

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(A Component Unit of Rockbridge County, Virginia)

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(A Component Unit of Rockbridge County, Virginia)

(A governmental organization formed October 10, 1966
under the Water and Sewer Authorities Act, Chapter 51,
Title 15.2 of the Code of Virginia, as amended)

MEMBERS

David McDaniel

Rick Mast

Jay Melvin

Dr. Grigg Mullen

Mike Henry

OFFICIALS

Grigg Mullen, Chairman

Rick Mast, Vice-Chairman

Jay Melvin, Treasurer

Melissa Alexander, Executive Director and Secretary

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Board of Directors
Rockbridge County Public Service Authority
Lexington, Virginia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Rockbridge County Public Service Authority, a component unit of Rockbridge County, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Summarized Comparative Information

We have previously audited the Rockbridge County Public Service Authority's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rockbridge County Public Service Authority's basic financial statements. The accompanying supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly presented in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, on our consideration of the Rockbridge County 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 Rockbridge County 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 Rockbridge County Public Service Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, Farmer, Cox, Associates".

Charlottesville, Virginia
December 5, 2024

To the Board of Directors
Rockbridge County Public Service Authority
Lexington, Virginia

As management of the Rockbridge County Public Service Authority, (the "Authority"), we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements section of this report.

Overview of the Financial Statements

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

The enterprise fund financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g. earned but unused vacation leave).

The basic enterprise fund financial statements can be found on pages 9 through 12 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13 through 38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension and OPEB benefits to its employees is located immediately following the notes to financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,721,112 (net position). Of this amount \$8,036,994 (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors.
- The Authority's total net position increased by \$705,564.
- The Authority's total long-term obligations decreased by \$835,735 during the current fiscal year, largely due to payment of revenue bonds.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Authority's financial position. In the case of the Service Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,721,112 at the close of the most recent fiscal year.

The largest portion of the Authority's net position (63%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position	
	2024	2023
Current and other assets	\$ 9,183,589	\$ 8,318,182
Capital assets	23,328,469	23,927,225
Total assets	<u>\$ 32,512,058</u>	<u>\$ 32,245,407</u>
Deferred outflows of resources	\$ 82,224	\$ 121,843
Long-term liabilities outstanding	\$ 8,850,792	\$ 9,686,525
Other Liabilities	1,962,256	1,571,333
Total Liabilities	<u>\$ 10,813,048</u>	<u>\$ 11,257,858</u>
Deferred inflows of resources	\$ 60,122	\$ 93,842
Net position:		
Net investment in capital assets	\$ 13,684,117	\$ 13,434,997
Unrestricted	8,036,995	7,580,551
Total net position	<u>\$ 21,721,112</u>	<u>\$ 21,015,548</u>

Financial Analysis (continued)

At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

	<u>Change in Net Position</u>	
	<u>2024</u>	<u>2023</u>
Revenues:		
Operating Revenues	\$ 4,187,907	\$ 4,010,507
Operating contributions-Rockbridge County	218,521	274,670
Other Revenue	<u>112,506</u>	<u>23,963</u>
Total revenues	<u>\$ 4,518,934</u>	<u>\$ 4,309,140</u>
Expenses:		
Operating Expenses	\$ 3,322,483	\$ 3,267,969
Depreciation Expense	1,065,307	1,064,743
Interest Expense	104,033	110,129
Other Expense	<u>35,618</u>	<u>35,618</u>
Total expenses	<u>\$ 4,527,441</u>	<u>\$ 4,478,459</u>
Change in net position before capital contributions	\$ (8,507)	\$ (169,319)
Capital Contributions	<u>714,071</u>	<u>367,931</u>
Change in net position	\$ 705,564	\$ 198,612
Net position—July 1	<u>21,015,548</u>	<u>20,816,936</u>
Net position—June 30	<u><u>\$ 21,721,112</u></u>	<u><u>\$ 21,015,548</u></u>

The Service Authority's net position increased by \$705,564 during the current year. Total revenues increased \$209,794 (excluding capital contributions) while total expenses increased \$48,982 from FY2023 totals. Capital contributions increased by \$346,140 from 2023 amounts.

Capital Asset and Debt Administration

Capital Assets - The Authority's investment in capital assets as of June 30, 2024 amounts to \$23,328,470 (net of accumulated depreciation). Investment in Capital Assets decreased 2% during the year. Below is a comparison of the items that make up Capital Assets as of June 30, 2024 with that of June 30, 2023.

	<u>2024</u>	<u>2023</u>
Land and Land Rights	\$ 410,596	\$ 410,596
Buildings	32,325	36,747
Water structures, lines and equipment	8,656,370	9,022,209
Sewer structures, lines and equipment	14,021,225	14,276,341
Office equipment	157,876	173,014
Construction in Progress	<u>50,078</u>	<u>8,318</u>
Total Capital Assets	<u><u>\$ 23,328,470</u></u>	<u><u>\$ 23,927,225</u></u>

Capital Asset and Debt Administration (continued)

Major capital asset activity for the current fiscal year included:

Projects:

Vehicle purchase	\$	35,385
Lead pipe detection		33,250
Sewer cleaner		316,910
Total	\$	<u>385,545</u>

Long-Term Debt - At the end of the fiscal year, the Authority had \$9,644,352 in bonds and notes outstanding versus \$10,492,228 last year, a decrease of 8%.

The Service Authority has bonds issued by the Virginia Resources Authority, the Branch Banking and Trust Company and the United States Department of Agriculture Rural Development. Other long-term obligations of the Authority include accrued vacation pay. More detailed information on the Authority's long-term liabilities is presented in Note 5 of the Notes to the Financial Statements.

Operating Revenues - Water operating revenues increased by 7.25% from last year's levels while sewer operating revenues increased 1.93%. Total water and sewer fund revenues increased 4.87%.

Operating Expenses - Operating expenses (excluding depreciation) increased by \$48,982 (1.09%) over the prior year. Water operating expenses increased by \$63,951 (3.02%) and sewer expenses decreased by \$14,969 (.63%). Administrative expenses increased by \$28,918 (3.89%).

Nonoperating Revenues and Expenses - Nonoperating items are items not directly related to Operations. They more reflect how the business is financed. They include such items as Interest Income and Interest Expense, Availability Fees, Grants and contributions in aid of construction by various parties. Interest earnings this fiscal year increased from last year due to the increasing interest rate environment. Investments made by the Authority are tightly regulated as to the type of investments that can be made in the financial markets. Please see Note 2 in the Notes to Financial Statements for a discussion as to the statutes governing the investment of Authority funds.

The Authority received operating contributions from Rockbridge County in the form of debt service payments of \$218,521 this year as compared to \$274,670 in the previous year.

