

RAPPAHANNOCK REGIONAL SOLID WASTE
MANAGEMENT BOARD

FINANCIAL STATEMENTS



Year Ended
June 30, 2024

Serving
Stafford County and
City of Fredericksburg, Virginia

Board of Directors

Monica Gary, Chairman

Jannan Holmes, Vice-Chairman

Meg Bohmke

Will Mackintosh

Tim Baroody

F. Craig Meadows

Administration

Phillip W. Hathcock, Director

Ricky L. Markwardt, Superintendent

Alan R. (Randy) Helwig, Director of Finance

Mary Ann Coulombe, Senior Accounting Technician

Francesca Johnson, Recycling Coordinator

Pam Timmons, Administrative Specialist

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Rappahannock Regional Solid Waste Management Board

473 Eskimo Hill Road, Stafford, VA 22554 • 540-658-5279 • www.r-board.org

February 26, 2025

Board of Directors
Rappahannock Regional Solid Waste Management Board
Stafford, VA

The annual financial statements of the Rappahannock Regional Solid Waste Management Board (R-Board) are submitted herein with. This report has been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board which are uniform minimum standards and principles for financial accounting and reporting. The information in this report is believed by R-Board management to be sufficient to fully represent the financial results of the R-Board's operations for the fiscal year ended June 30, 2024 and to provide an accurate and effective picture of the R-Board's status as of that date. All information included is the responsibility of the management staff of the R-Board with respect to accuracy, completeness and fairness.

This report is organized into three sections. The Introductory Section includes this letter of transmittal and other related items. The Financial Section includes management's discussion and analysis (MD&A), the financial statements, notes to the financial statements, required supplementary information and the accompanying opinion of the independent auditing firm regarding those statements. The Compliance Section includes a report from the independent auditing firm on internal controls and compliance with laws and regulations.

MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal and should be read in conjunction with it.

Organization and Services

The R-Board is a joint venture of Stafford County, Virginia (the County) and the City of Fredericksburg, Virginia (the City). It was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining the Regional Landfill for the use and benefit of the citizens of the County and the City. The R-Board is not a component unit of either the County or the City. The County Administrator appoints a Director who manages operations with day to day direction from the County Administration Office and policy direction from the R-Board.

The R-Board does not provide waste collection services. These services are provided by various commercial haulers including the Fredericksburg Public Works Department who dispose of collected solid waste at the landfill. Residents of the County and the City may also dispose of household solid waste and recyclables at the landfill for a tipping fee. The R-Board also provides recycling facilities.



Rappahannock Regional Solid Waste Management Board

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Economic Conditions

The regional landfill faces many of the same economic challenges as other local businesses. Staff continues to seek creative solutions for efficient operations. Environmental regulations and mandates also play a substantive role in operations and fiscal policies.

The solid waste disposal facility charges tipping fees to commercial haulers and residential customers. On average there are 70-75 commercial customers who are billed monthly for their tonnage. There are also numerous cash customers. During fiscal year 2024, the County and the City paid tipping fees for their use of the landfill.

The recycling program promotes various activities to encourage proper recycling habits and the litter control/ recycling programs seeks state grant funds.

The R-Board assesses its operating results (revenues, expenses, tonnage) at its regular meetings and has been implementing options to improve financial performance.

FY24 was consistent with FY23 with commercial waste revenue continuing to be higher than residential.

Accounting and Budgetary Controls

The R-Board's financial records are maintained by the County's finance staff on a fiscal year (July-June) accrual basis. Under this method, revenues are recognized when earned and expenses are recorded when incurred without regard to receipt or payment of cash. Controls in place provide reasonable assurance that the R-Board's assets are properly recorded and that financial data may be used with confidence in preparation of reports and projections. Accounting control is maintained by segregation of duties and data security systems ensure the integrity of billing, cash receipting, purchasing and disbursement processing.

The R-Board adopts an annual budget for fiscal guidance to staff. These projections and operating trends are used in setting tipping fees. The budget includes direct costs (i.e. personnel and operating expenses) and provision for equipment maintenance and replacement as well as allocations for site improvement and recycling. The Director submits the proposed budget to the R-Board for consideration. Budgetary compliance is monitored and reported to the R-Board by the Director. All budget items lapse at the end of the fiscal year.



Rappahannock Regional Solid Waste Management Board

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Annual Audit

State law requires an annual audit of the books and records of the R-Board. The opinion of our independent certified public accountants, PBMares, LLP, is included in the Financial Section of this report. Their report on internal control over financial reporting and on compliance is included in the Compliance Section.

Cash Management

Operating cash is pooled and invested in short-term securities according to forecasted cash flows. Funds are invested with the Local Government Investment Pool (LGIP), government-backed fixed income securities, corporate bonds and money market funds. Management feels that safekeeping and delivery arrangements provide appropriate security for the R-Board's investments.

Risk Management

The R-Board participates in the County's comprehensive property, liability and workers' compensation insurance programs. A safety program, including safety regulations, is actively administered and enforced to manage incidents and minimize exposure.

