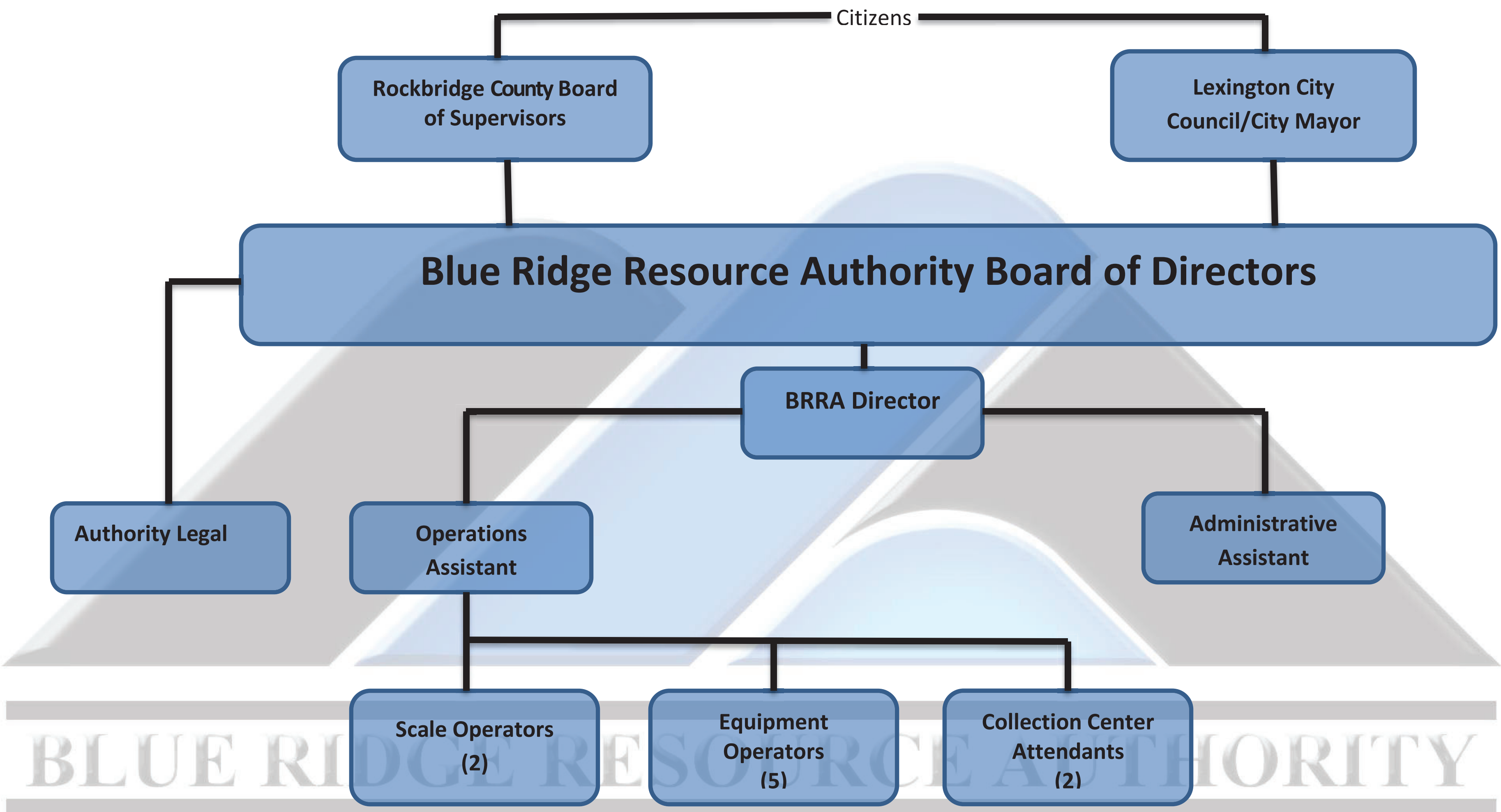
AUTHORITY KEY STAFF

Director……………….………………………………..……………………..…….. Fred Dudley
Operations Assistant…………………………………………………………… Michael Suthers
Administrative Assistant……………………………………………….............. James Black
Scale Operator……………………………………………………………………… Stephen Lucas

SOLID WASTE ADVISORY COMMITTEE STAFF

Rockbridge County Administrator…………….……………………………….. Spencer Suter
Rockbridge County Fiscal Services Director……………………….............Ashton Harrison
Lexington City Manager…………………..…………………………............... Jim Halasz
Lexington City Director of Public Works……………………………………Patrick Madigan
Lexington City Council Member………………………………………………Charles Smith
BRRA Board Chairman……………………………………………………………Dan Lyons

The Blue Ridge Resource Authority (BRRA) Organizational Chart



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

CPAs | CONSULTANTS

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF THE BLUE RIDGE RESOURCE AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Blue Ridge Resource Authority (a Component Unit of County of Rockbridge, Virginia), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Blue Ridge Resource Authority, as of June 30, 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Restatement of Beginning Balances

As described in Note 14 to the financial statements, in 2023, the Authority restated beginning balances to correct the previously issued financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blue Ridge Resource Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue Ridge Resource Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2023, on our consideration of Blue Ridge Resource Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blue Ridge Resource Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Ridge Resource Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 12, 2023

Management’s Discussion and Analysis

As management of the Blue Ridge Resource Authority (the Authority), we offer readers of our financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending (FYE) June 30, 2023.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority’s basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Enterprise fund financial statements. The enterprise fund financial statements (found on Exhibits 1 - 3 of this report) are designed to provide readers with a broad overview of the Authority’s finances, in a manner similar to a private-sector business.

