

ROANOKE VALLEY RESOURCE AUTHORITY

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023



TINKER CREEK TRANSFER STATION

Roanoke, Virginia

ROANOKE VALLEY RESOURCE AUTHORITY

ROANOKE, VIRGINIA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

Prepared by:

Roanoke County Department of Finance and Management Services

ROANOKE VALLEY RESOURCE AUTHORITY

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For the Year Ended June 30, 2023

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INTRODUCTORY SECTION



ROANOKE VALLEY RESOURCE AUTHORITY

September 19, 2023

To the Honorable Chairman, Members of the Board of Directors of the Roanoke Valley Resource Authority and Citizens of the Cities of Roanoke and Salem, the County of Roanoke and the Town of Vinton, Virginia:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Roanoke Valley Resource Authority (Authority) for the fiscal year ended June 30, 2023. This audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts for the Commonwealth of Virginia.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentations, including all disclosures. Management has established a comprehensive framework of internal control to provide a reasonable basis to make these representations. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The basic financial statements have been audited by our independent auditors, Robinson, Farmer, Cox Associates, who have issued an unmodified (clean) opinion on the financial statements of the Authority for the year ending June 30, 2023. The annual audit was conducted in accordance with professional standards which require that the independent auditors plan and perform the audit to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The Roanoke Valley Resource Authority (Authority) was established on October 23, 1991, as a tax-exempt political subdivision within the Commonwealth of Virginia to acquire and construct a regional sanitary landfill and waste collection and transfer station with related treatment facilities. The charter members are the City of Roanoke, County of Roanoke, and the Town of Vinton. The Authority began its operations in 1993. The City of Salem joined July 1, 2016 and RVRA assumed ownership and operational control of Salem's transfer station on November 1, 2016.

The Authority's Board of Directors consists of nine members; five are appointed by Roanoke County, two are appointed by Roanoke City, one is appointed by Salem City, and one is appointed by the Town of Vinton. Each member is appointed for a four-year term. Regular meetings of the Board of Directors are normally held monthly. The Authority is administered by a Chief Executive Officer (CEO). The CEO has the direct supervision of all employees of the Authority, the responsibility for the operation of the Authority's facilities, and the establishment of guidelines for efficient and sound fiscal management.

Residents and businesses in the Cities of Roanoke and Salem, Roanoke County, and the Town of Vinton generate approximately 300,000 tons of wastes every year with approximately 250,000 tons landfilled at the Authority's Smith Gap Landfill (SGLF). The remaining tonnages are transported by private haulers to another landfill, recycled, or disposed of through an alternate process. Each locality collects its own residential trash using internal resources and are contractually obligated to use the Authority's facilities for disposal. Commercial and industrial solid waste is primarily collected by commercial waste haulers. Commercial haulers, except for one as discussed later, are not contractually obligated to deliver their solid waste to the Authority. After collection, municipal and commercial refuse collection trucks may deliver their trash to either the Authority's Tinker Creek Transfer Station (TCTS) in the City of Roanoke or the Salem Transfer Station (STS) in the City of Salem. Several commercial haulers currently elect to use a private transfer station and haul their solid waste out of the region.

Historically, the Authority utilized rail haul to transport the solid waste it received at its transfer stations to the SGLF. However, the Authority initiated the conversion of its rail haul operations to trucking via tractor trailers in FY'21. On April 5, 2021, the Authority began the final stages of converting its dedicated rail spur to its Smith Gap Landfill (SGLF) to a dedicated access road. The Authority transported the solid waste received at its transfer stations to a third-party landfill during construction of the access road. Construction of the access road was completed in July, 2021 and the Authority resumed transporting its municipal solid waste (MSW) to its SGLF by tractor trailers.

Additionally, in FY'22, the Authority began construction modifications to its TCTS to complete necessary operational conversions. During construction at the TCTS, the bulk of the Authority's customers, both municipal and commercial, were directed to the Authority's STS for the majority of FY'22. Full operational use of the TCTS resumed in May 2022 and transfer station construction modifications were completed in FY'23. The installation of scales at the SGLF is projected to be completed in FY'24.

With the construction of the new access road to the SGLF, the Authority solicited and issued a contract with a commercial hauler for the direct-delivery of 100,000 tons per year solid waste to the landfill also via tractor trailers. The contract hauler delivered approximately 32,000 tons and 52,000 tons of solid waste to the Authority in FY'22 and FY'23, respectively, that the Authority had not been receiving for several years. The direct-deliveries do not impose additional costs on the Authority's transfer stations or its transportation operations. At the SGLF, upon resuming operations with the truck-delivered MSW, the trailers are now unloaded directly onto the landfill working face without additional handling. The MSW is inspected and covered daily in a 1,200 acre, environmentally protected landfill disposal area that meets all state and federal regulations.

Budgetary and Accounting Controls

The Authority is required to prepare and submit an annual operating budget to the Charter Members for approval on or before April 1 of each year for the upcoming fiscal year (July 1 to June 30). The budget is prepared by staff of the Authority and serves as the foundation for the Authority's financial planning and control.

The Authority's accounting records are maintained on an accrual basis under which revenues are recognized when earned and expenses are recognized when incurred. Accounting functions are separated to the extent possible for a small sized staff. The County of Roanoke currently is the fiscal agent for the Authority. The accounting system the Authority is using belongs to the County and County staff has provided support and assistance to the Authority in its accounting operations.

Local Economy

The Authority draws from a regional labor force of approximately 300,000 within a radius of sixty miles. The Roanoke Valley as well as the surrounding communities, are fortunate that their economic indicators are more favorable compared to some of the neighboring localities and to the State, but there remain formidable challenges for the Roanoke Valley; not only in the delivery of local government and authority services, but also in maintaining our traditionally high standard of living and quality of life.

The Economic Development Department of each locality successfully utilizes provisions under the public/private partnership policy that allows businesses to receive assistance from them for qualifying facility expansions and relocations. The expected return on investment in new taxes and employment is a critical measure governing the use of public funds to assist businesses and industries.

Long-Term Financial Planning

The Authority annually reviews the adequacy of the Replacement Reserve Requirements under the current operating conditions, and in comparison, with industry standards. The review is done in consultation with a professional engineer familiar with solid waste services, equipment, and facilities as utilized by the Authority. A professional consulting engineer, external to the Authority, reviews the plan every five years. The Authority has defined adequacy to mean that funds exist in amounts equivalent to or exceeding the anticipated expenditures during a period of the next five subsequent fiscal years. The Authority annually makes deposits to replacement reserves for funding future planned expenditures. These reserves allow the Authority to establish and project an orderly increase in tipping fees to prepare for future expenses along with annual operating costs. All funds have been determined to be adequate to address industry costs and planning, thus allowing the reserve funds to reflect future anticipated costs over the next five years.

Major Initiatives and Accomplishments for FY 2023

- During the year, the Roanoke Valley Resources Authority maintained financial and reserve policies providing for the establishment of and the planned funding level of maintenance and improvement reserve accounts for planned expenditures over a short and long-term planning period.
- The Authority continues to maintain and own sufficient land to provide long-term disposal capacity for its members in excess of 100 years which will be developed in phases or cells. The long-term disposal capacity provides the Authority with the flexibility it needs to properly evaluate emerging solid waste technologies and to allow sufficient timing to properly fund and to ultimately transition to one or more of these technologies if feasible.
- Since its inception, the Authority has developed six landfill cells in six construction phases to-date. Construction of Phase VI began in FY'17, was completed in FY'18, became operational in FY'19, and remained operational through FY'23. Construction of Phase VII was initiated in FY'23 and is projected to be completed in FY'24. Other than the initial Phase I, all funding associated with the construction of Phases II-VI has been cash-funded through an established and

dedicated reserve account which continues to receive regular contributions from the Authority's tipping fees to cash-fund subsequent cell developments.