Long Term Trends in Operations

The RCPSA staff spent considerable time completing EPA mandated the Lead and Copper Inventory due October 2024. The primary focus of the inventory report was the pipe material for both the PSA service line (from the water main to the meter) and the customer service line (from the meter to the main). The report also included a considerable amount of additional information, when available, such as: the size of the pipes, dates installed, how it was verified, if it was ever lead, if there is lead solder in the service line, if the customer has interior copper pipes with lead solder, type of building, water treatment, sensitive population and disadvantaged neighborhood. To complete the inventory, staff combed through records, sent out customer surveys, visited homes and purchased equipment to aid in determining the pipe material without having to excavate. Procedures have been developed and put in place to obtain and record information on new homes and replaced lines. Going forward, the inventory must be available to the public, maintained, and resubmitted yearly.

Long Term Trends in Operations: (continued)

Staff have begun a project to improve the mapping of the water and sewer infrastructure. Using equipment from the county GIS department, staff has been able to obtain the latitude and longitude of the meters, valves, manholes and other appurtenances in several areas of the water and sewer systems. The data was given to the Rockbridge County GIS department to be added to the GIS mapping files. This year the Long Hollow water system, Rivermont subdivision, Ponds subdivision and Riveria Subdivision have been completed.

Near the end of the year, an agreement was reached between the Department of Conservation and the PSA to extend water to the Natural Bridge State Park. The preliminary concept is for the extension to begin at the end of the Buck Hill water main on Fanny Barger Road and continue parallel to Rt 11 to the state park. The engineer estimates construction will be completed sometime between the end of 2026 and the beginning of 2027.

Rockbridge County adopted a new logo this fiscal year. The logo is an image of mountains with a sun and river inside the letter R. RCPSA staff suggested and the board approved taking the picture and placing it in a water drop to maintain cohesiveness with the county. The new logo has been rolling out and will continue into next fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, 150 South Main Street, Lexington, Virginia 24450.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Statement of Net Position

June 30, 2024

(With Comparative Totals for 2023)

	At June 30, 2024			Totals for June 30, 2023
	Water	Sewer	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,194,163	\$ 3,033,714	\$ 8,227,877	\$ 7,435,390
Accounts receivable - customers, net	365,285	386,188	751,473	700,267
Lease receivable, current portion	1,957	-	1,957	1,873
Inventory of maintenance supplies	86,038	14,161	100,199	88,333
Accrued interest	243	-	243	277
Restricted current assets:				
Customer deposits - cash	48,340	42,385	90,725	78,970
Total current assets	\$ 5,696,026	\$ 3,476,448	\$ 9,172,474	\$ 8,305,110
Noncurrent Assets:				
Other assets:				
Lease receivable, net of current portion	\$ 11,115	\$ -	\$ 11,115	\$ 13,072
Total noncurrent assets	\$ 11,115	\$ -	\$ 11,115	\$ 13,072
Capital Assets:				
Land	\$ 194,893	\$ 215,703	\$ 410,596	\$ 410,596
Buildings	99,951	76,915	176,866	176,866
Utility plant and equipment	18,641,844	24,776,392	43,418,236	43,028,829
Vehicles and equipment	562,137	417,443	979,580	1,016,045
Total capital assets	\$ 19,498,825	\$ 25,486,453	\$ 44,985,278	\$ 44,632,336
Accumulated depreciation	(10,554,285)	(11,152,602)	(21,706,887)	(20,713,429)
Sub-total	\$ 8,944,540	\$ 14,333,851	\$ 23,278,391	\$ 23,918,907
Construction work in progress	41,760	8,318	50,078	8,318
Net capital assets	\$ 8,986,300	\$ 14,342,169	\$ 23,328,469	\$ 23,927,225
Total noncurrent assets	\$ 8,997,415	\$ 14,342,169	\$ 23,339,584	\$ 23,940,297
Total assets	\$ 14,693,441	\$ 17,818,617	\$ 32,512,058	\$ 32,245,407
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 36,841	\$ 36,292	\$ 73,133	\$ 113,677
OPEB related items	4,545	4,546	9,091	8,166
Total deferred outflows of resources	\$ 41,386	\$ 40,838	\$ 82,224	\$ 121,843

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Statement of Net Position

June 30, 2024

(With Comparative Totals for 2023)

	At June 30, 2024			Totals for June 30, 2023
	Water	Sewer	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 310,815	\$ 594,111	\$ 904,926	\$ 543,344
Compensated absences	24,128	24,128	48,256	35,450
Accrued interest payable	165	13,389	13,554	14,811
Bonds payable - current portion	57,678	847,117	904,795	898,576
Total current liabilities	\$ 392,786	\$ 1,478,745	\$ 1,871,531	\$ 1,492,181
Current liabilities payable from restricted assets:				
Customer deposits	\$ 48,340	\$ 42,385	\$ 90,725	\$ 79,152
Noncurrent liabilities:				
Loan from Rockbridge County	\$ -	\$ 4,202,204	\$ 4,202,204	\$ 4,151,446
Net pension liability	35,604	35,604	71,208	53,970
Net OPEB liabilities	20,014	20,013	40,027	38,903
Bonds payable - net of current portion	2,042,178	2,495,175	4,537,353	5,442,206
Total noncurrent liabilities	\$ 2,097,796	\$ 6,752,996	\$ 8,850,792	\$ 9,686,525
Total liabilities	\$ 2,538,922	\$ 8,274,126	\$ 10,813,048	\$ 11,257,858
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 17,346	\$ 18,917	\$ 36,263	\$ 66,121
OPEB related items	5,667	5,669	11,336	13,111
Lease related items	12,523	-	12,523	14,610
Total deferred inflows of resources	\$ 35,536	\$ 24,586	\$ 60,122	\$ 93,842
NET POSITION				
Net investment in capital assets	\$ 6,886,444	\$ 6,797,673	\$ 13,684,117	\$ 13,434,997
Unrestricted	5,273,925	2,763,070	8,036,995	7,580,551
Total Net Position	\$ 12,160,369	\$ 9,560,743	\$ 21,721,112	\$ 21,015,548

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024

(With Comparative Totals for 2023)