- **Statement of Net Position:** This statement presents information on the Authority’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- **Statement of Revenues, Expenses, and Changes in Net Position:** This statement presents information showing how the Authority’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).
- **Statement of Cash Flows:** This statement reports cash and cash equivalent activities for the year resulting from operating, capital, and related activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found following the fund financial statements.

Required supplementary information. This report also includes required supplementary information concerning the Authority’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. It is located immediately following the notes to financial statements.

Financial Highlights of FYE 2023

- The liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows liabilities and deferred inflows at the close of FYE 2023 by $3,255,465 (net position), reflecting a $576,193 increase in negative net position from FYE 2023, as restated.
- Total liabilities increased by $197,968 in FYE 2023, reflective of an increase in net long-term liabilities of $873,138, and a decrease of net current liabilities by $675,170.
- Total revenues increased by $155,403 when compared to FYE 2022. Additional details of the increase are described in the Financial Analysis section below.
- Total expenses increased by $491,887 when compared to FYE 2022, as restated. There was an increase in landfill closure and post-closure monitoring expense associated with long term closure/post-closure liability of $70,314 and an increase in operational expenses of $387,521. This increase is detailed further in the Financial Analysis section of the discussion.

Financial Analysis

Net Position – Total net position at June 30, 2023 as compared to net position, as restated for FYE22, decreased by $576,193, reflecting a further reduction in negative net position. The restatement was required to restate the net pension and other post-employment benefit (OPEB) assets, liabilities and deferred items related to the separation of the Blue Ridge Resource Authority from the County of Rockbridge's pension plan and associated OPEB plan through the Virginia Retirement System.

BRRA NET POSITION
June 30, 2023

	Business-type Activities	
	2023	2022
Current and other assets	$ 6,026,070	$ 5,375,787
Capital Assets	9,095,896	10,160,343
Total Assets	$ 15,121,966	$ 15,536,130
Deferred Outflows of Resources	$ 62,169	$ 54,444
Long-term liabilities	$ 17,576,238	$ 16,703,100
Other liabilities	781,727	1,456,897
Total liabilities	$ 18,357,965	$ 18,159,997
Deferred Inflows of Resources	$ 81,635	$ 109,849
Net Position:		
Net investment in capital assets	$ 1,757,211	$ 3,294,678
Unrestricted (deficit)	(5,979,506)	(5,973,950)
Restricted	966,830	-
Total net position	$ (3,255,465)	$ (2,679,272)

Changes in Net Position – Service revenues for FYE 2023 increased by $49,338 compared to that of FYE 2022. This is due in part to an increase of $72,167 in commercial tipping fees and a decrease in member jurisdiction tipping fees of $30,933. There was also in increase in interest income of $82,878 relative to the prior year. The Authority recognized a loss on certain of its investments tied to the fluctuations of the stock market in the amount of $15,736 in FYE 2023. Operating revenues exceed operating expenses by $632,656 and nonoperating items resulted in net nonoperating expenses of $1,558,849. The most significant component of nonoperating expenses was a change in the measurement of the post closure liability for Phase I of the landfill. A transfer from the County of Rockbridge in the amount of $350,000 was recognized as a previously recorded advance from the County was forgiven during FYE23.

Operating expenses increased by $387,521 compared to FYE 2022. This increase was primarily due to an increase in expenses attributable to the measurement of pension and OPEB related items of $273,388. There was an overall increase in various wage and fringe benefit line items of $79,378. There was a net increase in ground water monitoring, leachate treatment, gas compliance and permit fees of $37,542.

BRRA CHANGES IN NET POSITION
June 30, 2023

		Business-type Activities		
		2023		2022
Revenues:				
Program revenues:				
Charges for services	$	2,810,808	$	2,761,470
Use of money and property		114,405		21,217
Loss on investments		(15,736)		(23,411)
Other		41,644		36,442
Total Revenues	$	2,951,121	$	2,795,718
Expenses:				
Public works - operations	$	2,219,796	$	1,832,275
Public works - landfill closure/post-closure		1,465,610		1,395,296
Interest on long-term debt		191,908		157,856
Other		-		-
Total expenses	$	3,877,314	$	3,385,427
Increase (decrease) in net position before transfers	$	(926,193)	$	(589,709)
Transfers In		350,000		-
Increase (decrease) net position	$	(576,193)	$	(589,709)
Net position - beginning		(2,679,272)		(2,089,563)
Net position - ending	$	(3,255,465)	$	(2,679,272)

Capital Asset and Debt Administration

Capital Assets – The net value of capital assets decreased by $1,064,447 in FYE 2023, which reflects an increase in capital assets of $10,002 and reduction of $1,074,449 from annual depreciation. There were no ongoing construction projects during FYE 2023. Depreciation expense for buildings and improvements was $909,424 and for equipment (including leased assets) was $165,025 in FYE 2023.