- Portions of the Smith Gap Landfill are nearing final construction grade and in accordance with the Authority's permit, are in the process of being closed. The Authority initiated the closure construction for seven acres of filled cells in FY'17 and subsequently completed this construction in FY'18. The closure of this area enabled the Authority to install additional gas collection wells completed in FY'20. All funding associated with closure construction has been cash-funded through an established and dedicated reserve account which continues to receive regular contributions from the Authority's tipping fees to cash-fund subsequent cell closures.
- As part of the original closure plan for the Smith Gap Landfill, the Authority installed an active gas collection and control system (GCCS) that began operations in April 2011. All funding for the closure plan, including the GCCS, is funded through an established reserve account which continues to receive regular contributions from tipping fees that will continue to fund subsequent cell closure costs. The Authority had no regulatory obligation to install and operate a GCCS until FY 2019. Because it was under no regulatory obligation to install and operate a GCCS, the Authority became a registered member of the California Climate Action Registry (CARs) which qualified the Authority's destruction of greenhouse gases for emission credits which were sold on the open market to help offset the initial cost of installing the GCCS. Collectively, the Authority generated and sold \$347,230 in emissions credits. Although no longer eligible to sell emission credits, the GCCS installed and operated by the Authority enabled the Authority to solicit proposals for the ongoing beneficial use of the landfill gas it collects. The Authority solicited proposals in FY'22 and entered into a contractual agreement with BP/Archea in FY'23 to develop a renewable natural gas (RNG) project which will provide additional revenues and simultaneously relieve the Authority of capital and operating costs associated with the ongoing operations of this GCCS. The new RNG project is projected to come online by FY'25.
- The Authority issued \$20M in financing proceeds in FY'16 & '17 through private bank financing and \$10M in additional financing proceeds through the Virginia Resource Authority (VRA) in FY'21. The 20-yr. debt was issued in association with the Authority's "Facilities Modifications and Improvements Program" ("Program") that includes five distinct projects: the Connector Road Project; the Salem Transfer Station Project; the Tinker Creek Transfer Station Project; the Smith Gap Regional Landfill Project; and the Rail Corridor Conversion Project. The Authority initiated its VRA payments in FY'22 and completed its sixth full year of private bank debt service payments in FY'23.
- The Connector Road and Spur Road Projects have been completed and together form the Authority's "Transportation Corridor." The Corridor now serves as the primary delivery system route for tractor trailers to access the Authority's Smith Gap Landfill directly from the interstate (I-81) in lieu of using the public road system. The Corridor provides safe, efficient and effective routing for the Authority's service provider via tractor trailer-hauled solid waste. It also enables the Authority to entertain the fullest use of one of its most valuable assets, the Smith Gap Landfill. The Authority may now expand its potential customer base which would increase landfill tonnages and associated revenues with minimal operating costs increases in order to maximize its economies of scale. The Authority solicited, received, and awarded contracts for the direct-delivery of an additional 100,000+ tons of commercially generated MSW to the Smith Gap Landfill. Direct-deliveries of additional commercial waste began in FY'22, increased to 52,000 tons in FY'23, are projected to increase to 82,000 tons in FY'24 and eventually reach full capacity in FY'25.
- The Salem Transfer Station (STS) Project, Phase I, constructed two, new top-load hoppers to ultimately replace two compactor units. This conversion provided a more efficient load-out of

solid waste into walking floor trailers that will be hauled by tractors, directly to the Authority's Smith Gap Landfill avoiding the previous operations' double/triple-handling of its wastes. Additionally, truck deliveries would be a shorter distance to the landfill saving additional operating costs. Phase I construction was initiated in FY'17 and was completed in FY'18. The Authority continues to evaluate its options to complete Phase II of this project which would include constructing a new entrance at the site; constructing a new scalehouse and residential service area; and rerouting traffic for additional vehicle queuing space and improved ingress and egress.

- In FY'22, the Authority authorized a new five-year transportation contract with Thompson Trucking, effective July 1, 2022 through June 30, 2027. The second year of the transportation contract was completed in FY'23. The contract provides the Authority with the means to effectively and efficiently transport the solid waste it collects at its two transfer stations to the SGLF with minimal capital outlay.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RVRA for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the fourteenth consecutive year that the Authority received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation and gratitude to the personnel at the Authority and in the Department of Finance and Management Services at the County of Roanoke for their dedication and support in producing this report. Appreciation is also extended to the Authority's Board of Directors whose continuing leadership and support is essential to the financial health of the Authority.



Daniel D. Miles, P.E.
Chief Executive Officer



Laurie Gearheart
Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Roanoke Valley Resource Authority
Virginia**

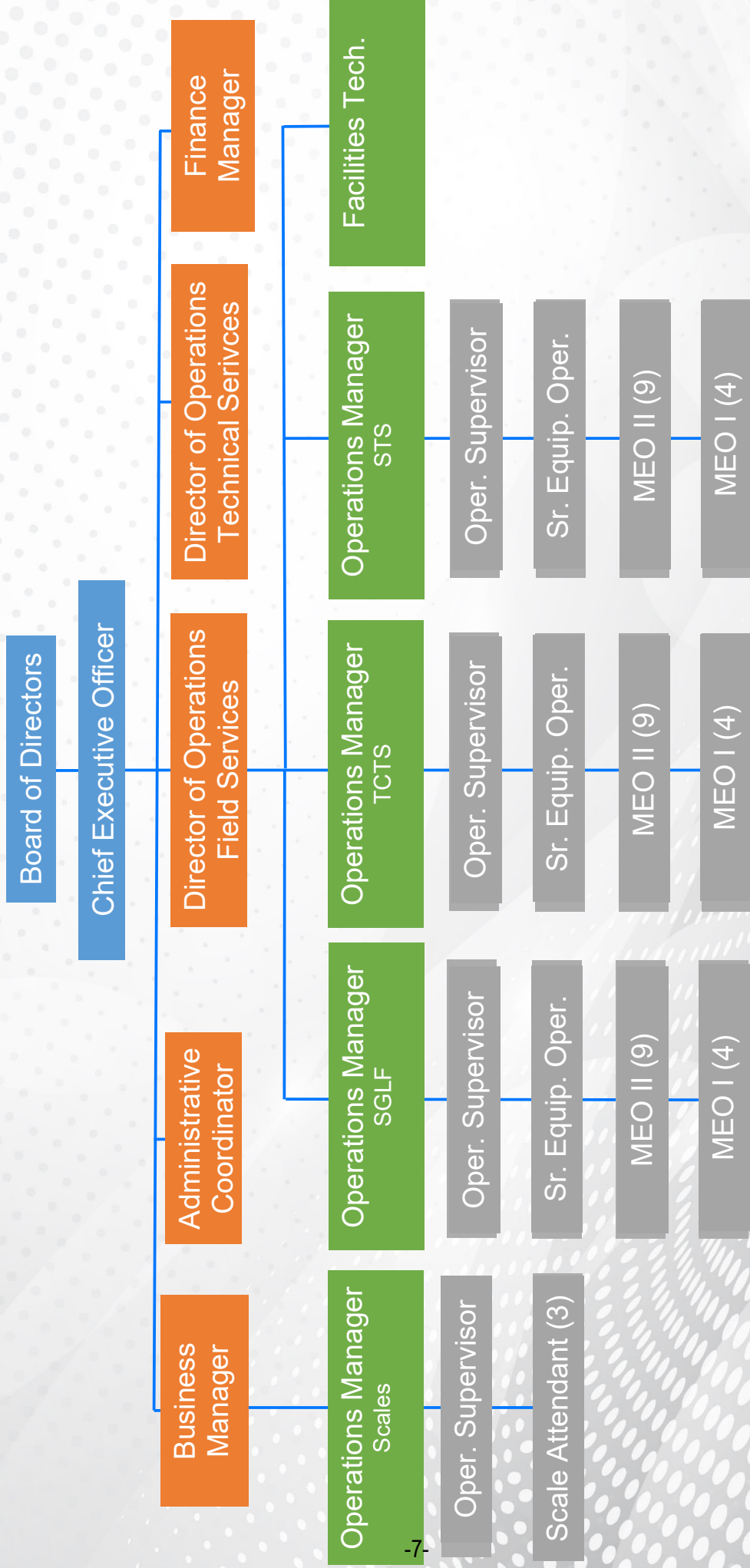
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