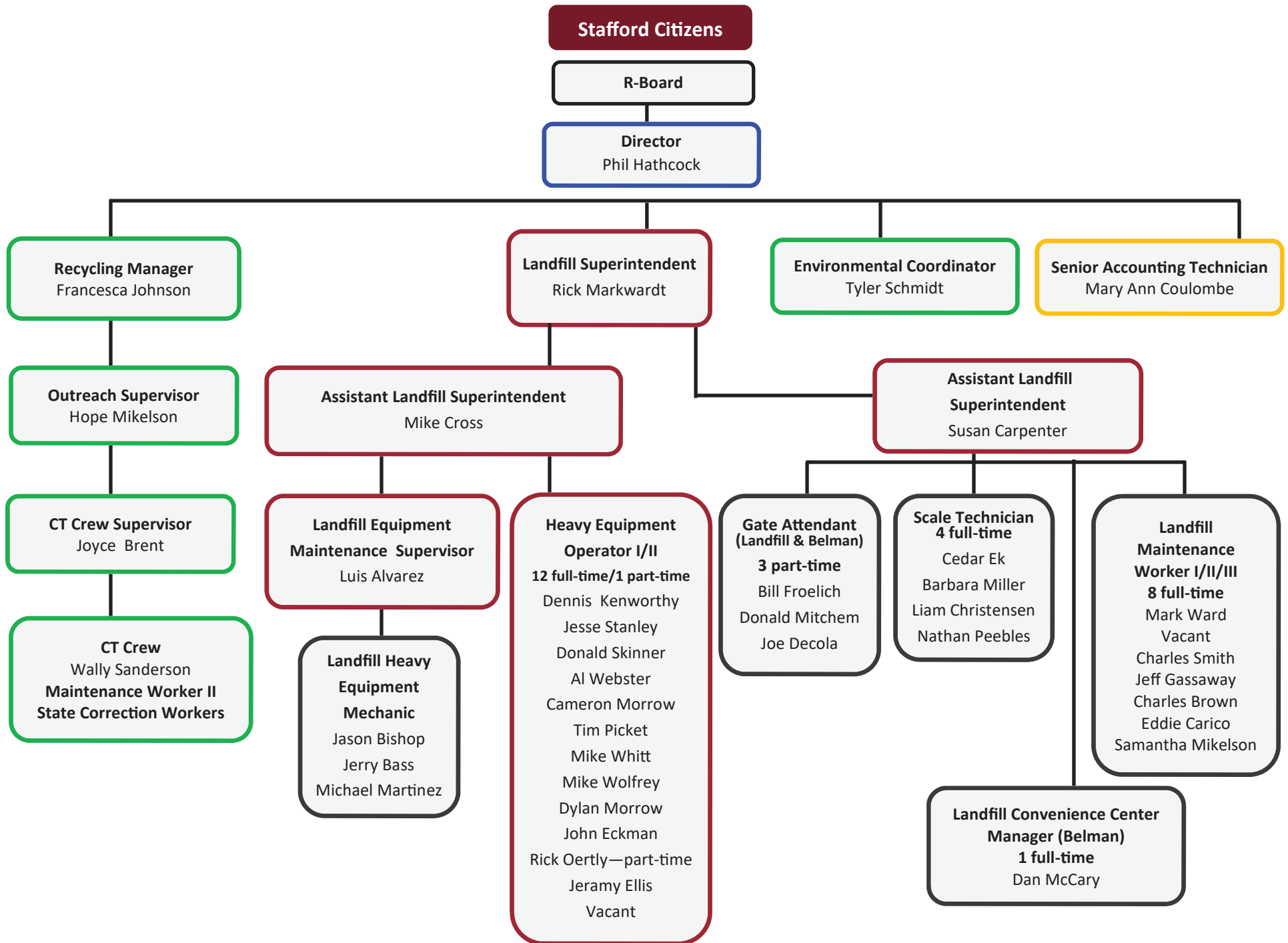
Acknowledgements

The help of the Stafford County Finance Department staff and the R-Board administrative staff throughout the year and in preparation of this report is gratefully acknowledged. Such help and the support and commitment of the Board of Directors to financial reporting excellence are essential to the preparation of this report.

Respectfully submitted,

Phillip W. Hathcock
Director

Organizational Chart





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rappahannock Regional Solid Waste Management Board
Stafford, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Rappahannock Regional Solid Waste Management Board (R-Board), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the R-Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the R-Board, as of June 30, 2024, and the changes in financial position, and cash flows 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the R-Board 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 the R-Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the R-Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the R-Board'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 the required supplementary information on pages 4-7 and 62-72, respectively, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025 on our consideration of the R-Board'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 the R-Board'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 R-Board's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
February 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Rappahannock Regional Solid Waste Management Board (the R-Board) offers readers of its financial statements this narrative overview and analysis for the year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the R-Board's financial statements. The R-Board is operated as an enterprise fund activity, which is a proprietary fund type. The R-Board charges fees to users for services provided. As an enterprise type activity, the financial statements are comprised of this MD&A, the financial statements, notes to the financial statements and required supplementary information.

The financial statements include:

- * The Statement of Net Position – presents information on the R-Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the net difference being 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 R-Board is improving or declining compared to the prior year.
- * The Statement of Revenues, Expenses and Changes in Net Position – presents the effect on net position of revenues earned and expenses incurred.
- * The Statement of Cash Flows – identifies the sources and uses of cash for operating, financing and investing activities.

The notes to the financial statements provide additional information that is essential to understanding the data provided in the financial statements.

FINANCIAL HIGHLIGHTS

- * Assets increased approximately \$6.8 million primarily due to cash and capital asset increases. Both revenues and interest income were up resulting in the change to the cash balance. Operating revenues were up \$1.2 million year on year and operating expenses were down \$0.7 million. Accounts receivable rose \$0.4 million during fiscal year 2024.
- * Current liabilities increased \$1.3 million mainly from an increase in accounts payable driven by construction in progress billings for a new cell.
- * Net position increased approximately \$5.2 million, resulting in an unrestricted surplus balance of \$7.6 million, mainly due to current year operating income of \$ 3.5 million.

FINANCIAL ANALYSIS

As noted earlier, net position may serve as an indicator of the R-Board's financial condition. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24.3 million at the close of fiscal year 2024.

A large portion of the R-Board's net position reflects its investment in capital assets (land, land improvements, buildings, machinery, right to use lease assets and equipment, etc.). These assets are used in operations to provide services to customers and are therefore not available for future spending. The remaining balance of net position, a surplus of \$9.9 million, is classified as unrestricted. The following table presents a condensed Statement of Net Position in a comparative format.

TABLE 1
Summary of Net Position
For the Years Ended June 30th

	2024	2023
Current assets	\$ 18,000,672	\$ 19,784,127
Noncurrent assets	<u>22,288,134</u>	<u>13,706,303</u>
Total assets	<u>40,288,806</u>	<u>33,490,430</u>
Total deferred outflows of resources	<u>1,080,233</u>	<u>1,175,023</u>
Current liabilities	2,540,727	1,192,201
Noncurrent liabilities	<u>12,612,441</u>	<u>12,584,263</u>
Total liabilities	<u>15,153,168</u>	<u>13,776,464</u>
Total deferred inflows of resources	<u>1,909,644</u>	<u>1,739,259</u>
Net position:		
Net investment in capital assets	14,314,463	12,391,559
Unrestricted	<u>9,991,764</u>	<u>6,758,171</u>
Total net position	<u>\$ 24,306,227</u>	<u>\$ 19,149,730</u>

The increase in net position of \$5.2 million is attributed to these factors:

- * Results of FY24 operating income at \$3.5 million.
- * FY24 interest and investment income of \$1.1 million
- * Net contributions (to)/from the County and City of \$ 0.6 million.

The following table shows how revenues and expenses contributed to the change in net position between fiscal years 2023 and 2024.

TABLE 2
Summary of Changes in Net Position
For the Years Ended June 30th

	2024	2023
Revenues:		
Operating revenues:		
Charges for services	\$ 11,249,022	\$ 10,065,567
Miscellaneous	<u>38,409</u>	<u>42,444</u>
Total operating revenues	<u>11,287,431</u>	<u>10,108,011</u>
Nonoperating revenues:		
Interest on investments, net	997,113	460,020
Grants	75,315	56,128
Gain/(Loss) on sale of assets	<u>94,386</u>	<u>(619)</u>
Total nonoperating revenues	<u>1,166,814</u>	<u>515,529</u>
Expenses:		
Operating expenses:		
Landfill operations	<u>7,799,130</u>	<u>8,491,863</u>
Nonoperating expenses:		
Recycling program	<u>75,381</u>	<u>67,161</u>
Return/(receipt) of contributions	<u>(576,763)</u>	<u>864,402</u>
Change in net position	5,156,497	1,200,114
Net position, beginning	<u>19,149,730</u>	<u>17,949,616</u>
Net position, ending	<u>\$ 24,306,227</u>	<u>\$ 19,149,730</u>

- * Total operating revenues increased by \$1.2 million over the previous fiscal year.
- * Interest income on investments after netting with interest expense increased by \$0.5 million from fiscal year 2023 due to market changes.
- * Overall, operating expenses decreased \$0.7 million compared to amounts reported for fiscal year 2023, mainly due to a decrease in closure/post closure estimate as a result of completing some of the required work.
- * Nonoperating revenues/(expenses) increased by \$0.6 million due to increase in investment earnings and gain on the sale of assets during the year.