BRRA CAPITAL ASSETS
Net of Depreciation

		Business-type Activities		
		2023		2022
Land	$	531,037	$	531,037
Construction in progress		-		-
Building and improvements		8,231,718		9,141,142
Machinery and equipment		329,712		483,487
Leased assets- equipment		3,429		4,677
Total	$	9,095,896	$	10,160,343

Additional information on the Authority's capital assets can be found in Note 4 to the financial statements.

Long-term Debt – The Authority has $18,175,656 in total long-term obligations, reflecting a $617,369 net increase from FYE 2022. In FYE 2022 BRRA retired $655,000 of revenue bonds and amortized $110,108 in bond premiums. The balance of direct borrowings and placements as of FYE 2023 is $7,335,214. Financed purchases for operating equipment were reduced by $32,084 resulting in a remaining balance of $0 for this category of debt.

The Authority recognized $1,231 in amortization of liability for leases for operating equipment, resulting in a year-end balance of $3,471 of lease liability.

Other long-term debt changes included accrual of compensated absences $3,790, OPEB (Other Post-Employment Benefits) liability $2,208, pension liability (-$55,816), and landfill closure/post-closure liability $1,465,610.

Operating funds are budgeted and transferred annually to a non-operating, restricted cash account for long-term closure/post-closure expense based upon updated estimates of cost provided by Authority engineering consultants. (See Note 13 to the financial statements for the end of year balance and more information on these funds).

BRRA LONG-TERM OBLIGATIONS

	Business-type Activities	
	2023	2022
Revenue Bonds	$ 7,335,214	$ 8,100,322
Financed Purchases	-	32,084
Lease liabilities	3,471	4,702
Compensated Absences	32,249	28,459
Net pension liability	-	55,816
Net OPEB liability*	27,627	25,419
Landfill closure liability	10,777,095	9,311,485
Total long-term obligations	$ 18,175,656	$ 17,558,287

Additional information on the Authority's long-term obligations can be found in Note 6 to the financial statements.

Economic Factors and the FY 2024 Budget and Rates

The Blue Ridge Resource Authority Board of Directors increased fees for FYE 2024. The municipal rate for Rockbridge County and the City of Lexington is $60.50 per ton and the member jurisdiction commercial rate is $62.50 per ton. Rates for non-member municipalities and commercial tonnage have an additional 25% surcharge added to the base fee. These current adopted tipping fees are expected to support current cost estimates for future closure/post-closure requirements. Cost estimates to close the 36.15-acre system are $6,778,872, and post-closure costs are forecasted at $7,614,047.

Requests for Information

This financial report is designed to provide readers with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Blue Ridge Resource Authority, 225 Landfill Road, Buena Vista, VA 24416.

FINANCIAL STATEMENTS

(A Component Unit of the County of Rockbridge, Virginia)
Statement of Net Position
June 30, 2023

ASSETS		
Current assets:		
Cash and cash equivalents	$	3,094,371
Accounts receivable		168,888
Interest receivable		1,723
Lease receivable - current portion		4,262
Due from County of Rockbridge		35,879
Total current assets	$	3,305,123
Noncurrent assets:		
Restricted cash and cash equivalents	$	2,612,473
Lease receivable - net of current portion		68,387
Net pension asset		40,087
Capital assets, net of accumulated depreciation:		
Land		531,037
Building and improvements		8,231,718
Machinery and equipment		329,712
Lease assets - equipment		3,429
Total capital assets	$	9,095,896
Total noncurrent assets	$	11,816,843
Total assets	$	15,121,966
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$	37,235
OPEB related items		24,934
Total deferred outflows of resources	$	62,169
LIABILITIES		
Current liabilities:		
Accounts payable	$	107,907
Accrued interest payable		74,402
Lease liability - current portion		1,248
Bond payable - current portion		590,108
Compensated absences, current portion		8,062
Total current liabilities	$	781,727
Noncurrent liabilities:		
Compensated absences, net of current portion	$	24,187
Net OPEB liability		27,627
Closure and post-closure liability		10,777,095
Bonds payable, net of current portion		6,745,106
Lease liability - net of current portion		2,223
Total noncurrent liabilities	$	17,576,238
Total liabilities	$	18,357,965
DEFERRED INFLOWS OF RESOURCES		
OPEB related items	$	10,148
Lease related items		71,487
Total deferred inflows of resources	$	81,635
NET POSITION		
Net investment in capital assets	$	1,757,211
Restricted for employee benefits		40,087
Restricted for debt service		926,743
Unrestricted (deficit)		(5,979,506)
Total net position	$	(3,255,465)

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

BLUE RIDGE RESOURCE AUTHORITY **Exhibit 2**
(A Component Unit of the County of Rockbridge, Virginia)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