RVRA ORGANIZATIONAL CHART: FY'23



NOTE: 40 FT Employees

ROANOKE VALLEY RESOURCE AUTHORITY

List of Appointed Officials
For the Year Ended June 30, 2023

(A Governmental organization established October 23, 1991
as a tax exempt political subdivision within the Commonwealth of Virginia)

BOARD MEMBERS

Rebecca E. Owens, MBA, Chair

Broaddus Fitzpatrick, Vice Chair

Laurie Gearheart, Treasurer

Steve Bandy

Doug Blount

Rob Light

Richard "Pete" Peters

Jeffrey H. Powell

Todd Simmons

OFFICIALS

Chief Executive Officer

Daniel D. Miles, P.E.

Finance Manager

Brad Brewer

Director of Operations, Technical Services

Jeremy Garrett

Director of Operations, Field Services

Jeff Harbin

Business Manager

Nancy Duval

Operations Manager

Ollie Tyree

Administrative Coordinator

Peggy Bishop

General Counsel

Jim H. Guynn, Jr., Esq.

FINANCIAL SECTION



Independent Auditors' Report

**To the Members of the Board
Roanoke Valley Resource Authority
Roanoke, Virginia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Roanoke Valley Resource Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

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 Roanoke Valley Resource Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023, on our consideration of the Roanoke Valley Resource Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Roanoke Valley Resource Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Roanoke Valley Resource Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
September 19, 2023

**Roanoke Valley Resource Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The management discussion and analysis (MD&A) serves as an introduction to the financial statements of the Roanoke Valley Resource Authority (the Authority) for the year ended June 30, 2023. The MD&A represents management's examination and analysis of the Authority's financial condition and performance and should be read in conjunction with the Authority's basic financial statements which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board in their *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34)*.

Financial Highlights

- The total assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2023 by \$2,817,278 (Net Position). Of this amount, \$(2,874,275) is classified as unrestricted net position, indicating that no funds were available for discretionary purposes.
- During the year, the Authority's total revenues were \$1,386,933 less than the \$17,484,034 of expenses.
- The Authority had outstanding debt of \$23,445,950 (exclusive of unamortized premiums) at June 30, 2023.

Overview of the Basic Financial Statements

The Authority's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB).

The financial statements provide information about the Authority as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. In addition to the basic financial statements, the report includes Notes to the Basic Financial Statements and Required Supplemental Information.

- The **Statement of Net Position** reports assets and deferred outflows, liabilities and deferred inflows and the difference between them. The entire equity section is combined to report total net position and displayed in three broad components - net investment in capital assets; restricted net position; and unrestricted net position.
- The **Statement of Revenues, Expenses and Changes in Net Position** present the results of the business activities over the course of the fiscal year and information about how the net position changed during the year. Revenues and expenses are categorized as either operating or non-operating based upon definitions provided by GASB's 33 and 34. Operating revenue consists of tipping fees, recycling fees, mulch revenue, and other miscellaneous fees. Nonoperating revenues consist of net increase in fair value of investments, interest income, gains on disposals of property and equipment, and miscellaneous income.

One of the main goals of these two statements is to report the Authority’s net position and changes that affected net position during the fiscal year. The change in the Authority’s net position is one way to measure the Authority’s financial health, or financial position. Increases and decreases in net position are indicators of whether the Authority’s financial health is improving or deteriorating. These statements allow readers to answer the question: “Is the Authority’s financial position, as a whole, better or worse as a result of the year’s activities?” As noted in the financial statements, the Authority’s financial condition deteriorated by \$1,386,933 during the fiscal year. This decrease was largely due to a \$2,172,148 increase in total landfill closure liability costs.

- The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operational, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information without consideration of the earning event, when an obligation arises, or depreciation of capital assets.

Notes to the basic financial statements - The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes present information about the Authority’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis of the Authority as a Whole

The following comparative condensed Statement of Net Position provides an analysis of the change in financial position from the previous fiscal year.

Statement of Net Position

The following table reflects the condensed Summary of Net Position:

	FY 2023	FY 2022
Current and other assets	\$ 18,514,750	\$ 17,974,603
Capital assets, net	30,269,356	31,808,192
Total assets	48,784,106	49,782,795
Deferred outflows of resources	593,699	859,380
Current liabilities	2,854,948	2,679,933
Noncurrent liabilities	43,005,896	42,301,641
Total liabilities	45,860,844	44,981,574
Deferred inflows of resources	699,683	1,456,390
Net investment in capital assets	5,691,553	6,236,076
Unrestricted	(2,874,275)	(2,031,865)
Total net position	\$ 2,817,278	\$ 4,204,211

As noted earlier, net position may serve over time as a useful indicator of the Authority’s financial position. In the case of the Authority, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$2,817,278 at the close of fiscal year 2023. This is a decrease from last year’s net position by \$1,386,933.

A portion of the Authority's net position, 202.02%, reflects its investment in capital assets (e.g. land, buildings, and equipment); less any related debt used to acquire those assets that are outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The Authority's investment in its capital assets is reported net of related debt, if applicable, and it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Authority's net position, (102.02)%, represents resources that are not subject to restrictions on how they may be used. A negative balance indicates that no funds were available for discretionary purposes.

Statement of Revenues, Expenses and Changes in Net Position

The following table shows the revenue and expenses of the Authority:

	<u>FY 2023</u>	<u>FY 2022</u>
Revenues		
Charges for services	\$ 15,655,286	\$ 15,193,858
Nonoperating Revenues:		
Interest income	333,864	27,500
Gain on sale of capital assets	107,951	299,355
Total revenues	<u>16,097,101</u>	<u>15,520,713</u>
Expenses		
Operating expense		
Salaries and benefits	(3,138,793)	(3,188,054)
Landfill closure costs	(1,941,868)	230,280
Other operating expenses	(8,302,563)	(7,840,339)
Depreciation	(3,514,695)	(3,321,538)
Non-operating expenses:		
Interest expense	(586,115)	(640,213)
Total expenses	<u>(17,484,034)</u>	<u>(14,759,864)</u>
Change in net position	(1,386,933)	760,849
Total net position at beginning of year	4,204,211	3,443,362
Total net position at end of year	<u>\$ 2,817,278</u>	<u>\$ 4,204,211</u>

The Authority's total revenues increased over the prior year by 3.71% to \$16,097,101 due to increased commercial tipping tonnage revenues. Tipping fee collections were 3.60% higher than the prior year. Interest income increased by \$306,364 as a result of higher investment yields. The expenses for all programs and services increased by 18.46% in fiscal year 2023, primarily due to inflationary costs of diesel, contracted repairs, and municipal waste freight costs.