The R-Board's net investment in capital assets as of June 30, 2024 was \$15.2 million (net of accumulated depreciation, amortization and debt related to capital assets). This includes land, land improvements, construction in progress, buildings and building improvements, furniture, fixtures and equipment, technology infrastructure, and vehicles. The following table summarizes the change in capital assets for fiscal year 2024.

TABLE 3
Change in Capital Assets

Additional information about the R-Board's capital assets is presented in Note 6 of the Notes to the Financial Statements.

	Balance June 30, 2023	Additions/ Deletions, net	Balance June 30, 2024
Capital assets not being depreciated:			
Construction in progress	\$ 69,392	\$ 2,967,029	\$ 3,036,421
Land	<u>1,419,640</u>	<u>-</u>	<u>1,419,640</u>
Capital assets not being depreciated	<u>1,489,032</u>	<u>2,967,029</u>	<u>4,456,061</u>
Capital assets being depreciated:			
Land improvements	22,009,451	-	22,009,451
Buildings and building improvements	1,263,371	-	1,263,371
Furniture, fixtures and equipment	8,389,617	415,785	8,805,402
Software	-	33,137	33,137
Technology infrastructure	536,085	-	536,085
Vehicles	1,463,863	127,019	1,590,882
Accumulated depreciation	<u>(21,445,116)</u>	<u>(591,810)</u>	<u>(22,036,926)</u>
Total	<u>\$ 13,706,303</u>	<u>\$ 2,951,160</u>	<u>\$ 16,657,463</u>

LONG-TERM OBLIGATIONS

The R-Board has a \$9.4 million obligation to close one landfill site and perform postclosure monitoring. During FY24 the R-Board also entered into 1 finance lease for heavy equipment. Other long-term obligations include employee accrued vacation pay and the R-Board's proportionate share of net pension and other postemployment benefits (OPEB) obligations. Additional information on the R-Board's long-term liabilities is presented in Notes 4, 5, 7, 10 and 12 of the Notes to the Financial Statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the R-Board's finances for those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, County of Stafford, P.O. Box 339, Stafford, Virginia 22555-0339.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
STATEMENT OF NET POSITION
As of June 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 12,689,432
Investments	3,996,069
Accounts receivable, net	1,311,696
Lease assets, net	2,475
Other assets	1,000
Total current assets	<u>18,000,672</u>

Noncurrent assets:

Investments	5,630,671
Capital assets:	
Land	1,419,640
Land improvements and cell construction	22,009,451
Construction in progress	3,036,421
Buildings and building improvements	1,263,371
Furniture, fixtures and equipment	8,805,402
Software	33,137
Technology infrastructure	536,085
Vehicles	1,590,882
Less accumulated depreciation	<u>(22,036,926)</u>
Total noncurrent assets	<u>22,288,134</u>
Total assets	<u>40,288,806</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	461,019
Deferred outflows related to OPEB	619,214
Total deferred outflows of resources	<u>1,080,233</u>

LIABILITIES

Current liabilities:

Accounts payable	1,453,693
Accrued salaries and benefits	91,661
Retainage	138,061
Insurance claims incurred but not reported	28,430
Deposits held in escrow	108,514
Compensated absences	126,533
Landfill closure/postclosure liability	152,031
Current portion of long-term debt	437,044
Other liabilities	4,760
Total current liabilities	<u>2,540,727</u>

Noncurrent liabilities:

Non-current portion of long-term debt	463,607
Compensated absences	195,160
Landfill closure/postclosure liability	9,241,345
Net OPEB liability	1,935,663
Net pension liability	776,666
Total noncurrent liabilities	<u>12,612,441</u>
Total liabilities	<u>15,153,168</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	101,356
Deferred inflows related to OPEB	1,808,288
Total deferred inflows of resources	<u>1,909,644</u>

NET POSITION

Net investment in capital assets	14,314,463
Unrestricted	9,991,764
Total net position	<u>\$ 24,306,227</u>

The accompanying notes are an integral part of these financial statements.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

OPERATING REVENUES:

Charges for services	\$ 11,249,022
Miscellaneous	38,409
Total operating revenues	<u>11,287,431</u>

OPERATING EXPENSES:

Personal services	3,473,409
Contractual services	1,410,984
Materials and supplies	1,121,639
Utilities	73,433
Capital outlay	8,093
Depreciation	1,189,430
Amortization	4,243
Landfill closure/postclosure	470,713
Miscellaneous	47,186
Total operating expenses	<u>7,799,130</u>

Operating income 3,488,301

NON-OPERATING REVENUES (EXPENSES):

Interest on investments	1,053,639
Interest expense	(56,526)
Grants	75,315
Gain on sale of assets	94,386
Recycling program	(75,381)
Total non-operating revenues, net	<u>1,091,433</u>

Income before capital contributions 4,579,734

Contributions from County and City 576,763

Change in net position 5,156,497

Net position, beginning	<u>19,149,730</u>
Net position, ending	<u>\$ 24,306,227</u>

The accompanying notes are an integral part of these financial statements.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

Cash flows from operating activities:

Receipts from customers	\$	10,886,811
Payments to suppliers		(1,235,895)
Payments to employees		(3,322,450)
Net cash provided by operating activities		<u>6,328,466</u>

Cash flows from non-capital financing activities:

Receipts from state-supported recycling program		75,315
Recycling program payments		(75,381)
Net cash used in noncapital financing activities		<u>(66)</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets		(4,107,975)
Capital payments		161,196
Net cash used in capital and related financing activities		<u>(3,946,779)</u>

Cash flows from investing activities:

Interest and dividends on investments		1,053,639
Net sale and purchase of investments		(456,973)
Net cash provided by investing activities		<u>596,666</u>

Net increase in cash and cash equivalents 2,978,287

Cash and cash equivalents, beginning of year 9,711,145

Cash and cash equivalents, end of year \$ 12,689,432

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$	3,488,301
Depreciation expense		1,189,430
Amortization expense		4,243

Changes in assets and liabilities:

Increase in accounts receivable	(416,199)
Increase in accounts payable	1,276,590
Increase in accrued salaries and benefits	12,364
Increase in accrued insurance claims incurred but not reported	6,027
Increase in retainage payable	138,061
Increase in other liabilities	4,762
Increase in deposits and escrows	15,579
Increase in closure/postclosure liability	470,713
Increase in compensated absences	19,758
Decrease in pension related liabilities and deferrals	(21,861)
Increase in OPEB related liabilities and deferrals	140,698
Total adjustments	<u>2,840,165</u>
Net cash provided by operating activities	\$ <u><u>6,328,466</u></u>

The accompanying notes are an integral part of these financial statements.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The accounting and reporting policies of the Rappahannock Regional Solid Waste Management Board (Board or R-Board) conform to accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to enterprise fund type operations of governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the Board's accounting policies are described below.

Reporting entity: The Board is a joint venture of the County of Stafford (County) and the City of Fredericksburg (City), Virginia. The Board was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining a regional landfill for the use and benefit of the citizens of the County and City. The Board began operations on July 1, 1988.