	Year Ended June 30, 2024			Totals for June 30, 2023
	Water	Sewer	Totals	
Operating Revenues:				
Water sales	\$ 1,837,356	\$ -	\$ 1,837,356	\$ 1,707,271
Sewer service charges	-	2,040,744	2,040,744	2,005,584
Potential demand charge	76,756	64,787	141,543	165,637
Extra service units	24,062	25,149	49,211	47,681
Hookup fees	24,100	18,000	42,100	14,438
Late charges	21,114	9,626	30,740	38,607
Reconnection charges	13,695	4,155	17,850	14,907
Inspection charge	-	1,625	1,625	538
Account charge	7,885	4,460	12,345	6,481
Miscellaneous revenue	11,126	3,267	14,393	9,363
Total Operating Revenues	\$ 2,016,094	\$ 2,171,813	\$ 4,187,907	\$ 4,010,507
Operating Expenses:				
Water operating expenses	\$ 1,271,460	\$ -	\$ 1,271,460	\$ 1,230,508
Sewer operating expenses	-	1,279,174	1,279,174	1,294,530
Administrative and general expenses	396,545	375,304	771,849	742,931
Depreciation expense	432,221	633,086	1,065,307	1,064,743
Total Operating Expenses	\$ 2,100,226	\$ 2,287,564	\$ 4,387,790	\$ 4,332,712
Net Operating Income (Loss)	\$ (84,132)	\$ (115,751)	\$ (199,883)	\$ (322,205)
Nonoperating Revenues (Expenses):				
Interest income	\$ 77,085	\$ 35,421	\$ 112,506	\$ 23,963
Operating contributions - County (Note 5)	-	218,521	218,521	274,670
Interest expense	(47,085)	(56,948)	(104,033)	(110,129)
Contribution to Maury Service Authority	(35,618)	-	(35,618)	(35,618)
Total Nonoperating Income (Expense)	\$ (5,618)	\$ 196,994	\$ 191,376	\$ 152,886
Income (loss) before contributions	\$ (89,750)	\$ 81,243	\$ (8,507)	\$ (169,319)
Capital contributions	356,321	357,750	714,071	367,931
Change in net position	\$ 266,571	\$ 438,993	\$ 705,564	\$ 198,612
Net Position, Beginning of Year	11,893,798	9,121,750	21,015,548	20,816,936
Net Position, End of Year	\$ 12,160,369	\$ 9,560,743	\$ 21,721,112	\$ 21,015,548

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Statement of Cash Flows
Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Year Ended June 30, 2024			Totals for June 30, 2023
	Water	Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,986,215	\$ 2,163,932	\$ 4,150,147	\$ 4,121,760
Payments to suppliers	(1,343,472)	(1,294,890)	(2,638,362)	(2,942,715)
Payments to employees	(307,474)	10,137	(297,337)	(300,559)
Net cash provided by (used for) operating activities	\$ 335,269	\$ 879,179	\$ 1,214,448	\$ 878,486
Cash flows from noncapital financing activities:				
Operating grants received - County	\$ -	\$ 218,521	\$ 218,521	\$ 274,670
Contribution to Maury Service Authority	(35,618)	-	(35,618)	(35,618)
Net cash provided by (used for) noncapital financing activities	\$ (35,618)	\$ 218,521	\$ 182,903	\$ 239,052
Cash flows from capital and related financing activities:				
Additions to utility plant	\$ (39,372)	\$ (350,035)	\$ (389,407)	\$ (21,736)
Additions to office and general equipment	(17,693)	(17,693)	(35,386)	(25,812)
Additions to construction in progress	(41,760)	-	(41,760)	-
Principal payments on bonds	(56,518)	(842,116)	(898,634)	(893,442)
Interest paid	(46,813)	(58,201)	(105,014)	(111,042)
Proceeds from loans from Rockbridge	-	50,758	50,758	98,461
Contributions in aid of construction	356,321	357,750	714,071	367,931
Net cash provided by (used for) capital and related financing activities	\$ 154,165	\$ (859,537)	\$ (705,372)	\$ (585,640)
Cash flows from investing activities:				
Interest income	\$ 76,842	\$ 35,421	\$ 112,263	\$ 23,686
Increase (decrease) in cash and cash equivalents	\$ 530,658	\$ 273,584	\$ 804,242	\$ 555,584
Cash and cash equivalents at beginning of year (including \$42,025 and \$36,945 respectively reported in restricted accounts)	4,711,845	2,802,515	7,514,360	6,958,776
Cash and cash equivalents at end of year (including \$48,340 and \$42,385 respectively reported in restricted accounts)	\$ 5,242,503	\$ 3,076,099	\$ 8,318,602	\$ 7,514,360
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (84,132)	\$ (115,751)	\$ (199,883)	\$ (322,205)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	432,221	633,086	1,065,307	1,064,743
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(38,067)	(13,139)	(51,206)	107,816
(Increase) decrease in lease receivables	1,873	-	1,873	1,789
(Increase) decrease in inventories	(12,267)	401	(11,866)	(3,232)
(Increase) decrease in net pension asset	-	-	-	159,089
Increase (decrease) in accounts payable	12,320	349,268	361,588	19,726
Increase (decrease) in compensated absences	6,403	6,403	12,806	(6,414)
Increase (decrease) in net OPEB liability	562	562	1,124	(5,849)
Increase (decrease) in net pension liability	8,618	8,618	17,236	53,970
(Increase) decrease in deferred outflows of resources	19,809	19,809	39,618	(17,558)
Increase (decrease) in deferred inflows of resources	(18,386)	(15,336)	(33,722)	(175,037)
Increase (decrease) in customers deposits	6,315	5,258	11,573	1,648
Net cash provided by (used for) operating activities	\$ 335,269	\$ 879,179	\$ 1,214,448	\$ 878,486

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Rockbridge County Public Service Authority was established October 10, 1966 by Rockbridge County under the Water and Waste Authorities Act of 1950 of the Commonwealth of Virginia. The Authority provides water and sewer services to residential and commercial customers in Rockbridge County.

Financial Reporting Entity - The Rockbridge County Public Service Authority is a component unit of the County of Rockbridge. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's board of directors and has a financial indebtedness burden related to the Authority as discussed in Note 5.

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

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

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Restricted Assets - Certain resources of the Authority are set aside for the repayment of customer deposits and are classified as restricted assets on the Statement of Net Position because their use is limited by customers.

Revenue - The Authority records water and sewer revenue as billed to its customers principally on a bi-monthly cycle basis. At year end the Authority accrues a pro-rata portion of the unbilled cycle. Uncollectible amounts for delinquent balances at June 30, 2024 totaled \$26,658.

Cash and Cash Equivalents - The Authority’s cash and cash equivalents include cash on hand, amounts in demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition.

Inventory - Inventories of new spare parts are valued at average cost. Inventories of salvaged parts are valued at zero.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
General equipment	5-10
Buildings	40
Well house/pumping stations	20-40
Wells	20
Tanks	50
Sewer and water pumping and treatment equipment	20
Sewer collections and water distribution equipment, meters & hydrants	20-50
Overhead	40

Compensated Absences - Authority employees earn vacation and sick leave each month at a scheduled rate in accordance with the years of service. Accumulated unpaid vacation and other compensating leave amounts are accrued when incurred, including salary-related payments. Sick leave does not vest and is not recorded as a liability on the financial statements.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements

As of June 30, 2024 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

The Authority may 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 or used before unrestricted net position is applied.

Comparative Totals - Comparative totals are presented for informational purposes only. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

Group Life Insurance

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

Leases and Subscription-Based IT Arrangements

The Authority has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessor

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

Key Estimates and Judgments

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Leases and Subscription-Based IT Arrangements: (Continued)

Key Estimates and Judgments: (Continued)

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

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

NOTE 2—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

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). At June 30, 2024, the Authority held no investments.