Approximately 96.78% of the Authority’s fiscal year 2023 revenue is from operating revenue consisting of tipping fees and recycling income; 0.47% is miscellaneous consisting primarily of mulch sales and insurance recoveries; 2.08% is from non-operating revenue consisting of interest income; and 0.67% from proceeds provided by the sale of assets. Operational expenses for fiscal year 2023 account for 96.65% of total expenses, with the remaining 3.35% of expenses from interest expense.

Capital Assets

As of June 30, 2023, the Authority had invested \$30,269,356, net of accumulated depreciation, in a variety of capital assets including land, landfill development costs, buildings, and equipment. The Authority’s investment in capital assets for the current year was \$2,012,333. The majority of this investment was composed of the following:

- (1) Capital Project Completion (Tinker Creek Transfer Station)
- (5) Heavy equipment purchases ((1) Carter Bulldozer, (2) GMC 7500 Dump Trucks, (1) Fully Tilt Dump Trailer, and (2) Engine Replacements)
- (2) Technology purchases (Automation of Pump Panel)

Included in this year’s investment total is construction in progress related to the construction of the Smith Gap Phase VII Expansion (\$723,452), Smith Gap Scales (\$191,634), and Leachate Load Out (\$3,833). Disposals in the current year totaled \$220,409 and include a 1994 Cat 924H Wheel Loader and a Titan 48 foot Walking Floor Trailer.

Additional information on the Authority’s capital assets can be found in Note 3 in the notes to the basic financial statements. Capital assets net of accumulated depreciation are illustrated in the following table:

	<u>FY 2023</u>	<u>FY 2022</u>
Land	\$ 5,558,682	\$ 5,558,682
Landfill and Corridor Access	32,955,965	28,754,176
Transfer Station	13,395,786	13,355,666
Equipment	16,824,282	16,132,823
Construction in progress	918,919	4,060,363
Subtotal	<u>69,653,634</u>	<u>67,861,710</u>
Accumulated depreciation	(39,384,278)	(36,053,518)
Totals	<u>\$ 30,269,356</u>	<u>\$ 31,808,192</u>

Long -Term Debt

At June 30, 2023, the Authority had \$23,445,950 of bonded debt issues outstanding. This debt was used to support the development of improved long-term, operational efficiencies due to the 2017 addition of the City of Salem as a member of the Authority as well as to convert the Authority’s operations from the use of a rail-haul transportation system to a tractor-trailer trucking transportation system. Additional information related to long - term liabilities can be found in Note 4 in the notes to the basic financial statements.

Factors Influencing Future Budgets

Key factors that are expected to impact future budgets include:

- Ability to provide competitive tipping fees and improved economies of scale with direct deliveries of commercial waste to landfill
- Improved operational efficiencies and new revenue opportunities resulting from the completion of the Transportation Corridor project
- Continued uncertainty regarding the economy subsequent to the COVID-19 pandemic
- Projected increases in health insurance premiums and retirement contribution rates assessed by the Virginia Retirement System
- Expansion of the open landfill
- Estimated landfill closure and post-closure costs
- Renewal and replacement needs; costs of plant and equipment
- Closed landfill groundwater monitoring and remediation costs
- Interest rates
- Issuance of debt
- Energy and fuel costs
- Regulatory changes

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, potential investors and creditors with a general overview of the Authority's finances and to demonstrate accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Chief Executive Officer, Roanoke Valley Resource Authority, 1020 Hollins Road, N.E., Roanoke, VA 24012, telephone (540-857-5050), or visit the Authority's web site at www.rvra.net.

Basic Financial Statements

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Net Position
June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	12,455,030
Restricted cash and cash equivalents (note 1)		781,364
Cash held with others (note 1)		273,826
Accounts receivable		1,483,264
Interest receivable		12,532
Inventory		205,429

Total current assets	\$	<u>15,211,445</u>
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Noncurrent assets:

Investments (note 2)	\$	3,303,305
Non-depreciable capital assets (note 3)		6,477,601
Depreciable capital assets, net of accumulated depreciation (note 3)		<u>23,791,755</u>

Total noncurrent assets	\$	<u>33,572,661</u>
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Total assets	\$	<u>48,784,106</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension related items (note 5)	\$	514,278
OPEB related items (note 6, 7 and 8)		<u>79,421</u>

Total deferred outflows of resources	\$	<u>593,699</u>
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The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Net Position
June 30, 2023

LIABILITIES

Current liabilities:

Vouchers payable	\$	451,789
Construction and retainage payables		265,833
Accrued payroll		46,574
Accrued interest		212,239
Compensated absences, current portion (note 4)		129,363
Locality compensation payments payable, current portion (note 4)		189,981
Accrued landfill closure, current portion (notes 4 and 9)		225,167
Revenue bonds payable (note 4)		<u>1,334,002</u>

Total current liabilities \$ 2,854,948

Noncurrent liabilities:

Compensated absences, net of current portion (note 4)	\$	173,184
Net OPEB liabilities (notes 4, 6, 7 and 8)		291,647
Net pension liability (notes 4 and 5)		1,346,095
Accrued landfill closure, net of current portion (notes 4 and 9)		17,625,619
Revenue bonds payable, net (note 4)		<u>23,569,351</u>

Total noncurrent liabilities \$ 43,005,896

Total liabilities \$ 45,860,844

DEFERRED INFLOWS OF RESOURCES

Pension related items (note 5)	\$	532,666
OPEB related items (note 6, 7, 8)		<u>167,017</u>

Total deferred inflows of resources \$ 699,683

NET POSITION

Net investment in capital assets	\$	5,691,553
Unrestricted		<u>(2,874,275)</u>

Total net position \$ 2,817,278

The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

OPERATING REVENUES

Tipping fees	\$	15,522,938
Recycling revenue		56,102
Mulch revenue		45,883
Miscellaneous fees		30,363
Total operating revenues	\$	<u>15,655,286</u>

OPERATING EXPENSES

Salaries and benefits	\$	3,138,793
Landfill closure and post closure costs (note 9)		1,941,868
Other operating expenses		8,302,563
Depreciation		3,514,695
Total operating expenses	\$	<u>16,897,919</u>

Operating income (loss)	\$	<u>(1,242,633)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	\$	333,864
Interest expense		(586,115)
Gain (loss) on sale of assets		107,951
Total nonoperating revenues (expenses)	\$	<u>(144,300)</u>

Change in net position	\$	(1,386,933)
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Total net position, beginning of year		4,204,211
Total net position, end of year	\$	<u><u>2,817,278</u></u>

The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Cash Flows
For Year Ended June 30, 2023

Cash Flows from Operating Activities	
Receipts from customers	\$ 15,507,430
Payments to suppliers	(8,179,376)
Payments to employees	(3,212,140)
Net cash provided by (used for) operating activities	<u>\$ 4,115,914</u>
Cash Flows from Capital and Related Financing Activities	
Purchase and construction of capital assets	\$ (1,967,657)
Proceeds from sales of capital assets	144,425
Principal paid on locality compensation payments	(195,435)
Principal paid on revenue bonds	(1,120,827)
Interest paid on locality compensation payments	(6,157)
Interest paid on revenue bonds	(778,118)
Net cash provided by (used for) capital and related financing activities	<u>\$ (3,923,769)</u>
Cash Flows from Investing Activities	
Interest income	\$ 323,772
Purchase of investments	(114,489)
Net cash provided by (used for) investing activities	<u>\$ 209,283</u>
Net increase (decrease) in cash and cash equivalents	\$ 401,428
Cash and cash equivalents at the beginning of the year, including restricted amounts	13,108,792
Cash and cash equivalents at the end of the year, including restricted amounts	<u>\$ 13,510,220</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (1,242,633)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	3,514,695
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable	(147,856)
Inventory	132,724
Prepaid items	994
Deferred outflows of resources	265,681
Vouchers payable	112,858
Accrued payroll	5,999
Compensated absences	34,644
Landfill closure liability	1,818,479
Net OPEB liabilities	(76,210)
Net pension liability	453,246
Deferred inflows of resources	(756,707)
Net cash provided by (used for) operating activities	<u>\$ 4,115,914</u>

Noncash items:

Assets with a net book value of \$36,474 were sold during the year for \$144,425.