The Board is administered by a six-member Board of Directors currently comprised of three members from the County and three members from the City made up as follows:

- The County Administrator of Stafford County
- Two members of the Stafford County Board of Supervisors appointed by the County's Board of Supervisors
- The City Manager of Fredericksburg
- Two members of the City Council of Fredericksburg appointed by the City Council

The Board adopts an annual operating budget and sets user fees for the landfill. The Board has the authority to enter into written agreements with any contracting party for the operation and maintenance of the landfill. The Board has an ongoing operating agreement with the County. If there are operating deficits, they are funded by the County and the City, based on the solid waste that is generated from each of the two jurisdictions and received by the landfill.

The title to all real property acquired, held, or leased is allocated equally between the County and City, except for 30 acres owned by Stafford County.

Due to neither the County nor the City appointing a majority of Board members, neither governing body having the ability to impose its will on the Board, and the Board being fiscally independent, the financial statements of the Board are not included in the financial statements of the County or City, in accordance with U.S. GAAP. The Board has no oversight responsibilities for either the County or City organization or other outside organizations or activities. Therefore, no additional organizations are included herein.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Basis of accounting: Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Board maintains its records on the accrual basis, in accordance with the principles of fund accounting for an enterprise activity. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the Board are from tipping charges. Operating expenses include the cost of goods and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting these classifications are reported as nonoperating revenues and expenses.

Cash and cash equivalents: Cash and cash equivalents consist of all demand deposits and short-term investments. Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

Investments: Investments are stated at fair value based on quoted market prices except for money market mutual funds and certificates of deposit investments and commercial paper, which are carried at amortized cost.

Accounts receivable: Accounts receivable consist of amounts due from customers for tipping fees. The Board uses the allowance method to determine the uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts.

Capital assets: Capital assets purchased by the Board are stated at cost to the extent the R-Board's capitalization threshold of \$5,000 is met. Donated property is recorded at acquisition value. Depreciation has been provided over the following estimated useful lives using the straight-line method:

Land improvements and cell construction	5 – 20 years
Building and building improvements	10 – 40 years
Furniture, fixtures and equipment	3 – 10 years
Technology infrastructure	5 years
Vehicles	5 years

Compensated absences: Employees of the Board accumulate vacation and sick leave hours depending upon their length of service based on the policy set by the County. The County has established accumulated leave balance thresholds for vacation and compensatory leave. There is no threshold on accumulated sick leave. Vacation leave, compensatory time, and a portion of sick leave up to the established thresholds are payable upon termination of employment.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense) until then. The R-Board has two items that meet this criterion – the pension and other postemployment retirement benefits deferrals relate to contributions made to the corresponding plans in the 2024 fiscal year and changes in actuary calculations. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions reported as deferred outflows of resources will be amortized in the following year.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources (revenue) until then. The R-Board has two items that meet this criterion such as deferrals of pension expense and OPEB related to changes in actuary calculations. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. These are explained in more detail in a separate note to the financial statements.

Net Position: The financial statements utilize a net position presentation. Net position is presented in two components – net investment in capital assets and unrestricted.

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and right to use assets reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvement of those assets including deferred outflows and inflows of resources related to total borrowings.

Unrestricted – This component consists of financial statement elements that do not meet the definition of net invested in capital assets.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Pensions: The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan, presented as a cost-sharing plan in the R-Board's financial statements. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the R-Board's Retirement Plan and the additions to/deductions from the R-Board's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the 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.

OPEB: The Stafford County Retired Employees Health Insurance Plan (SCREHIP) is a single-employer defined benefit plan, presented as a cost-sharing plan in the R-Board's financial statements. It provides postemployment healthcare insurance benefits for retired employees.

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan, presented as a cost-sharing plan in the R-Board's financial statements. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

The Political Subdivision Health Insurance Credit Program (HIC) is a multiple-employer, agent defined benefit plan, presented as a cost-sharing plan in the R-Board's financial statements, that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The HIC was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended.

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Risk Management: The R-Board is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by a combination of commercial insurance purchased from independent third parties and participation in public entity risk pools. There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering recent settlement trends including frequency and amount of pay-outs.

The R-Board participates in the County's Risk management plan. Additional details related to the risk management plans can be found in the County's Annual Comprehensive Financial Report which may be obtained by writing to Stafford County, Controller, PO Box 339, Stafford, Virginia 22554 or at the County website, <https://staffordcountyva.gov/ArchiveCenter/ViewFile/Item/3490>.

Note 2. Deposits and Investments

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and the excess is 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 insured or collateralized.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (LGIP) and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP).

The following table shows the Board’s total deposits and investments at June 30, 2024:

	<u>Fair Value</u>
U.S. Agencies and Securities	\$ 7,281,047
Corporate Notes and Bonds	914,232
Commercial Paper	680,148
Certificates of Deposit	730,322
Money Market Mutual Funds	<u>20,991</u>
Total Investments	9,626,740
Cash held by the Treasurer of Stafford County	12,688,632
Petty Cash	<u>800</u>
Total Deposits and Investments	<u><u>\$22,316,172</u></u>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

The Board has the following recurring reported value measurements as of June 30, 2024:

Investment Type	Valuation Method	Reported Value	Significant Other Observable Inputs (Level 2)
U.S. Agencies and Securities	Fair Value	\$ 7,281,047	\$ 7,281,047
Corporate Notes and Bonds	Fair Value	914,232	914,232
Certificates of Deposit	Amortized Cost	730,322	-
Commercial Paper	Amortized Cost	680,148	-
Money Market Mutual Funds	Amortized Cost	20,991	-
Total		<u>\$ 9,626,740</u>	<u>\$ 8,195,279</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt and equity securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Credit Risk of Debt Securities: Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the Board's debt investments as of June 30, 2024 and the ratings are presented below using the Standard & Poor's rating scale.

	<u>AAAm</u>	<u>A-1</u>	<u>AAA</u>	<u>AA</u>
Held in County's Name as Fiduciary				
U.S. Agencies and Securities	\$ -	\$ -	\$ -	\$ 7,281,047
Corporate Notes and Bonds	-	-	-	914,232
Commercial Paper	-	680,148	-	-
Certificates of Deposit	-	730,322	-	-
Money Market Mutual Funds	20,991	-	-	-
Total	<u>\$ 20,991</u>	<u>\$ 1,410,470</u>	<u>\$ -</u>	<u>\$ 8,195,279</u>

As of June 30, 2024, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor's and/or Moody's. Ratings must comply with the investment policy prior to any purchase.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with U.S. GAAP, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and the issuer.

At June 30, 2024, the Board had no investments exceeding 5% of the total investments.

Interest Rate Risk: Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Due to market conditions, the investment policy generally sets a 5.5-year maximum maturity from the date of purchase. Additionally, 25% of the liquid funds are required to be invested in over-night funds while the remaining 75% will be invested in no longer than 180 days. Furthermore, the core funds are to have a final maturity of no longer than 5 years and a duration requirement not exceeding 3 years to manage portfolio volatility. These guidelines are established to minimize investment risk in the portfolio.