The Authority has no formal deposit and investment policy.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 3—CAPITAL ASSETS:

A summary of changes in capital assets for the year follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated:				
Land	\$ 194,893	\$ -	\$ -	\$ 194,893
Construction in progress	-	41,760	-	41,760
Total capital assets not being depreciated	<u>\$ 194,893</u>	<u>\$ 41,760</u>	<u>\$ -</u>	<u>\$ 236,653</u>
Other Capital Assets:				
Buildings	\$ 99,951	\$ -	\$ -	\$ 99,951
Accumulated depreciation	(81,795)	(2,499)	-	(84,294)
Total	<u>\$ 18,156</u>	<u>\$ (2,499)</u>	<u>\$ -</u>	<u>\$ 15,657</u>
Utility plant and equipment	\$ 18,602,472	\$ 39,372	\$ -	\$ 18,641,844
Accumulated depreciation	(9,580,263)	(405,211)	-	(9,985,474)
Total	<u>\$ 9,022,209</u>	<u>\$ (365,839)</u>	<u>\$ -</u>	<u>\$ 8,656,370</u>
Office and general equipment	\$ 564,650	\$ 17,693	\$ 20,206	\$ 562,137
Accumulated depreciation	(480,212)	(24,511)	(20,206)	(484,517)
Total	<u>\$ 84,438</u>	<u>\$ (6,818)</u>	<u>\$ -</u>	<u>\$ 77,620</u>
Other capital assets, net	<u>\$ 9,124,803</u>	<u>\$ (375,156)</u>	<u>\$ -</u>	<u>\$ 8,749,647</u>
Water capital assets, net	<u>\$ 9,319,696</u>	<u>\$ (333,396)</u>	<u>\$ -</u>	<u>\$ 8,986,300</u>
<u>Sewer</u>				
Capital assets not being depreciated:				
Land	\$ 215,703	\$ -	\$ -	\$ 215,703
Construction work in progress	8,318	-	-	8,318
Total capital assets not being depreciated	<u>\$ 224,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,021</u>
Other Capital Assets:				
Buildings	\$ 76,915	\$ -	\$ -	\$ 76,915
Accumulated depreciation	(58,324)	(1,922)	-	(60,246)
Total	<u>\$ 18,591</u>	<u>\$ (1,922)</u>	<u>\$ -</u>	<u>\$ 16,669</u>
Utility plant and equipment	\$ 24,426,359	\$ 350,033	\$ -	\$ 24,776,392
Accumulated depreciation	(10,150,018)	(605,151)	-	(10,755,169)
Total	<u>\$ 14,276,341</u>	<u>\$ (255,118)</u>	<u>\$ -</u>	<u>\$ 14,021,223</u>
Office and general equipment	\$ 451,395	\$ 17,693	\$ 51,645	\$ 417,443
Accumulated depreciation	(362,819)	(26,013)	(51,645)	(337,187)
Total	<u>\$ 88,576</u>	<u>\$ (8,320)</u>	<u>\$ -</u>	<u>\$ 80,256</u>
Other capital assets, net	<u>\$ 14,383,508</u>	<u>\$ (265,360)</u>	<u>\$ -</u>	<u>\$ 14,118,148</u>
Sewer capital assets, net	<u>\$ 14,607,529</u>	<u>\$ (265,360)</u>	<u>\$ -</u>	<u>\$ 14,342,169</u>
Total capital assets, net	<u>\$ 23,927,225</u>	<u>\$ (598,756)</u>	<u>\$ -</u>	<u>\$ 23,328,469</u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 4—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	1
Non-vested inactive members	3
Inactive members active elsewhere in VRS	<u>1</u>
Total inactive members	5
Active members	<u>9</u>
Total covered employees	<u><u>22</u></u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Contributions

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

The Authority’s contractually required employer contribution rate for the year ended June 30, 2024 was 5.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$25,703 and \$25,936 for the years ended June 30, 2024 and June 30, 2023, 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 the Authority, the net pension liability was measured as of June 30, 2023. The total pension asset used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

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

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 2,207,765	\$ 2,153,795	\$ 53,970
Changes for the year:			
Service cost	\$ 37,042	\$ -	\$ 37,042
Interest	148,009	-	148,009
Differences between expected and actual experience	16,581	-	16,581
Contributions - employer	-	25,915	(25,915)
Contributions - employee	-	21,905	(21,905)
Net investment income	-	137,907	(137,907)
Benefit payments, including refunds of employee contributions	(104,168)	(104,168)	-
Administrative expenses	-	(1,388)	1,388
Other changes	-	55	(55)
Net changes	\$ 97,464	\$ 80,226	\$ 17,238
Balances at June 30, 2023	\$ 2,305,229	\$ 2,234,021	\$ 71,208

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's Net Pension Liability (Asset)	\$ 368,937	\$ 71,208	\$ (171,964)

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

For the year ended June 30, 2024, the Authority recognized pension expense of \$53,603. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,305	\$ -
Change in assumptions	8,575	-
Net difference between projected and actual earnings on pension plan investments	-	35,713
Change in proportionate share	550	550
Employer contributions subsequent to the measurement date	25,703	-
Total	\$ 73,133	\$ 36,263

\$25,703 was reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	\$ 12,910
2026	(35,503)
2027	32,653
2028	1,107
2029	-
Thereafter	-

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 5—LONG-TERM OBLIGATIONS:

	Total Amount	Amount Due Within One Year
Details of long-term obligations:		
<u>Water Fund:</u>		
<u>Direct Borrowings and Placements:</u>		
Rural Development Bonds:		
 \$637,000 Water System Revenue Bond (Series 2018) issued through the United States Department of Agriculture, dated October 30, 2018, payable monthly through July 2058, stated interest rate of 2.75%	\$ 591,376	\$ 10,490
 \$2,081,000 Water System Revenue Bond (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually in varying amounts through June 28, 2052, stated interest rate of 2.0%.	<u>1,508,480</u>	<u>47,188</u>
Total Revenue Bonds	\$ 2,099,856	\$ 57,678
Other Long-term Obligations:		
Compensated absences	24,128	24,128
Net pension liability	35,604	-
Net OPEB liabilities	<u>20,014</u>	<u>-</u>
Total Water Fund	<u>\$ 2,179,602</u>	<u>\$ 81,806</u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Sewer Fund:</u>		
<u>Direct Borrowings and Placements:</u>		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end	\$ 1,725,292	\$ 690,117
\$2,461,000 Sewer System Revenue Bonds, Series 2018 issued through the Virginia Revolving Loan Fund payable through December 31, 2033 in equal installments with interest at 3.29%. Amount advanced and outstanding at year-end	<u>1,617,000</u>	<u>157,000</u>
Total Revenue Bonds	\$ 3,342,292	\$ 847,117
Advances:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	4,202,204	-
Other Long-term Obligations:		
Compensated absences	24,128	24,128
Net pension liability	35,604	-
Net OPEB liabilities	<u>20,013</u>	<u>-</u>
Total Sewer Fund	<u>\$ 7,624,241</u>	<u>\$ 871,245</u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30	Direct Borrowings and Placements	
	Revenue and Rural Development Bonds	
	Principal	Interest
2025	\$ 904,794	\$ 99,130
2026	912,040	92,719
2027	573,255	86,083
2028	234,497	79,255
2029	241,827	72,233
2030	249,186	64,985
2031	256,575	57,509
2032	263,995	49,806
2033	272,446	41,873
2034	69,629	33,679
2035-2039	373,067	144,973
2040-2044	415,389	102,291
2045-2049	456,097	55,421
2050-2054	110,489	22,951
2055-2059	108,862	6,766
Total	<u>\$ 5,442,148</u>	<u>\$ 1,009,674</u>