The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
as of June 30, 2023

Note 1—Summary of Significant Accounting Policies:

A. Description of Entity

The Roanoke Valley Resource Authority (the Authority) was established on October 23, 1991 as a tax exempt political subdivision within the Commonwealth of Virginia to acquire and construct a regional sanitary landfill and waste collection and transfer station with related treatment facilities. The charter members are the City of Roanoke, County of Roanoke (the County) and the Town of Vinton (the Town). The City of Salem joined the Authority on July 1, 2016.

Prior to October 23, 1991, the operations of the Authority were accounted for as an enterprise fund of the County of Roanoke. As of October 23, 1991, under agreement between the City of Roanoke, the County and the Town, the County transferred all existing assets and liabilities to the Authority. The Authority assumed ownership and operational control of Salem's transfer station on November 1, 2016.

Under terms of an agreement with the Roanoke Valley Solid Waste Management Board (the Management Board), certain assets and liabilities were transferred to the Authority, effective October 1, 1993. The terms of the agreement call for the Authority to monitor an old landfill site of the Roanoke Valley Regional Solid Waste Management Board during the postclosure care period.

B. Basis of Accounting

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

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

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Deferred Outflows/Inflows or Resources:

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

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

D. Basic Financial Statements

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

- Management’s Discussion and Analysis
- Enterprise fund financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to the Financial Statements
- Required Supplementary Information
 - Schedules of OPEB and Pension related items

E. Capital Assets

Capital assets are stated at cost or historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Capital Assets (Continued)

Maintenance, repairs and minor renewals are charged to expense as incurred, while major renewals and replacements are capitalized. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the related accounts, and any resulting gain or loss is included in income.

The Authority defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life of at least one year. Assets are depreciated over their estimated useful lives. Equipment, furniture and fixtures are depreciated over three to ten years. Buildings and structures, including the transfer station, are depreciated over 35 years. Landfill and corridor access assets are depreciated over fifteen to thirty-five years. Landfill cell development costs are depreciated over the expected life of the cell.

F. Interest on Indebtedness

Interest costs of the Authority are treated as nonoperating expenses.

G. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

H. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments and external investment pools are stated at amortized cost or at fair value. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

I. Budgets and Budgetary Accounting

A budget is prepared for information, fiscal planning purposes, and to provide the basis for setting user rates. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses.

J. Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Primary customers consist of the City of Roanoke, City of Salem, County of Roanoke, Town of Vinton and their respective citizens, and local businesses. Management does not feel that an allowance of balances is necessary so the direct write off method of accounting for uncollectible accounts is used.

K. Inventory

Inventory is recorded using the first-in, first-out method (FIFO) and is valued at cost. Inventory consists of parts and supplies utilized in the daily operation of the landfill.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 1— Summary of Significant Accounting Policies: (Continued)

L. Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect certain reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

M. Net Position

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

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

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

N. Long-Term Obligations

Long-term obligations are reported as liabilities in the statement of net position at face value, net of any applicable premiums and discounts.

O. Compensated Absences

The liability for compensated absences consists of unpaid accumulated vacation and sick leave balances. The liability is based on the sick leave and the vacation leave accumulated at June 30. Limited vacation and sick leave may be accumulated until retirement or termination. Accumulated sick leave is paid at a fixed daily rate and accumulated vacation is paid at the employee's current wage upon retirement or termination.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

P. Accrued Landfill Closure

Accrued landfill closure represents the estimated liability for closure and postclosure costs for the landfill sites. This includes the cost of any equipment and facilities to be installed near or after the date of landfill closure for purposes of closure, the cost of landfill capping, and the cost of monitoring and maintaining the sites during the postclosure period. A total estimate of these expenses is made and updated on a periodic basis and expenses are charged to current period usage of the landfill site. Current cost of landfill closure and postclosure care is an estimate and subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Q. Funding Requirements

The Cities, County and the Town are responsible for their pro rata share, based on population, of any year-end operating deficit or capital expenditures, if additional funding is required. The Authority is responsible for paying all outstanding debt.

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

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

T. Restricted Assets

Deposits totaling \$781,364 have been restricted by applicable bond agreements for the construction of landfill cell(s), an access road and related items.

U. Cash Held with Others

Deposits with Roanoke County and Roanoke City of \$273,826 have been recorded in the accompanying financial statements as cash held with others. These deposits were required to assure the timely construction and completion of improvements in accordance with approved plans. Such funds will be returned upon the successful completion of current construction projects.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments:

Deposits - The County of Roanoke maintains a cash and investment pool that is available for use by all County funds, component units and entities for which the County is the fiscal agent. The Authority participates in this pool and at June 30, 2023, the carrying value of the Authority's deposits with banks and savings institutions was \$1,231,135. Deposits with banks are covered by Federal depository insurance and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

Information related to the County of Roanoke pooled account is presented in the audited financial statements of the County of Roanoke and can be obtained from the Director of Finance and Management Services, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or visit the County's web site at www.roanokecountyva.gov.

Custodial Credit Risk (Investments)

The Authority's investment policy provides that securities purchased for the Authority shall be held by the Authority Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the Authority's name or in the custodian's name and identifiable on the custodian's books as belonging to the Authority. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2023, all of the Authority's investments were held in accordance with this policy.

Credit Risk of Debt Securities

The Authority's investment policy for credit risk is consistent with the investments allowed by statute as detailed above.

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

Authority's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	<u>Not rated</u>
Roanoke County Treasurer's Investment Pool	\$ -	\$ 14,801,026
State Non-arbitrage Pool (SNAP)	781,364	-
Total	\$ 781,364	\$ 14,801,026

The Roanoke County Investment Pool is not rated; however, underlying investments in the pool are rated. Those ratings along with additional information concerning the pool are presented in the Roanoke County, Virginia Annual Comprehensive Financial Report, a copy of which may be requested from: County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or by visiting the County's web site at www.roanokecountyva.gov.

External Investment Pools

The value of the positions in the external investment pools is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants in SNAP. As the Roanoke County Investment Pool is not SEC registered, regulatory oversight of the pool rests with the Roanoke County Board of Supervisors. The County of Roanoke does not impose any redemption restrictions on the Authority.

Interest Rate Risk

The Authority's policy with regard to interest rate risk requires that all investments mature within five years of their purchase date. The policy further requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects. Investment maturities presented below are based on the maturity dates for individual investments held within the pool as allocated based on the Authority's percentage of funds invested in the pool.

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>1 Year</u>	<u>1-5 Years</u>
Roanoke County Investment Pool	\$ 14,801,026	\$ 11,497,721	\$ 3,303,305
SNAP	781,364	781,364	-
Totals	\$ 15,582,390	\$ 12,279,085	\$ 3,303,305

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 2—Deposits and Investments: (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of the Roanoke County Investment Pool investments, as reported in Note 2, at the net asset value (NAV).