Operating revenues:		
Charges for services:		
Landfill Rockbridge County	$	991,627
Landfill City of Lexington		215,674
Landfill City of Buena Vista		316,261
Commercial and noncommercial customers		1,287,246
Miscellaneous		41,644
Total operating revenues	$	2,852,452
Operating expenses:		
Personnel services	$	447,152
Fringe benefits		134,330
Contractual services		323,921
Other charges		238,932
Rent		1,012
Depreciation		1,074,449
Total operating expenses	$	2,219,796
Operating income (loss)	$	632,656
Nonoperating revenues (expenses):		
Investment income	$	96,440
Revenue from the use of property		2,229
Interest expense		(191,908)
Landfill closure costs and post-closure liability		(1,465,610)
Total nonoperating revenues (expenses)	$	(1,558,849)
Income (loss)	$	(926,193)
Transfers in	$	350,000
Change in net position	$	(576,193)
Total net position (deficit) - beginning, as restated (Note 14)		(2,679,272)
Total net position (deficit)- ending	$	(3,255,465)

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

BLUE RIDGE RESOURCE AUTHORITY **Exhibit 3**
(A Component Unit of the County of Rockbridge, Virginia)
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:		
Receipts from customers/jurisdictions	$	2,920,994
Payments to suppliers		(674,534)
Payments to and for employees		(575,511)
Net cash provided by (used for) operating activities	$	1,670,949
Cash flows from noncapital financing activities:		
Transfer from general fund of Rockbridge County	$	350,000
Net cash provided by (used for) noncapital financing activities	$	350,000
Cash flows from capital and related financing activities:		
Purchase of capital assets	$	(10,002)
Principal paid on capital debt		(688,315)
Interest expense		(310,397)
Repayment of capital advance to Rockbridge County		(350,000)
Net cash provided by (used for) capital and related financing activities	$	(1,358,714)
Cash flows from investing activities:		
Revenue from the use of property	$	790
Interest income		96,536
Net cash provided by (used for) investing activities		97,326
Increase (decrease) in cash and cash equivalents	$	759,561
Cash and cash equivalents (including restricted), beginning of year		4,947,283
Cash and cash equivalents (including restricted), end of year	$	5,706,844
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	632,656
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		1,074,449
Changes in operating assets and deferred outflows of resources and operating liabilities and deferred inflows of resources:		
(Increase) decrease in accounts receivable		61,035
(Increase) decrease in due from County of Rockbridge		7,507
(Increase) decrease in deferred outflows of resources		(7,725)
(Increase) decrease in net pension asset		36,579
Increase (decrease) in accounts payable		(110,669)
Increase (decrease) in compensated absences		3,790
Increase (decrease) in net OPEB liability		(3,959)
Increase (decrease) in deferred inflows of resources		(22,714)
Net cash provided by (used for) operating activities	$	1,670,949
Schedule of noncash capital and related financing activities:		
Landfill closure and post-closure costs	$	(1,465,610)
Total noncash capital and related financing activities	$	(1,465,610)

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

NOTE 1—BASIS OF PRESENTATION:

A. Organization and Purpose – The Blue Ridge Resource Authority (a Component Unit of the County of Rockbridge, Virginia), formerly known as the Rockbridge County Solid Waste Authority, was created by the Board of Supervisors for the purpose of developing and operating regional garbage and refuse disposal. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority is also responsible for the operation and maintenance of the landfill. In 2017, both the County of Rockbridge and the City of Lexington passed joint resolutions approving the joinder of the City to the Solid Waste Authority and renaming the organization as Blue Ridge Resource Authority. The Authority serves its two member localities, the County of Rockbridge and City of Lexington, the citizens of both localities, as well as several municipal customers throughout the region.

B. Financial Reporting Entity - The Blue Ridge Resource Authority is reported as a blended Component Unit of the County of Rockbridge. The Authority is governed by a board comprised of five members appointed by the County Board of Supervisors, and two appointed members from the Lexington City Council. The rates for user charges and the authorizations to incur indebtedness are approved by the Authority. The Authority is reported as an enterprise fund.

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

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

D. Business-type Activities - account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. Business-type activities consist of Enterprise Funds.

NOTE 1—BASIS OF PRESENTATION: (CONTINUED)

E. Enterprise Funds - account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the cost of providing services to the general public be financed or recovered through user charges. The Enterprise Fund consists of the Landfill Fund.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting - The Blue Ridge Resource Authority (a Component Unit of the County of Rockbridge, Virginia) operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

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

When resources are available for a specific purpose, it is the Authority's policy to use restricted funds first before unrestricted funds are used.

B. Accounts Receivable - Accounts receivable are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances show a significant increase over the prior year, and no allowances for uncollectible accounts has been established.

C. Capital Assets - Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, lease assets, and infrastructure of the Authority are depreciated/amortized using the straight-line method over the following useful lives:

Landfill equipment	3 to 20 years
Wells	20 to 30 years
Buildings	30 years
Lease equipment	2-5 years

Maintenance and repairs are charged to expense as incurred; material renewals and betterments are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is calculated using the straight-line method. Depreciation for the year ended June 30, 2023, was $1,074,449.

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

D. Cash and Cash Equivalents - For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amount of cash and investments with original maturities of 90 days or less. The Authority considers all bank accounts to be cash and cash equivalents.

E. Interest on Indebtedness – Due to Governmental Accounting Standards Board Statement No. 89, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* interest cost incurred during construction is expensed and no longer capitalized as part of project costs.

F. Budgets and Budgetary Accounting -The budgets are adopted on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, capital expenditures, and bond principal payments but does not provide for depreciation of utility plant and amortization.

