Southside Regional Public Service Authority

Annual Comprehensive Financial Report

Years Ended June 30, 2023 and 2022

Creedle, Jones
& Associates, P.C.
Certified Public Accountants

Southside Regional Public Service Authority

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Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southside Regional Public Service Authority
Boydton, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Southside Regional Public Service Authority, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Southside Regional Public Service 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 respective financial position of the business-type activities of the Southside Regional Public Service Authority, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our 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 *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Southside Regional Public Service 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 opinions.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2023, the Authority adopted new accounting guidance, GASB Statement No. 94, Public-Private and Public-Public Partnerships and No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southside Regional Public Service 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southside Regional Public Service Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southside Regional Public Service 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 on pages 1–3 and 31-36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of the Southside Regional Public Service 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 Southside Regional Public Service Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southside Regional Public Service Authority's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
November 27, 2023

Southside Regional Public Service Authority

Management's Discussion and Analysis

As of June 30, 2023 and 2022

Our discussion and analysis of the Southside Regional Public Service Authority's financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2023 and 2022. Please read this information in conjunction with Southside Regional Public Service Authority's basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Southside Regional Public Service Authority (the "Authority") presents three basic financial statements. These are: (1) Statements of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Statements of Cash Flows.

Our financial position is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. This information is reported on the Statements of Net Position, which reflects the Authority's assets in relation to its debt to creditors. The excess of our assets over liabilities is our equity, or net position.

Information regarding the results of our operation during the years is reported in the Statements of Revenues, Expenses, and Changes in Net Position. These statements show how much our overall net position increased or decreased during the years as a result of our operations and for other reasons.

Our Statements of Cash Flows disclose the flow of cash resources into and out of the Authority during the years and how we applied those funds.

FINANCIAL SUMMARY

Financial Position

A summary of the Authority's Statements of Net Position for 2023 and 2022 is presented below:

	2023	2022
Assets	**$ 19,921,549**	$ 19,819,092
Deferred Outflows of Resources	**62,946**	94,403
Total Assets and Deferred Outflows of Resources	**$ 19,984,495**	$ 19,913,495
Liabilities	**$ 10,802,075**	$ 11,265,361
Deferred Inflows of Resources	**167,724**	288,108
Net Position		
Net investment in capital assets	**8,950,791**	8,515,739
Restricted	**1,705**	193
Unrestricted (Deficit)	**62,200**	(155,906)
Total Net Position	**9,014,696**	8,360,026
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 19,984,495**	$ 19,913,495

Change in Net Position

A summary of the Authority's Condensed Statements of Revenues, Expenses, and Changes in Net Position for 2023 and 2022 is presented below:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022
Operating Revenues	**$ 3,270,532**	$ 3,290,403
Operating Expenses	**(2,888,556)**	(2,398,305)
Net Operating Income	**381,976**	892,098
Non-Operating Revenue	**326,196**	39,819
Non-Operating Expense	**(53,502)**	(216,421)
Changes in Net Position	**$ 654,670**	$ 715,496

During the year, the Authority's net operating income was $381,976. Non-operating revenues were $326,196 and non-operating expenses were $53,502. Changes in net position were an overall increase of $654,670.

Cash Flows

A summary of the Authority's Condensed Statements of Cash Flows for 2023 and 2022 is presented below:

Condensed Statements of Cash Flows

	2023	2022
Cash Provided by (Used in)		
Operating activities	**$ 1,240,498**	$ 1,840,837
Noncapital financing activities	**26,398**	18,039
Capital and related financing activities	**(595,696)**	(838,149)
Investing activities	**299,798**	21,780
Net Increase in Cash	**$ 970,998**	$ 1,042,507

Capital Assets

As of June 30, 2023, the Authority's business-type activities net capital assets total $10,668,476, a decrease of $884,166 or 7.65% over the previous fiscal year.

Change in Capital Assets

	Balance July 1, 2022	Net Additions and Deletions	Balance June 30, 2023
Land	$ 821,717	$ -	$ 821,717
Land improvements	12,023,030	-	12,023,030
Buildings and improvements	396,530	-	396,530
Equipment and vehicles	2,119,510	-	2,119,510
Total Capital Assets	15,360,787	-	15,360,787
Less: Accumulated depreciation	4,317,978	648,858	4,966,836
Total Capital Assets, Net	$ 11,042,809	$ (648,858)	$ 10,393,951

Lease assets	$ 725,532	$ -	$ 725,532
Less: Accumulated amortization	(215,699)	(235,308)	(451,007)
Lease Assets, Net	$ 509,833	$ (235,308)	$ 274,525

Long-Term Debt

As of June 30, 2023, the Authority's long-term obligations total $10,498,547.