Note 3—Capital Assets:

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 5,558,682	\$ -	\$ -	\$ 5,558,682
Construction in Progress	4,060,363	1,060,345	(4,201,789)	918,919
Total capital assets not being depreciated	<u>\$ 9,619,045</u>	<u>\$ 1,060,345</u>	<u>\$ (4,201,789)</u>	<u>\$ 6,477,601</u>
Capital assets being depreciated:				
Landfill	\$ 28,754,176	\$ 4,201,789	\$ -	\$ 32,955,965
Transfer Station (Building and Structure)	13,355,666	40,120	-	13,395,786
Equipment	16,132,823	911,868	(220,409)	16,824,282
Total capital assets being depreciated	<u>\$ 58,242,665</u>	<u>\$ 5,153,777</u>	<u>\$ (220,409)</u>	<u>\$ 63,176,033</u>
Accumulated depreciation:				
Landfill	\$ (16,604,561)	\$ (1,549,638)	\$ -	\$ (18,154,199)
Transfer Station (Building and Structure)	(6,839,881)	(377,671)	-	(7,217,552)
Equipment	(12,609,076)	(1,587,386)	183,935	(14,012,527)
Total accumulated depreciation	<u>\$ (36,053,518)</u>	<u>\$ (3,514,695)</u>	<u>\$ 183,935</u>	<u>\$ (39,384,278)</u>
Total capital assets being depreciated, net	<u>\$ 22,189,147</u>	<u>\$ 1,639,082</u>	<u>\$ (36,474)</u>	<u>\$ 23,791,755</u>
Total capital assets, net	<u>\$ 31,808,192</u>	<u>\$ 2,699,427</u>	<u>\$ (4,238,263)</u>	<u>\$ 30,269,356</u>

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 4—Long-Term Liabilities:

Changes in long-term liabilities for the year are as follows:

	Balance			Balance		Due Within
	July 1, 2022	Additions	Reductions	June 30, 2023	One Year	
Direct Borrowings -						
Revenue Bonds	\$ 24,566,777	\$ -	\$ (1,120,827)	\$ 23,445,950	\$ 1,158,253	
Bond premium	1,644,698	-	(187,295)	1,457,403	175,749	
Locality Compensation Payments	385,416	-	(195,435)	189,981	189,981	
Compensated Absences	267,903	148,296	(113,652)	302,547	129,363	
Accrued Landfill Closure and Postclosure (Note 9)	16,032,307	2,028,719	(210,240)	17,850,786	225,167	
Net OPEB Liabilities	367,857	108,697	(184,907)	291,647	-	
Net Pension Liability	892,849	980,992	(527,746)	1,346,095	-	
	<u>\$ 44,157,807</u>	<u>\$ 3,266,704</u>	<u>\$ (2,540,102)</u>	<u>\$ 44,884,409</u>	<u>\$ 1,878,513</u>	

On January 1, 2023, the Authority established an irrevocable standby letter of credit with Truist Bank in the amount of \$11,571,560 to provide partial financial assurance for the closure and post-closure monitoring of landfills and transfer stations operated by the Authority. The standby letter of credit does not carry an interest rate, which will be determined if funds are drawn against same. To date, no amounts have been drawn on this letter of credit. The standby letter of credit expires on January 1, 2024.

All liabilities are liquidated by operating funds.

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 4—Long-Term Liabilities: (Continued)

Details of the Authority's outstanding long-term liabilities at June 30, 2023 are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance Due	Amount Due Within One Year
<i>Direct Borrowings</i>						
<i>Revenue Bonds</i>						
Solid Waste Revenue Bond Series 2017A	2.50%	\$42,925-\$69,025 (a+)	7/15/2037	\$ 1,100,000	\$ 825,590	\$ 49,872
Solid Waste Revenue Bond Series 2017B	2.65%(v)	\$340,000-\$565,000 (a+)	7/15/2037	8,900,000	7,100,000	390,000
Solid Waste Revenue Bond Series 2016	2.50%	\$390,226-\$627,504 (a+)	11/1/2036	10,000,000	7,505,360	453,381
Solid Waste Revenue Bond Series 2021	4.125-5.125%	\$250,000-\$610,000 (a+)	10/1/2041	8,250,000	8,015,000	265,000
<i>Total Revenue Bonds</i>					<u>\$ 23,445,950</u>	<u>\$ 1,158,253</u>
<i>Add: Unamortized premium on</i>						
VRA 2021 Spring Pool	n/a		10/1/2041	1,837,620	\$ 1,457,403	\$ 175,749
<i>Total Revenue Bonds and Unamortized Premium</i>					<u>\$ 24,903,353</u>	<u>\$ 1,334,002</u>
<i>Locality Compensation Payments:</i>						
City of Salem 2011 Bond	2.14%	\$189,981-\$219,069 (a+)	10/1/2023	1,644,381	\$ 189,981	\$ 189,981
<i>Other Long-Term Obligations:</i>						
Compensated absences					\$ 302,547	\$ 129,363
Accrued landfill closure liability					17,850,786	225,167
Net OPEB liabilities					291,647	-
Net pension liability					1,346,095	-
<i>Total Other Long-Term Obligations</i>					<u>\$ 19,791,075</u>	<u>\$ 354,530</u>
Total Long-Term Liabilities					<u>\$ 44,884,409</u>	<u>\$ 1,878,513</u>

City of Salem Bond was issued to purchase the Salem solid waste facilities and equipment. Solid Waste Revenue Bonds were issued for the construction of a landfill, transfer station, and related equipment.

(a+)-annual principal installments shown, does not include semi-annual interest installments

(v) - Interest rate to be adjusted on July 15, 2027 to each five year Treasury rate plus 0.25%

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 4—Long-Term Liabilities: (Continued)

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

Year Ending June 30	Direct Borrowings		Direct Borrowing	
	Revenue Bonds		Payments	
	Principal	Interest	Principal	Interest
2024	\$ 1,158,253	\$ 742,294	\$ 189,981	\$ 2,033
2025	1,195,994	705,120	-	-
2026	1,229,057	666,718	-	-
2027	1,272,451	627,014	-	-
2028	1,316,184	585,742	-	-
2029-2033	7,239,394	2,255,035	-	-
2034-2038	7,744,617	1,051,115	-	-
2039-2042	2,290,000	194,081	-	-
Total	\$ 23,445,950	\$ 6,827,119	\$ 189,981	\$ 2,033

Note 5—Pension Plan:

Plan Description

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

Benefit Structures

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

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 5—Pension Plan: (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

Contributions

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 5—Pension Plan: (Continued)

Contributions (Continued)

The Roanoke Valley Resource Authority’s contractually required employer contribution rate for the year ended June 30, 2023 was 15.97% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$305,015 and \$262,991 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

At June 30, 2023, the Authority reported a liability of \$1,346,095 for its proportionate share of the net pension liability. The Authority’s net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The Authority’s proportionate share of same was calculated using the average creditable compensation as of June 30, 2022 and 2021 as a basis for allocation. At June 30, 2022 and 2021, the Authority’s proportion was 3.5672% and 4.0387%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for employees in the Authority’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Beneficiaries and Survivors:

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

Mortality Improvements:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 5—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

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

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 5—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority Net Pension Liability (Asset)	\$ 2,824,314	\$ 1,346,095	\$ 134,953

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

For the year ended June 30, 2023, the Authority’s recognized pension expense of \$232,354. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 5—Pension Plan: (Continued)

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

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,254	\$ 75,434
Changes in assumptions	193,009	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	58,733
Net difference between projected and actual earnings on pension plan investments	-	398,499
Contributions subsequent to the measurement date	305,015	-
Totals	<u>\$ 514,278</u>	<u>\$ 532,666</u>

\$305,015 reported as deferred outflows of resources related to pensions resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2024	\$ (48,494)
2025	(141,024)
2026	(270,222)
2027	136,337
2028	-
Thereafter	-
Total	<u>\$ (323,403)</u>

Pension Plan Data

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 6—Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net other postemployment benefits liabilities, and other postemployment benefits expense for the year ended June 30, 2023.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
Authority Stand-Alone Plan	\$ 53,742	\$ 142,778	\$ 185,735	\$ (1,550)
VRS OPEB Plan-Group Life Insurance Plan	25,679	24,239	105,912	3,270
Totals	<u>\$ 79,421</u>	<u>\$ 167,017</u>	<u>\$ 291,647</u>	<u>\$ 1,720</u>

Note 7—Roanoke Valley Resource Authority Other Postemployment Benefits:

Plan Description

In addition to the pension benefits described in Note 5, the Authority administers a single-employer defined benefit healthcare plan, The Roanoke Valley Resource Authority Postretirement Benefits Plan. The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees. The Plan does not issue publicly available financial reports.