G. Inventory - Consumption of materials and supplies is recorded as an expense when used. No inventory amount is recorded as an asset, as available inventories are not significant.

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

I. Restricted Assets - The Authority maintains restricted cash in the amount of $2,612,473. Of this amount, $1,609,232 is restricted for the payment of future closure and post-closure costs associated with the Landfill, and $76,498 is restricted for capital purchases. Additionally, the Authority holds restricted debt service funds of $926,743.

J. Investments - External investment pools are measured at amortized cost. All other investments are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations.

K. Net Position - The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

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

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Items related to OPEB, and leases are reported as deferred inflows of resources. For more detailed information on this item, reference the related notes.

M. Pensions - For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's 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.

N. Other Postemployment Benefits (OPEB) - For purposes of measuring the net VRS related OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plan'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.

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

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

O. Leases – The Authority leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee
The Authority recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $5,000, individually or in the aggregate. At commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor
The Authority recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgements
Lease accounting includes estimates and judgements for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

The Authority monitors changes in circumstances that would require a remeasurement or modification of its leases. The Authority will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

NOTE 3—DEPOSITS AND INVESTMENTS:

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

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities
The Authority investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The Authority's rated debt investments as of June 30, 2023, were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Authority's Rated Debt Investment's Values

	Fair Quality Ratings	
	AAAm	AA+f
Vaco/VML Virginia Investment Pool Bond Fund	$ -	$ 1,260,660
Vaco/VML VIP Stable NAV Liquidity Pool	2,547,778	-
SNAP External Investment Pool	1,006,883	-
Total	$ 3,554,661	$ 1,260,660

Fair Value Measurements: Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of the Virginia Investment Pool above at the net asset value (NAV). The SNAP External Investment Pool is measured at amortized cost as required by GASB 79.

Redemption Restrictions: Authority is limited to two withdrawals per month.

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

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk
Maturities of the Authority's investments are as follows:

Investments	Fair Value	Maturity: Less than 1 year	Maturity: 1 to 5 years
Vaco/VML Virginia Investment Pool Bond Fund	$ 1,260,660	$ -	$ 1,260,660
Vaco/VML VIP Stable NAV Liquidity Pool	2,547,778	-	2,547,778
SNAP External Investment Pool	1,006,883	1,006,883	-
Total	$ 4,815,321	$ 1,006,883	$ 3,808,438

NOTE 4—CAPITAL ASSETS:

Details of changes in capital assets for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets not being depreciated:				
Land	$ 531,037	$ -	$ -	$ 531,037
Total capital assets not being depreciated	$ 531,037	$ -	$ -	$ 531,037
Capital Assets being depreciated:				
Buildings and improvements	$ 12,081,638	$ -	$ -	$ 12,081,638
Machinery and equipment	2,056,916	10,002	-	2,066,918
Total capital assets being depreciated	$ 14,138,554	$ 10,002	$ -	$ 14,148,556
Accumulated depreciation:				
Buildings and improvements	$ (2,940,496)	$ (909,424)	$ -	$ (3,849,920)
Machinery and equipment	(1,573,429)	(163,777)	-	(1,737,206)
Total accumulated depreciation	$ (4,513,925)	$ (1,073,201)	$ -	$ (5,587,126)
Net capital assets being depreciated	$ 9,624,629	$ (1,063,199)	$ -	$ 8,561,430
Lease assets:				
Equipment	$ 5,924	$ -	$ -	$ 5,924
Accumulated amortization:				
Equipment	$ (1,247)	$ (1,248)	$ -	$ (2,495)
Net lease assets	$ 4,677	$ (1,248)	$ -	$ 3,429
Total capital assets, net of accumulated depreciation	$ 10,160,343	$ (1,064,447)	$ -	$ 9,095,896

NOTE 5—ADVANCES FROM PARTICIPATING ENTITIES:

The Resource Authority has advances from participating localities as follows:

	Balance June 30, 2022	Increase (Decrease)	Balance June 30, 2023
County of Rockbridge	$ 350,000	$ (350,000)	$ -
Total	$ 350,000	$ (350,000)	$ -

NOTE 6—LONG-TERM OBLIGATIONS:

Changes in long-term obligations:
The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2023:

	Balance July 1, 2022 as restated	Issuances	Retirements	Balance June 30, 2023
Direct borrowings and direct placements				
Revenue Bonds	$ 6,930,000	$ -	$ 655,000	$ 6,275,000
Bond Premium	1,170,322	-	110,108	1,060,214
Total direct borrowings and direct placements	$ 8,100,322	$ -	$ 765,108	$ 7,335,214
Financed Purchase - note payable	$ 32,084	$ -	$ 32,084	$ -
Lease liability	$ 4,702	$ -	$ 1,231	$ 3,471
Other long-term obligations				
Compensated Absences	$ 28,459	$ 32,249	$ 28,459	$ 32,249
Net OPEB Liabilities	31,586	36,862	40,821	27,627
Landfill Closure and Post-closure Care	9,311,485	1,465,610	-	10,777,095
Total other long-term obligations	$ 9,371,530	$ 1,534,721	$ 69,280	$ 10,836,971
Total Long-term Obligations	$ 17,508,638	$ 1,534,721	$ 867,703	$ 18,175,656

The Authority's outstanding revenue bonds from direct borrowings and direct placements contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 12.2-2659 of the Code of Virginia, 1950 as amended.