Investment Type	Investment Maturities (In Years)			
	Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years
U.S. Agencies and Securities	\$ 7,281,047	\$ 2,289,855	\$ 4,984,897	\$ 6,295
Corporate Notes and Bonds	914,232	274,753	639,479	-
Certificates of Deposit	730,322	730,322	-	-
Commercial Paper	680,148	680,148	-	-
Money Market Mutual Funds	20,991	20,991	-	-
Total	<u>\$ 9,626,740</u>	<u>\$ 3,996,069</u>	<u>\$ 5,624,376</u>	<u>\$ 6,295</u>

Note 3. Risks and Uncertainties

The Board invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statement of Net Position.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan

The employees of the R-Board participate in the same benefits as all other County employees, which includes participation in the VRS. The pension plan is presented as a cost-sharing plan in the R-Board's financial statements.

A. PLAN DESCRIPTION

Name of Plan:	Virginia Retirement System
Identification of Plan:	Agent and Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System

All full-time, salaried permanent employees of the R-Board are automatically covered by VRS upon employment. The plan is administered by the VRS 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 the 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.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component:</i> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component:</i> Not applicable.</p>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

B. Contributions

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

The R-Board's contractually required contribution rate for the year ended June 30, 2024 was 13.12% 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 an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by the R-Board were \$249,097 and \$234,779 for the years ended June 30, 2024 and 2023, respectively.

C. Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position.

The R-Board's net pension liability was measured as of June 30, 2023. The total pension liability 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.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

At June 30, 2024, the County, the George Washington Regional Commission (GWRC) and the R-Board reported a collective pension liability of \$34,017,332 for its proportionate share of the VRS net pension liability (collectively the County). This amount is comprised of \$32,782,718 for the County, \$457,948 for GWRC and \$776,666 for the R-Board. The County’s proportion of the net pension liability was based on the County’s actuarially determined employer contributions to the pension plan for the valuation date of June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023 the R-Board’s portion was 2.28 % as compared to 2.40 % at June 30, 2023.

D. Actuarial Assumptions

The total pension liability for the VRS 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 including in the measurement and rolled forward to the measurement date as 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 expense, including inflation

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

Mortality rates:

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 on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

E. Long-Term Expected Rate of Return

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

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%.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

F. Discount Rate

The discount rate used to measure the total pension liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased in funding provided by the General Assembly for State and teacher employer contributions, political subdivisions were provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer rate used in FY2012 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 contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary 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.

G. Sensitivity of the R-Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the R-Board's proportionate share of the net pension liability, using the discount rate of 6.75%, as well as what the R-Board's net pension liability would be if they were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 1,779,605	\$ 776,666	\$ (43,616)

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2024, the R-Board recognized pension expense of \$246,684. At June 30, 2024, the R-Board 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
Difference between Expected and Actual Experience	\$ 142,495	\$ 16,592
Changes in Assumptions	69,427	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	84,764
County Contributions subsequent to the Measurement Date	249,097	-
	<u>\$ 461,019</u>	<u>\$ 101,356</u>

\$249,047 reported as deferred outflows of resources related to pensions resulting from R-Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Fiscal Year Ended June 30:

	Amount
2025	\$ 59,418
2026	(67,907)
2027	114,750
2028	4,305
Thereafter	-
	<u>\$ 110,566</u>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

I. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at 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.

A copy of the separately issued financial statements for the County, which contain financial information and disclosures for the County's pension plan, may be obtained by writing to Stafford County, Director of Finance, PO Box 339, Stafford, Virginia 22554.

Note 5. Other Postemployment Benefits

The employees of the R-Board participate in the same benefits as all County employees, which includes other postemployment benefits such as health care, group life insurance and health insurance credit program. The OPEB plans are presented as cost-sharing plans in the R-Board's financial statements.

A. Plan Description

Name of Plan: Stafford County Retired Employees Health Insurance Plan (SCREHIP)
Identification of Plan: Single-Employer Defined Benefit Plan
Administering Entity: Stafford County

The County provides postemployment healthcare insurance benefits for retired employees through a single-employer defined benefit plan. The employees receiving benefits under this plan include employees of Stafford County, employees of the R-Board and employees of the GWRC. Stafford County has an operating agreement to manage the R-Board landfill effectively giving the R-Board employees the same benefits as Stafford County employees. The benefits, employee/retiree contributions and employer contributions are determined by the County through its personnel compensation plan. They may be amended by action of the governing body – the Board of Supervisors. The plan does not issue a separate financial report. The plan is managed by an OPEB Committee consisting of three members – the Treasurer, the Chief Financial Officer and a member of the Board of Supervisors.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

B. Benefits Provided

All retiree healthcare benefits are provided through the County's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services, mental and nervous care, vision care, dental care and prescriptions. To be eligible for benefits, an employee must qualify for retirement under the VRS.

C. Contributions

The R-Board's employee and retiree healthcare contribution rates are set as policy by the County Board of Supervisors. Beginning July 1, 2009, a choice of health care options was offered for active and retired employees. The options differ based on level of coverage. All plan participants, active and retirees, are required to pay a portion of the monthly premium. The monthly premium is based on dependent coverage.

VRS eligible retirees receive a monthly health insurance credit of \$1.50 for each year of service up to a maximum of \$45.00 per month. The HIC can be used to reduce the retiree contribution. For retirees with fifteen (15) years or more of service to the County, the HIC covers the retiree's share of the premium. The Board contributes the remainder of the retiree-only premium. Retirees with less than 15 years of service pay the full premium less any VRS HIC. The retiree is responsible for dependent coverage at stated plan rates. Post Medicare eligible retirees with 15 years of service must be enrolled in Medicare Parts A and B to be eligible to participate in the County's health insurance plan. Payment for Medicare Parts A and B is the responsibility of the retiree.

D. Actuarial Methods and Assumptions

An actuarial valuation was performed as of January 1, 2023 and updated procedures were used to roll forward the total OPEB liability to the OPEB plan's year end of June 30, 2023 (measurement date for fiscal year 2024).

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

An experienced study has not been completed for the OPEB plan. The demographic assumptions used in this valuation are based on those used by the VRS. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	<i>General employees:</i> 2.85% initially, decreasing to 1.00% over 20 year period, including inflation; depends on service
Investment rate of return	6.75%, including inflation
Discount rate	3.86% as of 6/30/2023
Bond rate	1.92% as of 6/30/2023
Healthcare cost trend rate	7.50%-3.94%

Mortality rates for general employees and healthy retirees were based on a Pub-2010 Healthy Table, sex distinct fully generational using Scale MP-2018, while Sheriff and Fire and Rescue employee rates were based on Pub-2010 Healthy Table, sex distinct, fully generational using Scale MP-2018. Mortality rates for disabled retirees were based on Pub-2010 Disabled Table, sex distinct fully generational using Scale MP-2018.

The municipal bond rated used as of June 30, 2023 is 3.86%. This rate is based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

E. Net OPEB Liability

At June 30, 2024, the R-Board reported a liability of \$1,842,376 for its proportionate share of the Net OPEB Liability. The actuary calculated total OPEB Liability was based on participant data collected as of January 1, 2023, using the entry age actuarial cost method with a measurement date of June 30, 2023. The R-Board proportion of the net OPEB Liability was based on a projection of the R-Board's long-term share of contributions to the OPEB plan. At June 30, 2024 and June 30, 2023, the R-Board's proportion was 2.13% and 1.99% respectively.