The Authority's long-term obligations are presented as follows:

Change in Long-Term Debt

	Balance July 1, 2022	Net Additions and Deletions	Balance June 30, 2023
Truist, Revenue Bond Series 2018	$ 843,000	$ (843,000)	$ -
Virginia Resources Authority, Revenue Bond Series 2016	1,430,000	(105,000)	1,325,000
Total Outstanding Debt	2,273,000	(948,000)	1,325,000
Add: Unamortized Premium on 2016 Bond	254,070	(23,097)	230,973
Landfill closure and postclosure costs	8,301,099	589,378	8,890,477
Compensated absences	50,560	1,537	52,097
Total Long-Term Liabilities	$ 10,878,729	$ (380,182)	$ 10,498,547

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Wayne Carter, Executive Director, who as Treasurer is the Fiscal Agent for Southside Regional Public Service Authority, P. O. Box 307, Boydton, Virginia 23917, telephone 434-738-6191.

BASIC FINANCIAL STATEMENTS

Exhibit A

Southside Regional Public Service Authority

Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Assets and Deferred Outflows of Resources		
Assets		
Current Assets		
Cash and investments	$ 8,851,760	$ 7,882,274
Cash, restricted	1,705	193
Accounts receivable	386,949	383,983
Prepaid expenses	12,659	-
Total Current Assets	9,253,073	8,266,450
Noncurrent Assets		
Capital assets		
Nondepreciable assets	821,717	821,717
Depreciable assets, net	9,572,234	10,221,092
Lease assets, net	274,525	509,833
Total Noncurrent Assets	10,668,476	11,552,642
Total Assets	19,921,549	19,819,092
Deferred Outflows of Resources		
OPEB	8,310	8,220
Pension	54,636	86,183
Total Deferred Outflows of Resources	62,946	94,403
Total Assets and Deferred Outflows of Resources	$ 19,984,495	$ 19,913,495
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 64,860	$ 52,170
Current portion of lease liabilities	149,085	144,699
Current portion of compensated absences	5,210	-
Current portion of notes payable	133,097	976,153
Total Current Liabilities	352,252	1,173,022
Long-Term Liabilities		
Landfill closure and post-closure costs	8,890,477	8,301,099
Lease liabilities, net of current portion	12,627	161,712
Compensated absences, net of current portion	46,887	45,504
Net pension liability	59,129	11,244
Net OPEB liability	17,827	16,807
Notes payable, net of current portion	1,422,876	1,555,973
Total Long-Term Liabilities	10,449,823	10,092,339
Total Liabilities	10,802,075	11,265,361
Deferred Inflows of Resources		
OPEB	3,568	6,439
Pension	86,919	188,656
Refunding of debt	77,237	93,013
Total Deferred Inflows of Resources	167,724	288,108
Net Position		
Net investment in capital assets	8,950,791	8,515,739
Restricted	1,705	193
Unrestricted (Deficit)	62,200	(155,906)
Total Net Position	9,014,696	8,360,026
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 19,984,495	$ 19,913,495

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

Exhibit B

Southside Regional Public Service Authority

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Landfill charges	$ 3,270,532	$ 3,290,403
Total Operating Revenues	3,270,532	3,290,403
Operating Expenses		
Salaries and wages	428,283	376,354
Fringe benefits and payroll taxes	142,990	144,203
Advertising	1,839	772
Amortization	235,308	215,699
Depreciation	648,858	655,628
Dues and permits	16,182	14,828
Electrical services	4,509	3,861
Engineering fees	83,077	75,965
Hauling of leachate	141,632	103,966
Insurance	27,589	29,917
Landfill closure costs	589,378	365,058
Office supplies	12,318	13,282
Professional fees	10,415	12,560
Miscellaneous	5,871	4,585
Recycling	11,677	16,633
Repair and maintenance	225,581	146,883
Site maintenance	88,512	13,139
Uniforms	11,976	7,679
Supplies, gas, and oil	198,771	191,193
Telephone	3,790	4,026
Well monitoring	-	2,074
Total Operating Expenses	2,888,556	2,398,305
Operating Income	381,976	892,098
Non-Operating Revenues (Expenses)		
Interest income	299,798	21,780
Other income	26,398	18,039
Gain/loss on sale of asset	-	(134,169)
Interest expense and bond costs	(53,502)	(82,252)
Net Non-Operating Revenues (Expenses)	272,694	(176,602)
Change in Net Position	654,670	715,496
Total Net Position - Beginning of Year	8,360,026	7,644,530
Total Net Position - End of Year	$ 9,014,696	$ 8,360,026