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

Year Ending June 30,	Lease Liability		Direct Borrowings and Direct Placements Revenue Bond	
	Principal	Interest	Principal	Interest
2024	$ 1,248	$ 39	$ 480,000	$ 285,294
2025	1,264	22	510,000	259,925
2026	959	5	535,000	233,297
2027	-	-	560,000	205,638
2028	-	-	595,000	176,741
2029	-	-	620,000	146,781
2030	-	-	650,000	115,288
2031	-	-	685,000	81,953
2032	-	-	180,000	60,538
2033	-	-	185,000	52,484
2034	-	-	140,000	45,956
2035	-	-	145,000	40,503
2036	-	-	150,000	34,869
2037	-	-	155,000	29,053
2038	-	-	160,000	23,056
2039	-	-	170,000	16,775
2040	-	-	175,000	10,209
2041	-	-	180,000	3,438
Totals	$ 3,471	$ 66	$ 6,275,000	$ 1,821,798

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

Type/Project	Issue Date/Term		Amount of Original Issue	Interest Rates		Amount of Principal Installments		Final Maturity Date		Balance		Amount Due Within One Year
Business-type activities:												
Direct borrowings and direct placements:												
Revenue bonds:												
VRA 2012A revenue bond	5/31/2012	$	655,000	3.625% - 5.125%	SA	$30,000- $50,000	A	4/1/2033	$	405,000	$	30,000
VRA 2016A revenue bond	5/25/2016	$	5,710,000	3.792% - 5.125%	SA	$90,000- $625,000	A	4/1/2041		2,395,000		90,000
VRA 2020C revenue bond	9/25/2020	$	3,475,000	5.125%	SA	$360,000- $515,000	A	4/1/2031		3,475,000		360,000
Total revenue bonds									$	6,275,000	$	480,000
Unamortized bond premium									$	1,060,214	$	110,108
Total direct borrowings and direct placements									$	7,335,214	$	590,108
Lease liability:												
VersaLink copier		$	3,216	1.335%	M	$ 107	M	3/18/2026	$	3,471	$	1,248
Other obligations:												
Net OPEB liabilities									$	27,627	$	-
Landfill closure and post-closure care										10,777,095		-
Compensated absences										32,249		8,062
Total other obligations									$	10,836,971	$	8,062
Total Long-term obligations from governmental activities									$	18,175,656	$	599,418

A = annual installments M = monthly installments SA= Semi-annual installments

NOTE 7—LEASE RECEIVABLE:

The following is a summary of lease receivable transactions of the Authority for the year ended June 30, 2023:

		Beginning Balance		Increases/ Issuances		Decreases/ Retirements		Ending Balance		Interest Revenue
Business-type activities:										
Lease receivable	$	76,710	$	-	$	(4,061)	$	72,649	$	1,723

The details of lease receivable are as follows:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate		Ending Balance		Amount Due Within One Year
Cell tower space	7/1/2021	7/1/2035	Annual	2.35%	$	72,649	$	4,262

There are no variable payments for the lease receivable above.

Deferred inflows related to leases total $71,487, which is comprised of lease receivables of $72,649 and deferred lease revenue of $1,162. Lease revenue amounted to $5,499 for the year ended June 30, 2023.

NOTE 8—PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

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

c. Non-hazardous duty employees with a membership date on or after January 1, 2014, are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 8—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Term

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members:	
Non-vested inactive members	1
Total inactive members	1
Active members	8
Total covered employees	9

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2023, was 6.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $21,735 and $24,982 for the years ended June 30, 2023, and June 30, 2022, respectively.

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

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

NOTE 8—PENSION PLAN: (CONTINUED)

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTE 8—PENSION PLAN: (CONTINUED)

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 System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative 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, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2021	$ 327,940	$ 404,606	$ (76,666)
Changes for the year:			
Service cost	$ 36,849	$ -	$ 36,849
Interest	24,494	-	24,494
Differences between expected and actual experience	11,447	-	11,447
Contributions - employer	-	22,554	(22,554)
Contributions - employee	-	15,283	(15,283)
Net investment income	-	(1,400)	1,400
Benefit payments, including refunds	(3,842)	(3,842)	-
Administrative expenses	-	(236)	236
Other changes	-	10	(10)
Net changes	$ 68,948	$ 32,369	$ 36,579
Balances at June 30, 2022	$ 396,888	$ 436,975	$ (40,087)

NOTE 8—PENSION PLAN: (CONTINUED)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Blue Ridge Resource Authority's Net Pension Liability (Asset)	$ 21,344	$ (40,087)	$ (87,736)

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

For the year ended June 30, 2023, the Authority recognized pension expense of $19,747. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,533	$ -
Net difference between projected and actual earnings on pension plan investments	5,967	-
Employer contributions subsequent to the measurement date	21,735	-
Total	$ 37,235	$ -

NOTE 8—PENSION PLAN: (CONTINUED)