F. Sensitivity of the R-Board's proportionate share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the R-Board's proportionate share of the plan's Net OPEB Liability and the effects of using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate of 3.86%.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB Liability	\$ 2,273,968	\$ 1,842,376	\$ 1,506,039

G. Sensitivity of the R-Board's proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trends Rate

The following table presents the R-Board's proportionate share of the plan's Net OPEB Liability and the effects of using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the medical trend rate of 3.94%.

	1% Decrease (2.94%)	Medical Trend Rate (3.94%)	1% Increase (4.94%)
Net OPEB Liability	\$ 1,462,773	\$ 1,842,376	\$ 2,344,009

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

H. OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2024, the R-Board recognized OPEB expense (credit) in the amount of (\$20,723). At June 30, 2024, the R-Board reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,059	\$ 720,940
Changes of assumptions	572,140	1,073,325
Net difference between projected and actual earnings on OPEB plan investments	13,706	-
	<u>\$ 586,905</u>	<u>\$ 1,794,265</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in the future reporting periods as follows:

Fiscal Year ended June 30th:

2025	\$ (237,905)
2026	(196,087)
2027	(185,962)
2028	(184,287)
2029	(236,227)
Thereafter	(166,892)
	<u>\$ (1,207,360)</u>

Additional disclosures on changes in the Net OPEB Liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

I. OPEB Fiduciary Net Position

A copy of the separately issued financial statements for the County, which contain financial information and disclosures for the County's OPEB plan and detailed information about the OPEB plan's fiduciary net position, may be obtained by writing to Stafford County, Director of Finance, PO Box 339, Stafford, Virginia 22554.

Virginia Retirement System Group Life Insurance OPEB (GLI)

J. Plan Description

All full-time, salaried permanent employees of the R-Board are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. This plan is administered by the Virginia Retirement System (VRS), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$9,254 as of June 30, 2024.</p>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

K. Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the R-Board were \$9,607 and \$12,422 for the years ended June 30, 2024 and June 30, 2023, respectively.

L. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2024, the R-Board reported a liability of \$90,649 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 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 Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the R-Board's proportion of the County was 2.28 % as compared to 2.40% at June 30, 2023.

For the year ended June 30, 2024, the R-Board recognized GLI OPEB expense of \$7,570. There was a change in proportionate share between measurement dates, no portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

At June 30, 2024, the R-Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,054	\$ 2,752
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,643
Change in assumptions	1,938	6,280
Changes in proportionate share	8,825	24
County's contributions made after measurement date	9,607	-
	<u>\$ 29,424</u>	<u>\$ 12,699</u>

\$9,607 reported as deferred outflows of resources related to the GLI OPEB resulting from the R-Board'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:

Fiscal Year ended June 30th:

2025	\$	2,501
2026		(941)
2027		3,395
2028		949
2029		1,214
Thereafter		-
	<u>\$</u>	<u>7,118</u>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

M. Actuarial Assumptions

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

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

Mortality rates

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

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

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

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

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

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 July 1, 2021. Changes to the actuarial assumptions as a result of the experience and VRS Board action are as follows:

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

N. Net GLI OPEB Liability

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

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

The total GLI OPEB liability is calculated by the VRS's actuary, and each plan's fiduciary net position is reported in the VRS'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.

O. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS'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 VRS'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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which 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%.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

P. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending 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 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.

Q. Sensitivity of the R-Board's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
R-Board's proportionate share of GLI Net OPEB Liability	\$ 134,371	\$ 90,649	\$ 55,300

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

R. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2023 Financial Report. A copy of the 2023 VRS Financial Report may be downloaded from the VRS website at <http://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.

VRS Political Subdivision Health Insurance Credit Program (HIC)

S. Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

The specific information about the Political Subdivision HIC Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC)
<p>Eligible Employees</p> <p>The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating political subdivisions are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p>Benefit Amounts</p> <p>The political subdivision's Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• <u>At Retirement</u> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.• <u>Disability Retirement</u> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none">• The monthly HIC benefit cannot exceed the individual premium amount.• No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans.• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

T. Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) 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. The R-Board’s contractually required employer contribution rate for the year ended June 30, 2024 was 0.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the R-Board to the Political Subdivision HIC Program were \$943 and \$992 for the years ended June 30, 2024 and June 30, 2023, respectively.

U. Net HIC OPEB liability

At June 30, 2024, the R-Board reported a liability of \$2,638 for its proportionate share of the Net HIC OPEB liability. The actuary calculated total HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. At June 30, 2024 and June 30, 2023 the R-Board’s proportion was 2.28% and 2.40% respectively.

V. Actuarial Assumptions

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

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

Mortality rate – Non-Largest 10 Locality Employers – General Employees

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

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

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

W. 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.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which 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%.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

X. Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 % of the actuarially contribution rate. From July 1, 2023 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

Y. Sensitivity of the RBoard's Proportionate Share of the HIC Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
R-Board's proportionate share of Net HIC OPEB Liability	\$ 5,641	\$ 2,638	\$ 107

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

Z. HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB

For the year ended June 30, 2024, the R-Board recognized Health Insurance Credit Program OPEB expense of \$613 and reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,116	\$ 1,080
Change in assumptions	826	6
Net difference between projected and actual earnings on plan investments	-	238
County's contributions made after measurement date	943	-
	<u>\$ 2,885</u>	<u>\$ 1,324</u>

\$943 reported as deferred outflows of resources related to the HIC OPEB resulting from the R-Board's contributions subsequent to the measurement date will be recognized as a reduction of the net HIC 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 HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Fiscal Year ended June 30th:	Balance
2025	\$ 87
2026	(111)
2027	517
2028	171
2029	(46)
Thereafter	-
	<u>\$ 618</u>

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Postemployment Benefits (Continued)

AA. Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2023 Financial Report. A copy of the 2023 VRS Financial 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.

AB. Reconciliation of OPEB Plans to Financial Statements

As there are three OPEB plans for the R-Board a summary is provided below to reconcile the net OPEB liability, the deferred inflows and deferred outflows to the financial statements:

	Retiree Health Insurance	OPEB Group Life Insurance (GLI)	OPEB Health Insurance Credit (HIC)	Total
Net OPEB Liability	1,842,376	90,649	2,638	1,935,663
Deferred Outflows	586,905	29,424	2,885	619,214
Deferred Inflows	1,794,265	12,699	1,324	1,808,288
Expense (Credit)	(20,723)	7,570	613	(12,540)

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

A summary of capital assets as of and for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 1,419,640	\$ -	\$ -	\$ 1,419,640
Construction in progress	69,392	3,024,763	(57,734)	3,036,421
Total capital assets not being depreciated	1,489,032	3,024,763	(57,734)	4,456,061
Capital assets being depreciated:				
Land improvements	22,009,451	-	-	22,009,451
Building and building improvements	1,263,371	-	-	1,263,371
Furniture, fixtures and equipment	8,389,617	1,089,183	(673,398)	8,805,402
Software	-	33,137	-	33,137
Technology infrastructure	536,085	-	-	536,085
Vehicles	1,463,863	204,822	(77,803)	1,590,882
Total capital assets being depreciated	33,662,387	1,327,142	(751,201)	34,238,328
Less accumulated depreciation for:				
Land improvements	(12,635,533)	(675,485)	-	(13,311,018)
Building and building improvements	(961,153)	(27,008)	-	(988,161)
Furniture, fixtures and equipment	(5,984,953)	(433,906)	666,904	(5,751,955)
Software	-	(3,314)	-	(3,314)
Technology infrastructure	(536,084)	-	-	(536,084)
Vehicles	(1,327,393)	(196,804)	77,803	(1,446,394)
Total accumulated depreciation	(21,445,116)	(1,336,517)	744,707	(22,036,926)
Total capital assets being depreciated, net	12,217,271	(9,375)	(6,494)	12,201,402
Total capital assets	\$ 13,706,303	\$ 3,015,388	\$ (64,228)	\$ 16,657,463