Benefits Provided

The Plan will provide retiring employees the option to continue health insurance offered by the Authority. Employees are eligible for the program after ten (10) years of service to the Authority. The benefits, employee contributions, and the employer contributions are governed by the Authority’s Board and can be amended through Board action.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	19
Total retiree with coverage	<u>1</u>
Total	<u>20</u>

Contributions

The Authority does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Authority’s Board. The amount paid by the Authority for OPEB as the benefits came due during the year ended June 30, 2023 was \$19,089.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 7—Roanoke Valley Resource Authority Other Postemployment Benefits: (Continued)

Total OPEB Liability

The Authority’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation performed as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rate	Starts at an initial rate of 7.50% decreasing to an ultimate rate of 4.50%.
Salary Increases	3.50% per annum
Discount Rate	4.09% per annum

Mortality rates were as follows:

- General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- Disabled Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021.

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

The sole (and only significant) change to the actuarial assumptions since the valuation dated June 30, 2021 was an increase in the discount rate from 2.19% to 4.09%. That change was necessary to updated the discount rate assumption based on the yield for 20-year-tax-exempt general obligation municipal bonds as of June 30, 2022 (measurement date).

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 7—Roanoke Valley Resource Authority Other Postemployment Benefits: (Continued)

Discount Rate

The discount rate is 4.09% per annum.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 254,573
Changes for the year:	
Service cost	23,242
Interest	5,876
Differences between expected and actual experience	(72,523)
Changes of assumptions	(6,344)
Contributions - employer	(19,089)
Net changes	\$ (68,838)
Balances at June 30, 2022	<u>\$ 185,735</u>

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

The following amounts present the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

Rate		
<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
(3.09%)	(4.09%)	(5.09%)
\$ 194,382	\$ 185,735	\$ 176,917

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50% decreasing to an ultimate rate of 3.50%) or one percentage point higher (8.50% decreasing to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		
<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
(6.50% decreasing to an ultimate rate of 3.50%)	(7.5% decreasing to an ultimate rate of 4.50%)	(8.50% decreasing to an ultimate rate of 5.50%)
\$ 168,754	\$ 185,735	\$ 204,777

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 7—Roanoke Valley Resource Authority Other Postemployment Benefits: (Continued)

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

For the year ended June 30, 2023, the Authority recognized OPEB expense in the amount of \$(1,550). At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 114,483
Changes in assumptions	34,653	28,295
Employer contributions subsequent to the measurement date	19,089	-
Total	\$ 53,742	\$ 142,778

\$19,089 reported as deferred outflows of resources related to OPEB resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (30,667)
2025	(57,742)
2026	(19,716)
Thereafter	-

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

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$10,780 and \$25,936 for the years ended June 30, 2023 and June 30, 2022, respectively.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

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

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

At June 30, 2023, the entity reported a liability of \$105,912 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022 and June 30, 2021, the participating employer’s proportion was 0.00880% and 0.00973%, respectively.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$3,270. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,387	\$ 4,249
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,618
Change in assumptions	3,950	10,316
Changes in proportionate share	2,562	3,056
Employer contributions subsequent to the measurement date	<u>10,780</u>	<u>-</u>
Total	<u>\$ 25,679</u>	<u>\$ 24,239</u>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$10,780 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30

2024	\$ (2,083)
2025	(2,167)
2026	(5,616)
2027	850
2028	(324)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Pre-Retirement:

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

Post-Retirement:

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

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

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

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

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 8—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 154,115	\$ 105,912	\$ 66,958

GLI Plan Fiduciary Net Position

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

Note 9—Accrued Landfill Closure:

The Authority currently has responsibility for closure and post-closure care related to two landfill sites and two transfer stations. The landfills include the old landfill site, formerly owned by the Roanoke Valley Regional Solid Waste Management Board, which closed in 1994 and the Smith Gap landfill placed in service during 1994. The new landfill has a total estimated remaining life of approximately 23.8 years, which is comprised of Phase I-VI (constructed capacity) with a total estimated remaining life of approximately 2.7 years and Phase VII-IX (unconstructed capacity) with a total estimated remaining life of approximately 21.1 years. State and Federal laws and regulations require that the Authority place a final cover on its landfill(s) when closed and perform certain maintenance and monitoring functions for a minimum of thirty years after closure.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 9—Accrued Landfill Closure: (Continued)

Closure costs will be paid as closure occurs and post-closure care costs will be paid only near or after the date that the landfill(s) stop accepting waste. The Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on the percentage of landfill capacity used in existing cells. The total liability recorded at June 30, 2023, is \$17,850,786 and includes \$3,387,653 designated for the old landfill site (now closed); \$14,005,879 designated for the new Smith Gap landfill; and \$457,254 for the transfer stations. Total closure and post-closure cost for all opened landfill cells at Smith Gap is estimated at \$15,555,124, of which 90.04% has been recognized based on usage to date. As such, \$1,549,245 or 9.96% of the total estimated liability will be recognized in future periods as the usage percentage increases at the Smith Gap Landfill. The Old Landfill and Transfer Station estimates are recorded at 100% of their total liability estimates.

The Authority will periodically update these closure and post-closure cost estimates and, as necessary, make revisions to reflect any significant changes in estimates due to inflation or deflation, technology, or changes in applicable laws and regulations.

Closure and post-closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, “Solid Waste Disposal Facility Criteria”, and are subject to periodic revisions by the EPA.

Federal and state regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, post-closure care and corrective costs arising from the operations of such facilities. The Authority has demonstrated financial assurance requirements for closure and post-closure care by the issuance of an irrevocable standby letter of credit in combination with the submission of a Local Government Financial Test through the Virginia Department of Environmental Quality in accordance section 9VAC20-70 of the Virginia Administrative Code.

Note 10—Commitments, Contingencies, and Other Information:

From time to time the Authority is involved in litigation in the normal course of operations. It is the opinion of the Authority’s management that any adverse outcomes related to litigation would not have a material impact on the financial position or results of operations of the Authority as of and for the year ended June 30, 2023.

Note 11—Arbitrage Rebate Compliance:

As of June 30, 2023 and for the year then ended, the Authority was not liable for any amounts due under current rules governing arbitrage earnings.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 12—Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The Authority participates with other localities in the Virginia Municipal Group Self Insurance public entity risk pool and the Virginia Association of Counties Risk Pool for certain coverage noted below. Each member of these risk pools jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the risk pools contributions and assessments based upon classifications and rates into designated cash reserve funds out of which expenses of the pools, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, each pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Authority carries insurance coverage for all other risk of loss. Settled claims have not exceeded coverage in the current or prior three fiscal years.

Worker’s Compensation - Worker’s Compensation Insurance is provided through the Virginia Risk Sharing Association. During 2022-2023, the total premiums paid were \$41,965. Benefits are those afforded through the State of Virginia as outlined in the Code of Virginia Section 65.2-100; premiums are based upon covered payroll, job rates and claims experience.