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

$21,735 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 Asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30		
2024	$	1,912
2025		1,912
2026		1,914
2027		7,885
2028		1,877
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan 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 part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, 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 Group Life Insurance Plan from the entity were $2,110 and $884 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

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

At June 30, 2023, the entity reported a liability of $19,627 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00160% as compared to 0.00190% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $4,695. 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.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,554	$ 787
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,226
Change in assumptions	732	1,912
Changes in proportionate share	19,100	3,652
Employer contributions subsequent to the measurement date	2,110	-
Total	$ 23,496	$ 7,577

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

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

$2,110 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		
2024	$	3,725
2025		3,734
2026		3,064
2027		4,148
2028		(862)
Thereafter		-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. 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 Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	$	1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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

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NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022, on employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Blue Ridge Service Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 28,559	$ 19,627	$ 12,408

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 8, the Authority participates in a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB Plan. Several entities participate in the defined benefit healthcare plan through the County of Rockbridge and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides post-employment heath care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Authority who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Authority.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Primary Government who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Primary Government.

Plan Membership

At July 1, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	9
Total	9

Contributions

The Authority does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County of Rockbridge Board. The Authority had no benefits come due during the year ended June 30, 2023.

Total OPEB Liability

The Authority's total OPEB liabilities were measured as of July 1, 2022. The total OPEB liabilities were determined by an actuarial valuation as of that date.

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.69% and represents the Municipal GO AA 20-year yield curve rate of the measurement date.
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on the RP-2014 Total Dataset Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate has been set to 3.69% and represents the Municipal GO AA20-year yield curve rate as of June 30, 2022. The final equivalent single discount rate used for this year's valuation is 7.00% as of the end of the fiscal year with the expectation that the Authority will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Authority Total OPEB Liability
Balances at June 30, 2022	$	9,000
Changes for the year:		
Service cost		1,000
Changes in assumptions		(2,000)
Net changes	$	(1,000)
Balances at June 30, 2023	$	8,000

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

The following amounts present the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate	
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
$ 8,881	$ 8,000	$ 7,209

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current healthcare cost trend rates:

	Rates	
1% Decrease (5.5% decreasing to 4.00%)	Healthcare Cost Trend (6.5% decreasing to 5.00%)	1% Increase (7.5% decreasing to 6.00%)
$ 7,047	$ 8,000	$ 9,115

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

For the year ended June 30, 2023, the Authority's OPEB expense amounted to $1,043. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB plan are as follows:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ 773	$ 1,384
Changes in assumptions	665	1,187
Total	$ 1,438	$ 2,571

NOTE 11—AGGREGATION OF OPEB PLANS:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 9)	$ 23,496	$ 7,577	$ 19,627	$ 4,695
Stand-Alone Plan (Note 10)	1,438	2,571	8,000	1,043
Totals	$ 24,934	$ 10,148	$ 27,627	$ 5,738

NOTE 12—COMPENSATED ABSENCES:

The Authority has accrued liabilities arising from compensated absences. No benefits or pay is received for unused sick leave upon termination. When employees leave the Authority's service through resignation or retirement, they are compensated for accumulated sick leave, up to the maximum hours allowed. The Authority has outstanding accrued compensated absences totaling $32,249.

NOTE 13—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:

The Blue Ridge Resource Authority (a Component Unit of the County of Rockbridge, Virginia) owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista approximately 10%.

State and federal laws and regulations require the Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and reached capacity during fiscal year 2018. The Authority constructed a new landfill cell that began operations on July 1, 2017. The $10,777,095 reported as accrued closure and post-closure liability at June 30, 2023, represents the cumulative amount reported for post closure of the landfill which has reached full capacity ($5,261,740), and the estimated closure and post closure liability for the new landfill cells based on the estimated use of capacity as of June 30, 2023 (approximately 99.95% for cell I, and 14% for cell II). Closure and post closure cost based on estimated use of capacity is $4,927,134, and $588,221 for cell I and cell II, respectively. The estimated total current cost of the landfill closure and post-closure care of $10,777,095 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Blue Ridge Resource Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

The Authority demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 14—RESTATEMENT OF BEGINNING NET POSITION:

Beginning net position has been restated to correct the beginning balances for the net pension asset and net OBEB liability, and the related deferred inflows of resources and deferred outflows of resources. The details of the restatement are as follows:

		Net Position
Net position at June 30, 2022 as originally reported	$	(2,965,541)
To correct the net pension liability and net pension asset, deferred outflow for pensions, and deferred inflow for pensions as a result of the Blue Ridge Resource Authority's establishment of a separate account with Virginia Retirement System.		271,257
To correct the net OPEB liability, deferred inflow for OPEB items, and deferred outflow for OPEB items as a result of the Blue Ridge Resource Authority's establishment of a separate account with Virginia Retirement System.		15,012
Net position at July 1, 2022 as restated	$	(2,679,272)

NOTE 15—UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

Implementation Guide No. 2023-1, *Implementation Guidance Update*—2023, effective for fiscal years beginning after June 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Authority's Proportionate Share of the Net Pension Liability
For the Measurement Dates of June 30, 2014 through June 30, 2020

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2020	4.8412%	335,258	323,654	103.59%	82.77%
2019	4.4679%	243,321	329,102	73.93%	86.05%
2018	4.5422%	165,308	311,500	53.07%	89.82%
2017	4.3045%	166,001	281,227	59.03%	88.74%
2016	6.2700%	374,033	400,970	93.28%	82.17%
2015	4.1000%	167,160	385,046	43.41%	77.93%
2014	4.1000%	247,595	387,025	63.97%	67.42%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. Additionally, effective for fiscal year 2022 the Authority ceased being part of the County of Rockbridge's pension plan and is now covered under its own separate pension plan. Information in this exhibit will be reported until 10 years can be reported on the Authority's Schedule of Changes in Net Pension Asset and Related Ratios (Exhibit 5).