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-term Obligations

The following is a summary of long-term obligation transactions of the Board for the year ended June 30, 2024:

	Compensated Absences	Landfill Obligation	Equipment Finance Agreements	Net Pension Liability	OPEB Liability	Totals
Beginning balance, 6/30/23	\$301,935	\$8,922,663	\$1,316,218	\$697,165	\$2,161,501	\$13,399,482
Additions	298,379	470,713	500	79,501	-	849,093
Reductions	(278,621)	-	(416,067)	-	(225,838)	(920,526)
Ending balance, 6/30/24	\$321,693	\$9,393,376	\$900,651	\$776,666	\$1,935,663	\$13,328,049
Due within one year	\$126,533	\$152,031	\$437,044	\$ -	\$ -	\$715,608

Listed below is a chart related to the collateral and default terms of the Board's installment financing agreements:

Equipment	Installment Financing Agreements	Collateral	Default/Termination Events
Caterpillar 330-07	\$354,864 issued June 6, 2022 maturing monthly in varying installments of \$6,969 to \$7,834 through May 6, 2026; Interest at 2.99% payable monthly.	Hydraulic Excavator	Accelerate all lease payments to be due and payable or take possession of the personal property.
Caterpillar 826K	\$821,690 issued July 24, 2022 maturing monthly in varying installments of \$15,362 to \$19,001 through June 24, 2026; Interest at 5.44% payable monthly.	Landfill Compactor	Accelerate all lease payments to be due and payable or take possession of the personal property.
Caterpillar D6VP	\$533,340 issued August 13, 2022 maturing monthly in varying installments of \$9,971 to \$12,333 through July 13, 2026; Interest at 5.44% payable monthly.	Bulldozer	Accelerate all lease payments to be due and payable or take possession of the personal property.

Note 8. Related Party Transactions

The R-Board has an ongoing operating agreement with the County to provide management, administrative and personnel services to the Board. Fees for these services were \$369,225 for the year ended June 30, 2024.

The R-Board is owed \$31,596 as of June 30, 2024 from the City for accounts receivable.

Note 9. Major Customers

The R-Board has four customers whose total charges were \$5,702,051, or 51% of operating revenues, for the year ended June 30, 2024. Accounts receivable from the major customers for landfill usage at June 30, 2024 totaled \$665,351.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 10. Leases

The R-Board entered into a 43-month lease as Lessee for the use of Ground Space - Eskimo Hill. An initial lease liability was recorded in the amount of \$15,204. As of June 30, 2024, the value of the lease liability is \$0. The R-Board is required to make annual fixed payments of \$5,133. The lease has an interest rate of 0.8140%. The value of the right to use asset as of June 30, 2024 of \$15,204 with accumulated amortization of \$12,729 is included in the table found below. The R-Board has two extension options, each for 60 months.

The change in intangible right to use assets during the course of the fiscal year is as follows:

Ending Balance at 6/30/2023	Additions	Deletions	Ending Balance at 6/30/2024
15,204	-	-	15,204

The change in intangible right to use liabilities during the course of the fiscal year is as follows:

Ending Balance at 6/30/2023	Additions	Deletions	Ending Balance at 6/30/2024
5,244	-	5,244	-

Note 11. Summary Disclosure of Significant Commitments and Contingencies

During 2016, the County and the City issued debt in the amount of \$1,855,000 each, plus premium for total proceeds of \$4,175,214, which was remitted to the R-Board to fund the construction of Cell F2. During 2017, the County and the City made capital contributions in the amount of \$1,175,535 each, totaling \$2,351,070, which was remitted to the R-Board to assist in funding the closure costs for cells B, C and D. The R-Board is reimbursing the County and City for the capital contributions over 7 years and has pledged to reimburse both the County and City for the debt service payments each year for the remaining life of the debt. During FY 2024, the R-Board reimbursed the County and the City \$508,276 each. The debt service payments related to the above capital contributions were paid in full during the year.

In 2024, the County and City each issued debt in the amount of \$2,010,000, plus a premium of \$106,548, for total proceeds of \$4,233,096. A portion of these funds were drawn in FY24, with the remainder being drawn in FY25, for the construction of Cells G1 and G3. The R-Board has pledged to repay the County and City for their capital contributions over a 7-year term.

As of June 30, 2024, the remaining principal outstanding at the County and City was \$2,010,010 each.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 12. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the Board to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$9.4 million reported by the Board as landfill closure and postclosure liability at June 30, 2024 represents the cumulative amount reported to date based on the used portion of the total estimated capacity of the landfill, 93% at June 30, 2024. The R-Board will recognize any remaining estimated costs of closure and postclosure as new phases are developed. These amounts are based on the estimated cost to perform all closure and postclosure care in FY2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The landfill site currently has eight cells. Cells A, B, C, and D have reached 100% capacity and are closed. Cell E is at 95%, Cell F1 is at 85%, Cell F2 is at 92% and Cell F3 is at 94%.

Note 13. Pending GASB Statements

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The R-Board will implement Statement No. 101 in FY2025.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The R-Board will implement Statement No. 102 in FY2025.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements, which improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The R-Board will implement Statement No. 103 in FY2026.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 13. Pending GASB Statements (Continued)

In September 2024, GASB Statement No. 104, Disclosure of Certain Capital Assets, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The R-Board will implement Statement No. 104 in FY2026.

The R-Board has not yet determined the effect these GASB Statements will have on its financial statements.

Note 14. Subsequent Events

The R-Board completed construction on cells G1/G3 and are in the process of obtaining permitting from DEQ. The new cells generated an increase in the closure/post-closure liability of \$1,141,477 making the total liability \$11,684,426 post fiscal year end 2024.

**RAPPAHANOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF R-BOARD'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY**

	As of June 30, 2024 *	As of June 30, 2023 *	As of June 30, 2022 *	As of June 30, 2021 *	As of June 30, 2020 *	As of June 30, 2019 *	As of June 30, 2018 *	As of June 30, 2017 *	As of June 30, 2016 *	As of June 30, 2015 *
R-Board's proportion of the net pension liability	2.28315%	2.39941%	2.18880%	2.40144%	2.52448%	2.17949%	2.37540%	2.33820%	2.30990%	2.34300%
R-Board's proportionate share of the net pension liability	\$ 776,666	\$ 697,165	\$ 351,317	\$ 933,073	\$ 745,394	\$ 423,993	\$ 485,038	\$ 726,978	\$ 583,829	\$ 776,870
R-Board's covered payroll	\$ 1,789,474	\$ 1,874,300	\$ 1,566,440	\$ 1,562,670	\$ 1,266,629	\$ 1,317,053	\$ 1,279,727	\$ 1,211,134	\$ 1,205,952	\$ 1,135,451
R-Board's proportionate share of the net pension liability as a percentage of its covered payroll	43.40%	37.20%	22.43%	59.71%	58.85%	32.19%	37.90%	60.02%	48.41%	68.42%
Plan fiduciary net position as a percentage of the total pension liability	88.77%	89.61%	94.59%	83.53%	87.82%	88.16%	89.27%	68.28%	70.68%	70.88%

Notes to Schedule:

*The amounts presented have a measurement date of the previous fiscal year end.