Changes in Long-Term Obligations:

	Balance July 1, 2023	Issuances/ Additions	Retirement/ Reductions	Balance June 30, 2024
Water Fund:				
Direct Borrowings and Placements:				
Revenue Bonds	\$ 601,647	\$ -	\$ 10,271	\$ 591,376
Rural Development Bonds	1,554,727	-	46,247	1,508,480
Compensated Absences	17,725	6,951	548	24,128
Net pension liability	26,985	101,512	92,893	35,604
Net OPEB liabilities	19,452	7,251	6,689	20,014
Total Water Fund	<u>\$ 2,220,536</u>	<u>\$ 115,714</u>	<u>\$ 156,648</u>	<u>\$ 2,179,602</u>
Sewer Fund:				
Direct Borrowings and Placements:				
Revenue Bonds	\$ 4,184,408	\$ -	\$ 842,116	\$ 3,342,292
Advances	4,151,446	50,758	-	4,202,204
Compensated absences	17,725	6,951	548	24,128
Net pension liability	26,985	101,512	92,893	35,604
Net OPEB liabilities	19,451	7,251	6,689	20,013
Total Sewer Fund	<u>\$ 8,400,015</u>	<u>\$ 166,472</u>	<u>\$ 942,246</u>	<u>\$ 7,624,241</u>
Totals	<u>\$ 10,620,551</u>	<u>\$ 282,186</u>	<u>\$ 1,098,894</u>	<u>\$ 9,803,843</u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Related Party Activity:

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2018 Sewer Revenue Bonds	\$ 152,000
	<u>\$ 152,000</u>

Rockbridge County issued a loan to the Authority in 2010 in the amount of \$2,823,785, with additional issuances of \$233,488 in 2018, \$221,900 in 2019, \$228,717 in 2020, \$332,011 in 2021, \$212,992 in 2022, \$98,461 in 2023, and \$50,758 in 2024. The total amount outstanding at June 30, 2024 is \$ \$4,202,204. The loan has no agreed upon repayment terms.

NOTE 6—RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other local governments in the State to form the Virginia Association of Counties Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The Authority pays an annual premium to the pool for its workers’ compensation and other insurance coverages. The Agreement for Formation of the association provides that the association will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS:

Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$2,427 and \$2,445 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the State revenues of the financial statements.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Contributions (Continued)

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

At June 30, 2024, the entity reported a liability of \$23,027 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .00192% as compared to .00180% at June 30, 2022.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$575. 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, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,300	\$ 699
Net difference between projected and actual earnings on GLI OPEB Plan investments	-	925
Change in assumptions	492	1,595
Changes in proportionate share	1,046	2,567
Employer contributions subsequent to the measurement date	<u>2,427</u>	<u>-</u>
Total	<u>\$ 6,265</u>	<u>\$ 5,786</u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$2,427 was 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	\$ (625)
2026	(1,446)
2027	(54)
2028	(239)
2029	416
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for 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 GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
Employers' Net GLI OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

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

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

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the Group Life Insurance Plan				
Net OPEB Liability	\$	34,133	\$ 23,027	\$ 14,047

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
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Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan):

Plan Description

The Rockbridge County Public Service Authority participates in a cost-sharing defined benefit healthcare plan, the Plan. Several entities participate in the defined benefit healthcare plan through the County of Rockbridge, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS which requires that the employees be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. The Plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include medical and dental insurance for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

Total active employees with coverage	9
Total	9

Contributions

The Authority does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. Benefit payments to the OPEB plan from the Rockbridge County Public Service Authority were \$1,000 for the year ended June 30, 2024.

Actuarial Assumptions

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

Inflation	2.50% per year as of June 30, 2024
Salary Increases	2.50% per year for general salary inflations
Discount Rate	3.86% for accounting and funding disclosures
Healthcare Cost Trend Rate	6.50% for fiscal year end 2024, decreasing 0.50% per year to an ultimate rate of 5.00%

Mortality rates were based on the RP-2014 Fully Generational Mortality Table, with base year 2006 projected using two-dimensional improvement scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation report were based on July 1, 2022 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2023 actuarial valuation report.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
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Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Discount Rate

The discount rate has been set equal to 3.86% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Sensitivity of the Employer’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Rockbridge County Public Service Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 18,862	\$ 17,000	\$ 15,384

Sensitivity of the Employer’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Rockbridge County Public Service Authority, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50% decreasing by 0.50% annually to an ultimate rate of 4.00%) or one percentage point higher (7.50% decreasing by 0.50% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.50% decreasing to 4.00%)	Healthcare Cost Trend (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
\$ 14,857	\$ 17,000	\$ 19,599

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the Rockbridge County Public Service Authority reported a liability of \$17,000 for its proportionate share of the Total OPEB Liability. The Total OPEB Liability was measured as of July 1, 2023 and was determined by an actuarial valuation as of that date. At June 30, 2024 and 2023, the Rockbridge County Public Service Authority’s proportion was 3.70% and 3.70%, respectively.

For the year ended June 30, 2024, the Rockbridge County Public Service Authority recognized OPEB expense of \$0. Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Medical and Dental Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 983	\$ 2,986
Changes in assumptions	843	2,564
Employer contributions subsequent to the measurement date	1,000	-
Total	<u>\$ 2,826</u>	<u>\$ 5,550</u>

Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Plan	6,265	5,786	23,027	575
Stand-Alone Plan	2,826	5,550	17,000	-
Totals	<u>9,091</u>	<u>11,336</u>	<u>40,027</u>	<u>575</u>

NOTE 8—LEASE RECEIVABLES:

The Authority entered into an agreement to lease radio tower operations at the Huffman water tank site, which is payable monthly through June 2030. The annual lease payments originated at \$1,600 per year, and provides for annual base rent escalations of \$50 per year. The Authority recognized \$2,087 in lease revenue and \$243 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the Authority's receivable for lease payments was \$13,072. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$12,523.