BLUE RIDGE RESOURCE AUTHORITY **Exhibit 5**
(A COMPONENT UNITY OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

Schedule of Changes in Net Pension Asset and Related Ratios
Pension Plans
For the Measurement Dates of June 30, 2021 through June 30, 2022

	2022	2021
Total pension liability		
Service cost	$ 36,849	$ -
Interest	24,494	-
Changes of benefit terms	-	327,940
Differences between expected and actual experience	11,447	-
Benefit payments, including refunds of employee contributions	(3,842)	-
Net change in total pension liability	$ 68,948	$ 327,940
Total pension liability - beginning	327,940	-
Total pension liability - ending (a)	$ 396,888	$ 327,940
Plan fiduciary net position		
Contributions - employer	$ 22,554	$ 13,016
Contributions - employee	15,283	9,078
Net investment income	(1,400)	42,093
Benefit payments, including refunds of employee contributions	(3,842)	-
Administrative expense	(236)	229
Other changes	10	340,190
Net change in plan fiduciary net position	$ 32,369	$ 404,606
Plan fiduciary net position - beginning	404,606	-
Plan fiduciary net position - ending (b)	$ 436,975	$ 404,606
Authority's net pension asset - ending (a) - (b)	$ (40,087)	$ (76,666)
Plan fiduciary net position as a percentage of the total pension liability	110.10%	123.38%
Covered payroll	$ 339,891	$ 291,206
Authority's net pension asset as a percentage of covered payroll	-11.79%	-26.33%

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 21,735	$ 21,735	$ -	$ 390,750	5.56%
2022	22,495	22,495	-	339,891	6.62%
2021	43,081	43,081	-	291,206	14.79%
2020	48,018	48,018	-	323,654	14.84%
2019	39,193	39,193	-	329,102	11.91%
2018	40,277	40,277	-	311,500	12.93%
2017	35,888	35,888	-	281,227	12.76%
2016	54,880	54,880	-	400,970	13.69%
2015	54,022	54,022	-	385,046	14.03%
2014	51,629	51,629	-	387,025	13.34%

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

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2022	0.00160%	$ 19,627	$ 354,174	5.54%	67.21%
2021	0.00190%	22,586	298,822	5.49%	67.45%
2020	0.00170%	28,438	323,654	8.79%	52.64%
2019	0.00160%	27,318	329,102	8.30%	52.00%
2018	0.00150%	23,330	291,642	8.00%	51.22%
2017	0.00150%	22,919	281,227	8.15%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 2,110	$ 2,110	$ -	$ 390,750	0.54%
2022	1,913	1,913	-	354,174	0.54%
2021	1,573	1,573	-	298,822	0.54%
2020	1,683	1,683	-	323,654	0.52%
2019	1,683	1,683	-	329,102	0.51%
2018	1,517	1,517	-	291,642	0.52%
2017	1,461	1,461	-	281,227	0.52%
2016	1,926	1,926	-	401,278	0.48%
2015	1,859	1,859	-	387,288	0.48%
2014	1,858	1,858	-	387,025	0.48%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios-
Medical, Dental, Prescription Insurance
For the Years Ended June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 1,000	$ 1,000	$ 1,000	$ -	$ 1,000	$ 1,000
Interest	-	-	-	-	1,000	-
Changes in assumptions	(2,000)	-	1,000	2,000	(2,000)	-
Differences between expected and actual experience	-	1,000	(2,000)	-	(5,000)	-
Net change in total OPEB liability	$ (1,000)	$ 2,000	$ -	$ 2,000	$ (5,000)	$ 1,000
Total OPEB liability - beginning	9,000	7,000	7,000	5,000	10,000	9,000
Total OPEB liability - ending	$ 8,000	$ 9,000	$ 7,000	$ 7,000	$ 5,000	$ 10,000
Covered-employee payroll	$ 202,283	$ 171,991	$ 152,178	$ 136,815	$ 118,854	$ 191,313
Authority's total OPEB liability (asset) as a percentage of covered-employee payroll	3.95%	5.23%	4.60%	5.12%	4.21%	5.23%

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

Notes to Required Supplementary Information - Authority OPEB
Medical, Dental, Prescription Insurance
For the Year Ended June 30, 2023

Valuation Date: 7/1/2022
Measurement Date: 7/1/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.
Inflation	2.50% per year
Healthcare Trend Rate	6.50% for fiscal year end 2023 decreasing 0.50% per year to an ultimate rate od 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO THE BOARD OF THE BLUE RIDGE RESOURCE AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Blue Ridge Resource Authority (a component unit of the County of Rockbridge, Virginia) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 31, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 12, 2023