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

Southside Regional Public Service Authority
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from landfill charges	$ 3,267,566	$ 3,328,964
Payments for personnel costs and fringe benefits	(593,982)	(517,573)
Payments for operating expenses	(1,433,086)	(970,554)
Net Cash Provided by Operating Activities	1,240,498	1,840,837
Cash Flows from Noncapital Financing Activities		
Other income	26,398	18,039
Net Cash Provided by Noncapital Financing Activities	26,398	18,039
Cash Flows from Capital and Related Financing Activities		
Adjustment on estimated closure and post-closure costs	589,378	365,058
Principal paid on lease liabilities	(144,699)	(117,325)
Principal paid on long-term debt	(948,000)	(963,460)
Interest paid on capital debt and lease liabilities (includes debt refunding)	(92,375)	(122,422)
Net Cash Used in Capital and Related Financing Activities	(595,696)	(838,149)
Cash Flows from Investing Activities		
Interest income	299,798	21,780
Net Cash Provided by Investing Activities	299,798	21,780
Net Increase in Cash and Cash Equivalents	970,998	1,042,507
Cash and Cash Equivalents - Beginning of Year	7,882,467	6,839,960
Cash and Cash Equivalents - End of Year	$ 8,853,465	$ 7,882,467
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 381,976	$ 892,098
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	648,858	655,628
Amortization	235,308	215,699
Changes in assets and liabilities		
Receivables	(2,966)	38,561
Prepaid expenses	(12,659)	-
Accounts payable and accrued liabilities	12,690	35,867
Compensated absences	1,537	12,878
Net OPEB liability	1,020	(7,209)
Net pension liability	47,885	(239,058)
Deferred outflows - OPEB	(90)	660
Deferred outflows - pension	31,547	41,336
Deferred inflows - OPEB	(2,871)	5,721
Deferred inflows - pension	(101,737)	188,656
Net Cash Provided by Operating Activities	$ 1,240,498	$ 1,840,837

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

Southside Regional Public Service Authority

Notes to the Financial Statements

Year Ended June 30, 2023

1 Organization, Description of the Entity, and Its Activities

The Southside Regional Public Service Authority (the "Authority") was created under the authority of the Virginia State Corporation Commission on September 21, 2004.

The Authority consists of a six-member Board made up of two members from each locality for a term of four years. The Board operates independently of the localities.

2 Significant Accounting Policies

Financial Statement Presentation

The financial statements of the Southside Regional Public Service Authority have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the Authority's accounting policies are described below:

Basic Financial Statements

<u>Management's Discussion and Analysis</u> – the financial statements are required to be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

<u>Enterprise Fund Financial Statements</u>

<u>Statement of Net Position</u> – The Statement of Net Position is designed to display financial position of the Authority. Governments will report all capital assets in the Statement of Net Position and will report depreciation expense – the cost of "using up" capital assets – in the Statement of Revenues, Expenses, and Changes in Net Position. The net position of a government will be broken down into three categories – 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting under which revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred through the receipt of goods and services. All supplies and materials are expensed when purchased and fixed assets are capitalized and depreciated over their estimated useful lives.

Capital Assets

Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets.

The Authority has recorded lease assets as a result of implementing GASB 87. The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The lease assets are amortized on a straight-line basis over the life of the related lease.

Use of Estimates

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means.

Deferred Outflows/Inflows of Resources

The Statement of Financial Position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions and OPEB for certain actuarially determined differences projected and actual investment earnings.