NOTE 9—LITIGATION:

At June 30, 2024, there were no matters of litigation involving the Authority for which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 10—UPCOMING PRONOUNCEMENTS:

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

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total pension liability						
Service cost	\$ 37,042	\$ 33,875	\$ 43,598	\$ 42,331	\$ 39,097	\$ 37,532
Interest	148,009	138,042	126,328	117,663	111,834	106,421
Changes in assumptions	-	-	59,008	-	51,688	-
Differences between expected and actual experience	16,581	74,773	3,122	44,728	9,080	(4,053)
Benefit payments, including refunds of employee contributions	(104,168)	(100,227)	(84,573)	(68,109)	(64,243)	(60,911)
Net change in total pension liability	\$ 97,464	\$ 146,463	\$ 147,483	\$ 136,613	\$ 147,456	\$ 78,989
Total pension liability - beginning	2,207,765	2,061,302	1,913,819	1,777,206	1,629,750	1,550,761
Total pension liability - ending (a)	\$ 2,305,229	\$ 2,207,765	\$ 2,061,302	\$ 1,913,819	\$ 1,777,206	\$ 1,629,750
Plan fiduciary net position						
Contributions - employer	\$ 25,915	\$ 17,040	\$ 18,253	\$ 12,266	\$ 11,909	\$ 17,960
Contributions - employee	21,905	19,350	20,692	21,520	20,893	20,089
Net investment income	137,907	(1,417)	485,293	33,942	113,007	118,751
Benefit payments, including refunds of employee contributions	(104,168)	(100,227)	(84,573)	(68,109)	(64,243)	(60,911)
Administrative expense	(1,388)	(1,393)	(1,220)	(1,163)	(1,124)	(1,024)
Other	55	51	46	(40)	(71)	(106)
Net change in plan fiduciary net position	\$ 80,226	\$ (66,596)	\$ 438,491	\$ (1,584)	\$ 80,371	\$ 94,759
Plan fiduciary net position - beginning	2,153,795	2,220,391	1,781,900	1,783,484	1,703,113	1,608,354
Plan fiduciary net position - ending (b)	\$ 2,234,021	\$ 2,153,795	\$ 2,220,391	\$ 1,781,900	\$ 1,783,484	\$ 1,703,113
Authority's net pension liability (asset) - ending (a) - (b)	\$ 71,208	\$ 53,970	\$ (159,089)	\$ 131,919	\$ (6,278)	\$ (73,363)
Plan fiduciary net position as a percentage of the total pension liability	96.91%	97.56%	107.72%	93.11%	100.35%	104.50%
Covered payroll	\$ 452,811	\$ 398,175	\$ 420,552	\$ 430,402	\$ 417,862	\$ 401,781
Authority's net pension liability (asset) as a percentage of covered payroll	15.73%	13.55%	-37.83%	30.65%	-1.50%	-18.26%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 38,895	\$ 36,790	\$ 35,500	\$ 42,889
Interest	100,315	96,238	93,316	88,171
Changes in assumptions	(15,705)	-	-	-
Differences between expected and actual experience	24,257	(12,565)	(25,361)	-
Benefit payments, including refunds of employee contributions	(60,153)	(64,284)	(59,123)	(55,998)
Net change in total pension liability	\$ 87,609	\$ 56,179	\$ 44,332	\$ 75,062
Total pension liability - beginning	1,463,152	1,406,973	1,362,641	1,287,579
Total pension liability - ending (a)	\$ 1,550,761	\$ 1,463,152	\$ 1,406,973	\$ 1,362,641
Plan fiduciary net position				
Contributions - employer	\$ 17,436	\$ 30,013	\$ 28,320	\$ 30,278
Contributions - employee	19,504	18,618	17,568	17,769
Net investment income	176,686	25,120	63,878	191,855
Benefit payments, including refunds of employee contributions	(60,153)	(64,284)	(59,123)	(55,998)
Administrative expense	(1,022)	(897)	(875)	(1,030)
Other	(157)	(11)	(14)	10
Net change in plan fiduciary net position	\$ 152,294	\$ 8,559	\$ 49,754	\$ 182,884
Plan fiduciary net position - beginning	1,456,060	1,447,501	1,397,747	1,214,863
Plan fiduciary net position - ending (b)	\$ 1,608,354	\$ 1,456,060	\$ 1,447,501	\$ 1,397,747
Authority's net pension liability (asset) - ending (a) - (b)	\$ (57,593)	\$ 7,092	\$ (40,528)	\$ (35,106)
Plan fiduciary net position as a percentage of the total pension liability	103.71%	99.52%	102.88%	102.58%
Covered payroll	\$ 390,078	\$ 372,358	\$ 351,360	\$ 362,539
Authority's net pension liability (asset) as a percentage of covered payroll	-14.76%	1.90%	-11.53%	-9.68%

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Schedule of Employer Contributions - Pension

Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution*	Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)
2024	\$ 25,703	\$ 25,703	\$ -	\$ 449,499	5.72%
2023	25,936	25,936	-	452,811	5.73%
2022	17,040	17,040	-	398,175	4.28%
2021	18,252	18,252	-	420,552	4.34%
2020	12,236	12,236	-	430,402	2.84%
2019	11,909	11,909	-	417,862	2.85%
2018	17,960	17,960	-	401,781	4.47%
2017	17,436	17,436	-	390,078	4.47%
2016	30,013	30,013	-	372,358	8.06%
2015	28,320	28,320	-	351,360	8.06%

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Notes to Required Supplementary Information - Pension

Year Ended June 30, 2024

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

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

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
2023	0.00192%	\$ 23,027	\$ 452,811	5.09%	69.30%
2022	0.00180%	22,035	398,175	5.53%	67.21%
2021	0.00200%	23,751	420,552	5.65%	67.45%
2020	0.00210%	34,878	430,402	8.10%	52.64%
2019	0.00213%	34,661	417,862	8.29%	52.00%
2018	0.00211%	32,000	401,781	7.96%	51.22%
2017	0.00211%	32,000	390,078	8.20%	48.86%

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2015 through June 30, 2024

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2024	\$ 2,427	\$ 2,427	\$ -	\$ 449,499	0.54%
2023	2,445	2,445	-	452,811	0.54%
2022	2,150	2,150	-	398,175	0.54%
2021	2,271	2,271	-	420,552	0.54%
2020	2,238	2,238	-	430,402	0.52%
2019	2,173	2,173	-	417,862	0.52%
2018	2,089	2,089	-	401,781	0.52%
2017	2,028	2,028	-	390,078	0.52%
2016	1,787	1,787	-	372,360	0.48%
2015	1,687	1,687	-	351,360	0.48%

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2024

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

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

Non-Largest Ten Locality Employers - General Employees

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Schedule of Authority's Proportionate Share of Net OPEB Liability