- (1) **Changes of benefit terms:** There have been no actuarially material changes to VRS benefit provisions since the prior actuarial valuation.
- (2) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, 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 July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty:

Mortality Rates (Pre-Retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

RAPPAHANOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30, 2024	Fiscal Year June 30, 2023	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Fiscal Year June 30, 2020	Fiscal Year June 30, 2019	Fiscal Year June 30, 2018	Fiscal Year June 30, 2017	Fiscal Year June 30, 2016	Fiscal Year June 30, 2015
Contractually required contribution	\$ 249,097	\$ 234,779	\$ 181,401	\$ 166,561	\$ 155,303	\$ 116,539	\$ 112,188	\$ 107,480	\$ 129,862	\$ 123,989
Contributions in relation to the contractually required contribution	249,097	234,779	181,401	166,561	155,303	116,539	112,188	107,480	129,862	123,989
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 1,898,605	\$ 1,789,474	\$ 1,874,300	\$ 1,566,440	\$ 1,562,670	\$ 1,266,629	\$ 1,317,053	\$ 1,279,727	\$ 1,211,134	\$ 1,205,952
Contributions as a percentage of covered payroll	13.12%	13.12%	9.68%	10.63%	9.94%	9.20%	8.52%	8.40%	10.72%	10.28%

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF R-BOARD'S PROPORTIONATE SHARE
OF NET OPEB LIABILITY - RETIREE HEALTH INSURANCE**

	As of June 30, 2024 *	As of June 30, 2023 *	As of June 30, 2022 *	As of June 30, 2021 *	As of June 30, 2020 *	As of June 30, 2019*	As of June 30, 2018*
R-Board's proportion of the net OPEB liability	2.13%	1.99%	1.99%	2.10%	2.10%	2.44%	2.44%
R-Board's proportionate share of the net OPEB liability	\$ 1,842,376	\$ 2,065,886	\$ 2,817,547	\$ 3,310,994	\$ 2,676,191	\$ 2,581,414	\$ 2,445,734
R-Board's covered payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
R-Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total OPEB liability	14.05%	11.24%	9.29%	5.21%	6.19%	6.38%	5.79%

N/A* - The plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required and is not included.

Notes to Schedule:

*The amounts presented have a measurement date of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the R-Board will present information for those years for which information is available.

There was no change in benefit terms since the prior actuarial valuation. Changes to the actuary assumptions are as follows:

- Update to more current mortality tables of PUB-2010
- Inflation rate increased to 2.50%
- Discount rate and bond rate decreased to 2.45 %
- Update healthcare cost trend rates

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

SCHEDULE OF R-BOARD'S PROPORTIONATE SHARE OF NET OPEB LIABILITY VRS GROUP LIFE INSURANCE PROGRAM

	As of June 30, 2023*	As of June 30, 2022*	As of June 30, 2021*	As of June 30, 2020*	As of June 30, 2019*	As of June 30, 2018*
R-Board's Proportion of the Net GLI OPEB Liability	2.40%	2.44%	2.40%	2.52%	2.18%	2.27%
R-Board's Proportionate share of the Net GLI OPEB Liability	\$90,649	\$93,833	\$120,641	\$116,433	\$91,299	\$93,524
R-Board's Covered Payroll	1,722,900	1,566,440	1,562,670	1,266,629	1,190,751	1,146,411
R-Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.26%	5.99%	7.72%	9.19%	7.67%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.45%	52.64%	52.00%	51.22%	48.86%

*The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, the R-Board will present information for those years available.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

SCHEDULE OF CONTRIBUTIONS - VRS GROUP LIFE INSURANCE PROGRAM

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	R-Board's Covered Payroll	Contributions as of % of Covered Payroll
2024	\$ 9,607	9,607	-	\$ 1,898,605	0.51%
2023	12,422	12,422	-	1,874,135	0.66%
2022	13,791	13,791	-	1,722,900	0.80%
2021	8,477	8,477	-	1,566,440	0.54%
2020	8,123	8,123	-	1,562,670	0.52%
2019	6,297	6,297	-	1,266,629	0.50%
2018	6,192	6,192	-	1,190,751	0.52%
2017	5,834	5,834	-	1,146,411	0.51%

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, the R-Board will present information for those years available.

**Notes to Required Supplementary Information - GLI
For the Year Ended June 30, 2024**

Changes of benefit terms – There have been no actuarially material changes to VRS 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:

Teachers

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

General Employees

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

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

SCHEDULE OF R-BOARDS'S PROPORTIONATE SHARE OF VRS HIC NET OPEB LIABILITY

	As of June 30, 2024*	As of June 30, 2023*	As of June 30, 2022*	As of June 30, 2021*	As of June 30, 2020*	As of June 30, 2019*	As of June 30, 2018*
R-Board's proportion of the Net HIC OPEB liability	2.28%	2.40%	2.44%	2.40%	2.52%	2.18%	2.27%
R-Board's Proportionate share of the Net HIC OPEB Liability	\$2,638	\$1,782	\$1,690	\$4,988	\$4,067	\$2,810	\$2,916
R-Board's Covered Payroll	1,019,928	898,883	857,373	780,425	703,959	684,084	658,796
R-Board's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll	0.26%	0.20%	0.20%	0.64%	0.58%	0.41%	0.44%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	93.66%	93.19%	93.66%	79.98%	83.76%	86.05%	85.68%

*The amounts presented have a measurement date of the previous fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the R-Board will present information for those years available.

**RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS - VRS HEALTH INSURANCE CREDIT PROGRAM**

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	R-Board's Covered Payroll	Contributions as of % of Covered Payroll
2024	\$ 943	943	-	\$ 878,569	0.11%
2023	992	992	-	1,019,928	0.10%
2022	1,095	1,095	-	898,883	0.12%
2021	995	995	-	857,373	0.12%
2020	1,075	1,075	-	780,425	0.14%
2019	837	837	-	703,959	0.12%
2018	889	889	-	684,084	0.13%
2017	856	856	-	658,796	0.13%

FY2023 contribution figures were updated in FY2024.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the R-Board will present information for those years available.

**Notes to Required Supplementary Information - HIC
For the Year Ended June 30, 2024**

Changes of benefit terms – There have been no actuarially material changes to VRS 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:

Teachers

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

General Employees

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

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Board of Directors
Rappahannock Regional Solid Waste Management Board
Stafford, Virginia

We have audited, 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 (*Government Auditing Standards*); 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 Rappahannock Regional Solid Waste Management Board (R-Board), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the R-Board's basic financial statements, and have issued our report thereon dated February 26, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the R-Board'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 R-Board'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 R-Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "P. B. Mares, LLP". The signature is written in a cursive, stylized font.

Harrisonburg, Virginia
February 26, 2025