The Statement of Financial Position also includes a separate section for deferred inflows of resources. This represents an acquisition of net position applicable to future periods and will not be recognized as revenue in the future period to which it applies. Currently, this category includes refunding of debt, amounts related to pensions and OPEB for certain actuarially determined differences between projected and actual experience, and lease deferrals.

Net Position

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

Net Position Flow Assumptions

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

Pensions

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

Group Life Insurance

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

Adoption of New GASB Statements

The Authority adopted the following GASB statements during the year ended June 30, 2023:

In March 2020, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 is effective for fiscal years beginning after June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Authority.

In May 2020, Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB Statement No. 96 is effective for fiscal year ending June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Authority.

3 Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by 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.

Investments

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

The Authority does not have a formal investment policy.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have custodial credit risk policies for investments.

Interest Rate Risk

Through its investment policy, the Authority manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its investment portfolio. As of June 30, investments held in the portfolio can be liquidated daily.

Concentration of Credit Risk

The Authority places no limit on the amount the Treasurer may invest in any one issuer. 100 percent of the Authority's investments are in the Local Government Investment Pool.

The following is a summary of cash and investments:

Asset Type	Balance June 30, 2023
Deposit accounts	$ 461,634
Investments	
Local Government Investment Pool	8,391,831
Total Cash and Investments	$ 8,853,465

The following is a summary and reconciliation of the pooled cash and investments at June 30, 2023:

Cash and investments	$ 8,851,760
Restricted cash	1,705
Total	$ 8,853,465

4 Amount of Allowance for Uncollectible Accounts

The Authority calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. Management estimates no allowance was required for the year ended June 30, 2023.

5 Capital Assets

The schedule below shows the breakdown of capital assets by category at June 30, 2023:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
Land	$ 821,717	$ -	$ -	$ 821,717
Land improvements	12,023,030	-	-	12,023,030
Buildings and improvements	396,530	-	-	396,530
Equipment and vehicles	2,119,510	-	-	2,119,510
Total Capital Assets	15,360,787	-	-	15,360,787
Less: Accumulated depreciation	4,317,978	648,858	-	4,966,836
Net Capital Assets	$ 11,042,809	$ (648,858)	$ -	$ 10,393,951

Capital assets of the Authority are stated at cost. Depreciation of the cost of capital assets is provided on a straight-line basis over their estimated useful lives as follows:

Land improvements	25 years
Buildings and improvements	40 years
Equipment and vehicles	5 to 10 years

Lease asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Lease assets				
Equipment	$ 725,532	$ -	$ -	$ 725,532
Less: accumulated amortization for				
Equipment	215,699	235,308	-	451,007
Lease assets, net	$ 509,833	$ (235,308)	$ -	$ 274,525

6 Long-Term Debt

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

Details of Long-Term Indebtedness	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023	Due Within One Year
Solid Waste Revenue Bond, Series 2018, $4,000,000 issued March 29, 2018 with Truist; interest at a rate of 2.70%, payable semiannually over 5 years maturing April 2023.	$ 843,000	$ -	$ (843,000)	$ -	$ -
Solid Waste Revenue Refunding Bond, Series 2016, $1,875,000 issued May 25, 2016 with Virginia Resources Authority; interest ranging from 3.813% to 5.125% payable semiannually over 16 years maturing October 2032.	1,430,000	-	(105,000)	1,325,000	110,000
Subtotals	2,273,000	-	(948,000)	1,325,000	110,000
Unamortized Premium on Bond 2016 Series	254,070	-	(23,097)	230,973	23,097
Landfill Closure and Post-closure Costs	8,301,099	589,378	-	8,890,477	-
Compensated Absences	50,560	15,912	(14,375)	52,097	5,210
Total Long-Term Debt	$ 10,878,729	$ 605,290	$ (985,472)	$ 10,498,547	$ 138,307

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

Year(s) Ended June 30,	Enterprise Fund Principal	Enterprise Fund Interest
2024	$ 110,000	$ 56,838
2025	115,000	51,072
2026	120,000	45,250
2027	120,000	39,475
2028	125,000	33,772
2029-2033	735,000	78,834
Total	1,325,000	$ 305,241
Add: Unamortized Premium on 2016 Bond	230,973	
Landfill Closure and Post-Closure Costs	8,890,477	
Compensated Absences	52,097	
Total Long-Term Debt	$ 10,498,547	

Advance Refunding

The Authority issued $1,875,000 of General Obligation Bonds, Series 2016. The net proceeds of $2,212,986 (after issuance costs of $31,569, plus premium of $369,555) were used to advance refund various series bonds with a total principal amount of $2,160,000. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the Authority's liabilities. The reacquisition price was less than the net carrying amount of the old debt by $210,182. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by $499,398 and resulted in an economic gain of $417,404. This is reported as a Deferred Inflow of Resources on the Authority's Statement of Net Position.