Medical and Dental Insurance

For the Years Ended June 30, 2018 through June 30, 2024

<u>Date</u>	<u>Employer's Proportion of the Net OPEB Liability (NOLA)</u>	<u>Proportionate Share of the NOLA</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the NOLA as a Percentage of Covered-Employee Payroll</u>
2024	3.5123%	\$ 17,000	\$ 449,499	3.78%
2023	3.7906%	16,869	426,514	3.96%
2022	3.7910%	21,000	398,175	5.27%
2021	3.6960%	18,000	420,552	4.28%
2020	4.2394%	17,000	430,402	3.95%
2019	3.8235%	13,000	417,862	3.11%
2018	4.3038%	17,000	401,781	4.23%

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Notes to Required Supplementary Information
Medical and Dental Insurance
Year Ended June 30, 2024

Valuation Date: 7/1/2022
Measurement Date: 7/1/2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.86%
Inflation	2.50%
Healthcare Trend Rate	6.50% for fiscal year end 2024, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 59
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule 1

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
WATER FUND:			
Operating Revenues:			
Water sales	\$ 1,762,889	\$ 1,837,356	\$ 74,467
Potential demand charge	81,500	76,756	(4,744)
Extra service units	24,070	24,062	(8)
Hookup fee - water	10,950	24,100	13,150
Late charges	23,100	21,114	(1,986)
Reconnection charges	12,500	13,695	1,195
Inspection charge	500	-	(500)
Account charge	6,400	7,885	1,485
Miscellaneous revenue	15,920	11,126	(4,794)
Total Operating Revenues	<u>\$ 1,937,829</u>	<u>\$ 2,016,094</u>	<u>\$ 78,265</u>
Nonoperating Revenue and Capital Contributions:			
Interest income	\$ 14,400	\$ 77,085	\$ 62,685
Availability fee - water	120,000	348,000	228,000
Capital contributions	223,500	8,321	(215,179)
Total Nonoperating Revenues and Contributions	<u>\$ 357,900</u>	<u>\$ 433,406</u>	<u>\$ 75,506</u>
Total Water Fund Revenues	<u><u>\$ 2,295,729</u></u>	<u><u>\$ 2,449,500</u></u>	<u><u>\$ 153,771</u></u>
SEWER FUND:			
Operating Revenues:			
Sewer service charges	\$ 1,950,235	\$ 2,040,744	\$ 90,509
Potential demand charge	84,235	64,787	(19,448)
Extra service units	25,150	25,149	(1)
Hookup fee - sewer	9,750	18,000	8,250
Late charges	11,900	9,626	(2,274)
Reconnection charges	3,325	4,155	830
Inspection charge	750	1,625	875
Account charge	4,000	4,460	460
Miscellaneous revenue	18,060	3,267	(14,793)
Total Operating Revenues	<u>\$ 2,107,405</u>	<u>\$ 2,171,813</u>	<u>\$ 64,408</u>
Nonoperating Revenue and Capital Contributions:			
Interest income	\$ 8,400	\$ 35,421	\$ 27,021
Availability fee - sewer	135,000	357,750	222,750
Capital contributions	893,317	-	(893,317)
Operating contributions - County	325,000	218,521	(106,479)
Total Nonoperating Revenues and Contributions	<u>\$ 1,361,717</u>	<u>\$ 611,692</u>	<u>\$ (750,025)</u>
Total Sewer Fund Revenues	<u><u>\$ 3,469,122</u></u>	<u><u>\$ 2,783,505</u></u>	<u><u>\$ (685,617)</u></u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule 2

Schedule of Water Expenses - Budget and Actual
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses:			
Water:			
Licenses & Permits	\$ 8,230	\$ 7,860	\$ 370
Maintenance of Wells	4,900	2,609	2,291
Purchased Water	1,120,800	1,115,269	5,531
O & M-Water Pumping Equipment	6,945	6,115	830
Power for Pumping Water	72,000	67,362	4,638
O & M-Water Buildings	600	228	372
O & M-Water Treatment Equipment	850	866	(16)
Water Treatment Supplies and Expense	6,250	4,493	1,757
Sampling and Analysis	6,460	5,919	541
Maintenance of Water Tanks	1,500	50	1,450
Maintenance of Mains and Accessories	9,600	12,555	(2,955)
Maintenance/Installation of Water Services	21,250	24,368	(3,118)
Maintenance of Large Meters	5,950	4,815	1,135
Maintenance of Hydrants	1,250	227	1,023
Repair and Replacement Expense	2,500	18,724	(16,224)
Total Water Operating Expenses	<u>\$ 1,269,085</u>	<u>\$ 1,271,460</u>	<u>\$ (2,375)</u>
Administrative and General Expenses:			
Bank Service Charges	\$ 40	\$ 18	\$ 22
Uncollected Expenses	4,095	-	4,095
Salaries	248,417	235,290	13,127
Office Supplies and Expenses	3,838	3,364	474
Outside Services Employed - Financial	13,005	9,202	3,803
Outside Services Employed - Legal	7,650	-	7,650
Outside Services - Software	7,596	7,184	412
Outside Services - General	765	-	765
Insurance Expense	9,138	8,778	360
Payroll Contract	459	306	153
Employee Benefits - Medical Insurance	45,562	38,363	7,199
Employee Benefits - Retirement - VRS	14,629	27,179	(12,550)
Employee Benefits - Group Life - VRS	3,328	3,072	256

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule 2

Schedule of Water Expenses - Budget and Actual
Year Ended June 30, 2024 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses: (Cont'd)			
Administrative and General Expenses: (Cont'd)			
Employee Benefits-Social Security	\$ 15,645	\$ 14,533	\$ 1,112
Virginia Unemployment Tax	48	33	15
Employee Benefits-Medicare	3,659	3,292	367
Workers Compensation Insurance	3,111	2,718	393
Transportation Expense	13,222	9,308	3,914
Board Members Compensation/Travel	4,389	2,895	1,494
Miscellaneous Expense	5,100	225	4,875
Uniform Rental	1,780	1,721	59
Dues and Subscriptions	1,225	1,313	(88)
Staff Development	1,747	168	1,579
Employee Appreciation	500	502	(2)
Operation and Maint. - General Equipment	6,299	6,086	213
Telephone Expense	3,947	3,355	592
Postage	6,031	4,256	1,775
Outside Services Employed - Non Construction	14,414	13,384	1,030
Engineering Services - Non Construction	7,650	-	7,650
Total Administrative and General Expenses	\$ 447,289	\$ 396,545	\$ 50,744
Depreciation:			
Depreciation Expense	\$ -	\$ 432,221	\$ (432,221)
Total Depreciation	\$ -	\$ 432,221	\$ (432,221)
Interest and other nonoperating expenses:			
Interest expense	\$ 112,538	\$ 47,085	\$ 65,453
Contribution to Maury Service Authority	35,618	35,618	-
Total interest and other nonoperating expenses	\$ 148,156	\$ 82,703	\$ 65,453
TOTAL EXPENSES	\$ 1,864,530	\$ 2,182,929	\$ (318,399)