Details of Refunding of Debt	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023	Due Within One Year
2018 Refunding of Debt	$ 93,013	$ -	$ (15,776)	$ 77,237	$ 14,382

7 Leases

Lessee Arrangements

Lease agreements resulting in lease liabilities for the Authority are summarized as follows:

Description	Lessor	Asset Type	Original Lease Date	Original Payment Terms	Payment Amount	Interest Rate	Balance June 30, 2023
826K Landfill Compactor	Caterpillar Financial	Equipment	8/11/2021	36	$12,657.35/month	2.99%	$ 161,712

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Lease Liabilities	$ 306,411	$ -	$ (144,699)	$ 161,712	$ 149,085

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

Fiscal Year	Principal	Interest
2024	$ 149,085	$ 2,803
2025	12,627	31
Totals	$ 161,712	$ 2,834

Lease Expense	Year Ending June 30, 2023
Amortization expense by class of underlying asset	
Equipment	$ 235,308
Total amortization expense	235,308
Interest on lease liabilities	6,829
Total	$ 242,137

8 Contingent Liabilities (Including Federally Assisted Programs – Compliance Audits)

If applicable, federal programs in which the Authority participates were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

9 Landfill Obligation

State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for ten years after closure.

The Authority recognizes the estimated closure and post-closure costs of $8,890,477. These amounts are based on what it would cost to perform all closure care as of June 30, 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Authority is paying these costs on an annual pay-as-you-go basis.

10 Related Parties

The following schedule presents significant transactions between the Authority and its jointly governed localities during the year ended June 30, 2023:

Locality	Services Rendered	Total Amount Charged in FY23	Total Amount Paid in FY23 Related to FY23	Total Amount Paid in FY23 Related to PY	Amount Accrued and Unpaid
Mecklenburg County	Landfill charges	$ 810,998	$ 741,346	$ 72,136	$ 69,652
Halifax County	Landfill charges	1,010,630	830,152	186,303	180,478
Charlotte County	Landfill charges	187,800	172,056	16,161	15,744

11 Compensated Absences

Each Authority employee earns sick leave at the rate of one day per month. Vacation pay begins with one day per month and increases with length of service. Upon favorable termination, an employee who has been employed with the Authority for a minimum of (5) five years, and who has accumulated up to 240 hours of sick leave will be reimbursed for the accumulated leave. Any accumulated leave over 240 hours shall be un-reimbursable and forfeited by the employee. Upon separation, an employee shall receive payment for annual leave up to the maximum accrual rate. Payment shall be calculated using the employee's base hourly rate of pay at the time of separation. In the case of the death of an employee, the unused annual leave credit shall be paid to the employee's estate. The Authority has outstanding accrued compensated absences totaling $52,097.

12 Pension

Plan Description

All full-time, salaried permanent (professional) employees of the Political Subdivision are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.	***About Plan 2*** Same as Plan 1	***About the Hybrid Retirement Plan*** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. •The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. •The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. •In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. ***Hybrid Opt-In Election*** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	***Eligible Members*** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. ***Hybrid Opt-In Election*** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Eligible Members*** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: •Political subdivision employees* •Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 **Non-Eligible Members* Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: •Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions	*Retirement Contributions*	*Retirement Contributions*
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Same as Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit	*Service Credit*	*Service Credit*
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1.	**Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting	*Vesting*	*Vesting*
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Same as Plan 1.	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. •After two years, a member is 50% vested and may withdraw 50% of employer contributions. •After three years, a member is 75% vested and may withdraw 75% of employer contributions. •After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution not required, except as governed by law.
Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	*Calculating the Benefit* See definition under Plan 1.	*Calculating the Benefit* **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	*Average Final Compensation* A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	*Average Final Compensation* Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	*Service Retirement Multiplier* **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	*Service Retirement Multiplier* **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	**Sheriffs and regional jail superintendents:** Same as Plan 1.	**Sheriffs and regional jail superintendents:** Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Political subdivision hazardous duty employees:** Same as Plan 1.	**Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component** Not applicable.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age	*Normal Retirement Age*	*Normal Retirement Age*
VRS: Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	*Earliest Unreduced Retirement Eligibility*	*Earliest Unreduced Retirement Eligibility*
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	*Earliest Reduced Retirement Eligibility*	*Earliest Reduced Retirement Eligibility*
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **Political subdivisions hazardous duty employees:** Age 50 with at least five years of service credit.	**VRS:** Age 60 with at least five years (60 months) of service credit. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Defined Benefit Component:** **VRS:** Age 60 with at least five years (60 months) of service credit. **Political subdivisions hazardous duty employees:** Not applicable **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	*Cost-of-Living Adjustment (COLA) in Retirement*	*Cost-of-Living Adjustment (COLA) in Retirement*
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	**Defined Benefit Component:** Same as Plan 2 **Defined Contribution Component:** Not applicable
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	*Eligibility:* *Same as Plan 1*	*Eligibility:* *Same as Plan 1 and Plan 2*

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: •The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. •The member retires on disability. •The member retires directly from short-term or long-term disability. •The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. •The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	*Exceptions to COLA Effective Dates:* Same as Plan 1	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.	*Disability Coverage* Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.	*Disability Coverage* Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	*Purchase of Prior Service* Same as Plan 1	*Purchase of Prior Service* **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	4
Inactive members:	
Vested inactive members	1
Non-vested inactive members	1
LTD	-
Inactive members active elsewhere in VRS	2
Total inactive members	4
Active members	6
Total covered employees	14

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.

If the employer used the certified rate: Southside Regional Public Service Authority's contractually required employer contribution rate for the year ended June 30, 2023 was 9.20% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Southside Regional Public Service Authority were $35,761 and $34,182 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) 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 Southside Regional Public Service Authority, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability 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 Political Subdivision'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

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

The actuarial assumptions used in the June 30, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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 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 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%.

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; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2022, 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 Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 1,706,530	$ 1,695,286	$ 11,244
Changes for the Year			
Service cost	31,655	-	31,655
Interest	114,995	-	114,995
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	(53,044)	-	(53,044)
Contributions - employer	-	33,260	(33,260)
Contributions - employee	-	15,386	(15,386)
Net investment income	-	(1,913)	1,913
Benefit payments, including refunds	(69,116)	(69,116)	-
Administrative expenses	-	(1,050)	1,050
Other changes	-	38	(38)
Net Changes	24,490	(23,395)	47,885
Balances at June 30, 2022	$ 1,731,020	$ 1,671,891	$ 59,129

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

The following presents the net pension liability of Southside Regional Public Service Authority using the discount rate of 6.75%, as well as what Southside Regional Public Service Authority's net pension 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:

	1.00% Decrease (5.75)	Current Discount Rate (6.75)	1.00% Increase (7.75)
Political subdivision's Net Pension Liability	$ 292,259	$ 59,129	$ (131,033)

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

For the year ended June 30, 2023, Southside Regional Public Service Authority recognized pension expense of $12,534. At June 30, 2023 Southside Regional Public Service 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	$ 2,482	$ 39,089
Change in assumptions	16,393	-
Net difference between projected and actual earnings on pension plan investments	-	47,830
Employer contributions subsequent to the measurement date	35,761	-
Total	$ 54,636	$ 86,919

$35,761 reported as deferred outflows of resources related to pensions resulting from Southside Regional Public Service Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 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 as follows:

Year Ended June 30,	
2024	$ (20,989)
2025	(34,949)
2026	(35,230)
2027	23,124
2028	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at 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.

13 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • *Natural Death Benefit:* – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • *Accidental Death Benefit:* – The accidental death benefit is double the natural death benefit. • *Other Benefit Provisions:* – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: Accidental dismemberment benefit Safety belt benefit Repatriation benefit Felonious assault benefit Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit 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 Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or 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. Contribution to the Group Life Insurance Program from the entity were $5,094 and $4,429 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.