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule 3

Schedule of Sewer Expenses - Budget and Actual
Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses:			
Sewer:			
Licenses and Permits	\$ 405	\$ 375	\$ 30
Maintenance of Sewer Mains	8,600	1,506	7,094
Sewer Services	4,250	11,188	(6,938)
Power for Pumping Sewage	24,500	26,123	(1,623)
O&M of Sewage Pumping Equipment	10,315	3,780	6,535
O&M of Sewer Pumping Station Building	5,000	317	4,683
Sewage Treatment by Contract	1,162,515	1,091,332	71,183
Maintenance of Sewage Meters	5,950	5,466	484
Repair and Replacement Expense	1,500	14,916	(13,416)
Sewage Chemical Supplies and Expense	4,000	3,473	527
Septage & Leachate Treatment Expense	137,560	120,698	16,862
Total Sewer Operating Expenses	<u>\$ 1,364,595</u>	<u>\$ 1,279,174</u>	<u>\$ 85,421</u>
Administrative and General Expenses:			
Bank Service Charges	\$ 20	\$ 8	\$ 12
Uncollected Expenses	3,605	-	3,605
Salaries	238,675	226,296	12,379
Office Supplies and Expenses	3,687	3,250	437
Outside Services Employed - Financial	12,495	10,621	1,874
Outside Services Employed - Legal	7,350	-	7,350
Outside Services - Software	7,299	7,118	181
Outside Services - General	735	-	735
Insurance Expense	8,482	8,433	49
Payroll Contract	441	294	147
Employee Benefits-Medical Insurance	43,775	36,826	6,949
Employee Benefits-Retirement-VRS	14,056	27,605	(13,549)
Employee Benefits-Group Life-VRS	3,198	2,951	247
Employee Benefits-Social Security	15,031	13,980	1,051
Virginia Unemployment Tax	46	31	15
Employee Benefits-Medicare	3,515	3,163	352
Workers Compensation Insurance	2,989	2,612	377
Transportation Expense	12,703	8,942	3,761

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule 3

Schedule of Sewer Expenses - Budget and Actual
Year Ended June 30, 2024 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses: (Cont'd)			
Administrative and General Expenses: (Cont'd)			
Board Members Compensation/Travel	\$ 4,217	\$ 2,782	\$ 1,435
Miscellaneous Expense	4,900	216	4,684
Uniform Rental	1,710	1,653	57
Dues and Subscriptions	400	430	(30)
Staff Development	1,678	162	1,516
Employee Appreciation	500	383	117
Operation and Maintenance - General Equipment	6,052	5,408	644
Telephone Expense	3,793	3,223	570
Postage	5,794	4,089	1,705
Outside Services Employed - Non Construction	5,023	4,828	195
Engineering Services - Non Construction	7,350	-	7,350
	<u>\$ 419,519</u>	<u>\$ 375,304</u>	<u>\$ 44,215</u>
Total Administrative and General Expenses			
Depreciation:			
Depreciation Expense	\$ -	\$ 633,086	\$ (633,086)
Total Depreciation	<u>\$ -</u>	<u>\$ 633,086</u>	<u>\$ (633,086)</u>
Interest and other non-operating expenses:			
Interest expense	\$ 900,317	\$ 56,948	\$ 843,369
Total interest and other non-operating expenses	<u>\$ 900,317</u>	<u>\$ 56,948</u>	<u>\$ 843,369</u>
TOTAL EXPENSES	<u>\$ 2,684,431</u>	<u>\$ 2,344,512</u>	<u>\$ 339,919</u>

Schedule of Water and Sewer Rates
Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>
Number of Customers:		
Residential	2,192	1,070
Commercial	351	255
Basic rates per thousand gallons	\$ 6.75	\$ 11.25

Insurance Coverage
Year Ended June 30, 2024

Insurance Company	Certificate Number	Dates	Type	Policy Limits
Virginia Association of Counties Group Self Insurance Risk Pool	VA-RO-078A	7/1/23-7/1/24	Workmen's Compensation and Employer's Liability	Statutory
		7/1/23-7/1/24	Automobile Liability	\$ 2,000,000
			Values per policy	Replacement cost
			Fidelity/Crime Contribution	\$ 250,000
			Comprehensive general liability	\$ 2,000,000

Debt Service Coverage Schedule
Year Ended June 30, 2024

Fiscal Year	Gross Revenue (1)		Less Operating Expenses (2)		Net Revenues available for debt service	Debt Service		Coverage
						Principal	Interest	
2024	\$	4,518,934	\$	3,322,483	\$ 1,196,451	\$ 898,634	\$ 104,033	\$ 119.33%
2023		4,309,140		3,267,969	1,041,171	893,442	110,129	103.75%
2022		4,070,438		3,000,865	1,069,573	957,274	118,720	99.40%
2021		4,878,550		2,989,994	1,888,556	946,130	127,823	175.85%
2020		3,977,062		2,306,553	1,670,509	920,966	127,804	159.28%
2019		3,457,794		2,306,553	1,151,241	920,966	127,804	109.77%
2018		3,187,170		2,171,318	1,015,852	791,139	76,157	117.13%
2017		3,216,960		2,118,731	1,098,229	875,997	75,168	115.46%
2016		3,015,849		2,034,201	981,648	957,929	70,955	95.41%
2015		2,930,636		2,028,750	901,886	944,303	83,359	87.76%

(1) Operating revenues, interest income, and operating contributions

(2) Operating expenses net of depreciation and amortization

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
(Component Unit of County of Rockbridge, VA)

Schedule 7

Schedule of Long Hollow Project Activity
Year Ended June 30, 2024

Long Hollow Project:

Operating Revenues:

Water sales	\$	129,393
Penalties		2,366
Reconnection charges		1,680
Miscellaneous revenue		240
Total Operating Revenues	\$	<u>133,679</u>

Operating Expenses:

Supplies	\$	9,469
Repairs & maintenance		3,154
Water supply		99,125
Power for pumping water		9,443
Total Operating Expenses	\$	<u>121,191</u>

Net operating income (loss)	\$	<u>12,488</u>
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Total net activity	\$	<u><u>12,488</u></u>
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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Board of Directors
Rockbridge County Public Service Authority
Lexington, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Rockbridge County Public Service Authority (a component unit of Rockbridge County, Virginia) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Rockbridge County Public Service Authority and have issued our report thereon dated December 5, 2024.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rockbridge County 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.

A handwritten signature in black ink that reads "Robinson, Farmer, Cox, Associates". The script is cursive and fluid, with the company name written in a single line.

Charlottesville, Virginia

December 5, 2024