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

At June 30, 2023, the participating employer reported a liability of $17,827 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 Group Life Insurance Program 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 .04935% as compared to 0.04812% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $913. 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	$ 1,412	$ 715
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,114
Change in assumptions	665	1,736
Changes in proportion	1,139	3
Employer contributions subsequent to the measurement date	5,094	-
Total	$ 8,310	$ 3,568

$5,094 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	$ 16
2025	13
2026	(605)
2027	271
2028	(47)
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.

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

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

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

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

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

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

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

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, 2020. 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)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program'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 Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
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.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a lognormal 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)	Target 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 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%.*

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 and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending 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:

	1.00% Increase (5.75%)	Current Discount Rate (6.75%)	1.00% Decrease (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Program Net OPEB Liability	$ 25,940	$ 17,827	$ 11,270

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at 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.

14 Upcoming Pronouncements

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (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 requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections.* An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

15 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through November 27, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Southside Regional Public Service Authority

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 31,655	$ 30,603	$ 31,688	$ 27,227	$ 28,132	$ 27,743	$ 27,335	$ 27,327	$ 27,154
Interest	114,995	105,880	98,868	94,035	89,897	87,517	87,120	83,812	79,539
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(53,044)	(7,886)	41,666	22,181	5,901	(12,182)	(49,023)	(9,083)	-
Changes of assumptions	-	45,667	-	43,552	-	(10,341)	-	-	-
Benefit payments	(69,116)	(72,648)	(64,043)	(67,227)	(62,414)	(55,049)	(64,495)	(45,088)	(46,213)
Net change in total pension liability	24,490	101,616	108,179	119,768	61,516	37,688	937	56,968	60,480
Total pension liability - beginning	1,706,530	1,604,914	1,496,735	1,376,967	1,315,451	1,277,763	1,276,826	1,219,858	1,159,378
Total pension liability - ending (a)	$ 1,731,020	$ 1,706,530	$ 1,604,914	$ 1,496,735	$ 1,376,967	$ 1,315,451	$ 1,277,763	$ 1,276,826	$ 1,219,858
Plan fiduciary net position									
Contributions - employer	$ 33,260	$ 31,042	$ 25,810	$ 23,417	$ 23,459	$ 22,794	$ 31,865	$ 30,578	$ 31,382
Contributions - employee	15,386	14,338	14,314	13,934	12,555	12,365	12,913	11,602	11,762
Net investment income	(1,913)	368,826	25,888	85,717	90,767	135,682	19,150	49,330	147,136
Benefit payments	(69,116)	(72,648)	(64,043)	(67,227)	(62,414)	(55,049)	(64,495)	(45,088)	(46,213)
Administrator charges	(1,050)	(919)	(880)	(857)	(790)	(786)	(700)	(671)	(787)
Other	38	35	(31)	(54)	(78)	(121)	(8)	(11)	9
Net change in plan fiduciary net position	(23,395)	340,674	1,058	54,930	63,499	114,885	(1,275)	45,740	143,289
Plan fiduciary net position - beginning	1,695,286	1,354,612	1,353,554	1,298,624	1,235,125	1,120,240	1,121,515	1,075,775	932,486
Plan fiduciary net position - ending (b)	$ 1,671,891	$ 1,695,286	$ 1,354,612	$ 1,353,554	$ 1,298,624	$ 1,235,125	$ 1,120,240	$ 1,121,515	$ 1,075,775
Political subdivision's net pension liability - ending (a-b)	$ 59,129	$ 11,244	$ 250,302	$ 143,181	$ 78,343	$ 80,326	$ 157,523	$ 155,311	$ 144,083
Plan fiduciary net position as a percentage of the total Pension liability	96.58%	99.34%	84.40%	90.43%	94.31%	93.89%	87.67%	87.84%	88.19%
Covered payroll	$ 338,125	$ 327,786	300,702	$ 286,732	$ 248,659	$ 257,985	$ 252,849	$ 246,167	$ 240,132
Political subdivision's net pension liability as a percentage of covered payroll	17.49%	3.43%	83.24%	49.94%	31.51%	31.14%	62.30%	63.09%	60.00%

Southside Regional Public Service Authority

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2014 through 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	**$ 35,761**	**$ 35,761**	**$ -**	**$ 388,882**	**9.20%**
2022	34,182	34,182	-	338,125	10.11%
2021	32,280	32,280	-	327,786	9.85%
2020	25,394	25,394	-	300,702	8.44%
2019	24,450	24,450	-	286,732	8.53%
2018	22,032	22,032	-	248,659	8.86%
2017	23,941	23,895	46	257,985	9.26%
2016	33,578	33,452	126	252,849	13.23%
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A

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

For Reference Only:

Column 1 - Employer contribution rate multiplied by the employer's covered payroll.

Column 2 - Employer contributions as referenced in Covered Payroll & Contributions report on VRS website.

Column 4 - Employer's covered payroll amount for the fiscal year.

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, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Southside Regional Public Service Authority

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2022

	2022	**2021**	**2020**	**2019**	**2018**	**2017**
Employer's Proportion of the Net GLI OPEB Liability (Asset)	**0.04935%**	0.04812%	0.04797%	0.04536%	0.04518%	0.04504%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	**$ 17,827**	$ 16,807	$ 24,016	$ 22,140	$ 20,580	$ 20,340
Employer's Covered Payroll	**$ 338,125**	$ 327,786	$ 300,702	$ 286,732	$ 248,659	$ 257,985
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	**5.27%**	5.13%	7.99%	7.72%	8.28%	7.88%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	**67.21%**	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year of presentation, only six years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 132 of the VRS 2022 Annual Report.

Southside Regional Public Service Authority

Schedule of Employer Contributions

Group Life Insurance OPEB Plan

For the Years Ended June 30, 2014 through 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	**$ 5,094**	**$ 5,094**	**$ -**	**$ 388,882**	**1.31%**
2022	4,429	4,429	-	338,125	1.31%
2021	4,294	4,294	-	327,786	1.31%
2020	3,939	3,939	-	300,702	1.31%
2019	3,756	3,756	-	286,732	1.31%
2018	3,257	3,257	-	248,659	1.31%
2017	3,380	3,380	-	257,985	1.31%
2016	3,009	3,009	-	252,848	1.19%
2015	2,929	2,929	-	246,167	1.19%
2014	N/A	N/A	N/A	N/A	N/A

For Reference Only:

Column 1 - Employer contribution rate multiplied by the employer's covered payroll.
Column 2 - Employer contributions as referenced in Covered Payroll & Contributions report on VRS website.
Column 4 - Employer's covered payroll amount for the fiscal year.

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, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER INFORMATION

Table 1

Southside Regional Public Service Authority

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Solid Waste Revenue Bonds

Fiscal Year	Gross Revenue [1]	Less Operating Expenses [2]	Net Revenues Available for Debt Service	Debt Service Principal	Debt Service Interest	Coverage
2014	$ 2,685,731	$ 929,398	$ 1,756,333	$ 968,892	$ 182,653	1.53
2015	2,627,218	803,448	1,823,770	1,004,394	164,873	1.56
2016	2,751,297	893,628	1,857,669	1,041,743	129,283	1.59
2017	2,905,678	999,663	1,906,015	3,188,641	92,196	0.58
2018	3,002,840	1,840,677	1,162,163	253,648	165,416	2.77
2019	3,106,545	1,208,399	1,898,146	1,072,091	221,073	1.47
2020	3,073,119	1,162,391	1,910,728	1,135,125	186,252	1.45
2021	3,290,403	1,377,619	1,912,784	963,460	122,422	1.76
2022	3,312,183	1,161,920	2,150,263	1,080,785	122,422	1.79
2023	**3,570,330**	**1,415,012**	**2,155,318**	**1,092,699**	**92,375**	**1.82**

[1]Operating revenues and interest income
[2]Net of depreciation, amortization and landfill closure costs

COMPLIANCE

Creedle
Jones
& Associates
A Professional Corporation

Robin B. Jones, CPA, CFP
Kimberly W. Jackson, CPA

Sherwood H. Creedle, Founder

Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

INDEPENDENT AUDITOR'S 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 Directors
Southside Regional Public Service Authority
Boydton, 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 *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 Southside Regional Public Service Authority, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Southside Regional Public Service Authority's basic financial statements, and have issued our report thereon dated November 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southside Regional Public Service 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southside Regional Public Service Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Southside Regional Public Service Authority's internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southside Regional Public Service 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.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
November 27, 2023