General Liability and Other - The Authority carries general liability, machinery, property and other insurance through policies administered by the Virginia Risk Sharing Association. General liability and business automobile have a \$1,000,000 combined single limit. Machinery coverage and property insurance are covered as per statement of values. Public officials’ liability with a \$1,000,000 limit is covered through a policy with the Commonwealth of Virginia. Total premiums paid for year ended June 30, 2023 were \$98,039.

Healthcare - Healthcare insurance coverage is provided to Authority employees through Roanoke County’s self-insured health insurance program. The Authority’s employees pay a monthly amount based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual’s pooled claims in excess of \$200,000. The Authority has no claims payable as of June 30, 2023.

Note 13—Related Party Transactions:

The following table summarizes approximate tipping fees received and accounts receivable from charter members as of and for the year ended June 30, 2023:

	<u>Tipping Fees</u>	<u>Accounts Receivable</u>
	<u>2023</u>	<u>2023</u>
City of Roanoke	\$ 2,413,116	\$ 222,560
County of Roanoke	2,149,402	193,334
City of Salem	846,153	74,194
Town of Vinton	184,438	17,110
	<u>\$ 5,593,109</u>	<u>\$ 507,198</u>

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Financial Statements
As of June 30, 2023 (Continued)

Note 14— Upcoming Pronouncements:

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

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

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

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

Required Supplementary Information

ROANOKE VALLEY RESOURCE AUTHORITY
Schedule of the Authority's Proportionate Share of the Net Pension Liability - Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Proportion of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Employee Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2022	3.5672% \$	1,346,095 \$	1,913,347	70.35%	87.97%
2021	4.0387%	892,849	2,002,539	44.59%	92.71%
2020	3.9949%	2,311,725	2,188,818	105.62%	79.55%
2019	3.9322%	1,698,543	1,979,670	85.80%	83.96%
2018	3.8000%	1,282,039	1,860,564	68.91%	86.53%
2017	3.5259%	1,308,197	1,630,826	80.22%	84.76%
2016	2.8980%	1,324,942	1,262,032	104.98%	80.43%
2015	2.7704%	970,264	1,178,061	82.36%	84.31%
2014	2.7738%	923,522	1,117,882	82.61%	84.61%

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

ROANOKE VALLEY RESOURCE AUTHORITY
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2014 through June 30, 2023

Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contributions Deficiency (Excess) (1) - (2) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (2)/(4) (5)
2023	\$ 305,015	305,015	-	\$ 1,909,925	15.97%
2022	262,991	262,991	-	1,913,347	13.75%
2021	277,405	277,405	-	2,002,539	13.85%
2020	246,754	246,754	-	2,188,818	11.27%
2019	231,403	231,403	-	1,979,670	11.69%
2018	200,782	200,782	-	1,860,564	10.79%
2017	181,460	181,460	-	1,630,826	11.13%
2016	142,146	142,146	-	1,262,032	11.26%
2015	132,238	132,238	-	1,178,061	11.23%
2014	112,745	112,745	-	1,117,882	10.09%

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

ROANOKE VALLEY RESOURCE AUTHORITY
Notes to Required Supplementary - Pension Plan
For the Year Ended June 30, 2023

Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

ROANOKE VALLEY RESOURCE AUTHORITY

Schedule of Changes in Total OPEB Liability and Related Ratios
Post Employment Health Coverage

For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 23,242	\$ 21,458	\$ 15,649	\$ 35,740	\$ 17,674	\$ 16,832
Interest	5,876	7,321	12,357	11,758	5,803	6,048
Differences between expected and actual experience	(72,523)	(27,645)	(102,262)	-	(32,187)	(18,585)
Changes of assumptions	(6,344)	4,439	(58,844)	-	194,614	-
Benefit payments	(19,089)	(9,497)	(14,730)	(4,141)	(3,611)	(4,642)
Net change in total OPEB liability	\$ (68,838)	\$ (3,924)	\$ (147,830)	\$ 43,357	\$ 182,293	\$ (347)
Total OPEB liability - beginning	254,573	258,497	406,327	362,970	180,677	181,024
Total OPEB liability - ending	\$ 185,735	\$ 254,573	\$ 258,497	\$ 406,327	\$ 362,970	\$ 180,677
Covered-employee payroll	\$ 1,165,488	\$ 1,339,571	\$ 1,420,426	\$ 1,292,095	\$ 1,266,760	\$ 1,258,150
Authority's net OPEB liability (asset) as a percentage of covered-employee payroll	15.94%	19.00%	18.20%	31.45%	28.65%	14.36%

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

ROANOKE VALLEY RESOURCE AUTHORITY
Notes to Required Supplementary Information
Post Employment Health Coverage
For the Year Ended June 30, 2023

Valuation Date: 6/30/2022
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.09% per annum
Inflation	2.50% per year
Healthcare Trend Rate	Starts at an initial rate of 7.50% decreasing to an ultimate rate of 4.50%.
Salary Increase Rates	3.50% per annum
Retirement Age	The average age at retirement is 62.
Mortality Rates	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021. Disabled Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2022	0.00880%	\$ 105,912	\$ 1,913,347	5.54%	67.21%
2021	0.00973%	113,284	2,002,539	5.66%	67.45%
2020	0.00977%	163,037	2,188,818	7.45%	52.64%
2019	0.00980%	158,996	1,979,670	8.03%	52.00%
2018	0.00956%	145,236	1,860,564	7.81%	51.22%
2017	0.00883%	132,892	1,630,826	8.15%	48.86%

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

ROANOKE VALLEY RESOURCE AUTHORITY
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2017 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contributions Deficiency (Excess) (1) - (2) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (2)/(4) (5)
2023	\$ 10,780	\$ 10,780	-	\$ 1,996,313	0.54%
2022	10,332	10,332	-	1,913,347	0.54%
2021	10,814	10,814	-	2,002,539	0.54%
2020	11,382	11,382	-	2,188,818	0.52%
2019	10,294	10,294	-	1,979,670	0.52%
2018	9,675	9,675	-	1,860,564	0.52%
2017	8,480	8,480	-	1,630,826	0.52%

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

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

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

STATISTICAL SECTION

Statistical Section

This part of the Roanoke Valley Resource Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

Financial Trends

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These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. 60-62

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its operating revenue. 63-67

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. 68-69

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other authorities. 70-71

Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. 72-73

ROANOKE VALLEY RESOURCE AUTHORITY

Net Position by Component
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	\$ 5,691,553	\$ 6,236,076	\$ 8,861,198	\$ 11,813,084	\$ 13,351,694	\$ 14,261,988	\$ 18,957,557	\$ 16,137,093	\$ 20,016,507	\$ 20,859,509
Unrestricted	(2,874,275)	(2,031,865)	(5,417,836)	(2,658,908)	(466,605)	(1,268,043)	(3,116,266)	1,450,628	756,182	2,159,326
Total primary government net position	\$ 2,817,278	\$ 4,204,211	\$ 3,443,362	\$ 9,154,176	\$ 12,885,089	\$ 12,993,945	\$ 15,841,291	\$ 17,587,721	\$ 20,772,689	\$ 23,018,835

The Authority implemented provisions of GASB Statement 68 during the 2015 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 68 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

The Authority implemented provisions of GASB Statement 75 during the 2018 fiscal year and restated beginning net position for 2018 and 2017, accordingly. Information relative to GASB Statement 75 was not available for fiscal years prior to fiscal year 2017 and therefore provisions of this statement were not applied retroactively in this table.

Source: RYRA audited financial statements

Table 2

ROANOKE VALLEY RESOURCE AUTHORITY

Changes in Net Position

Last Ten Fiscal Years

(unaudited)

(accrual basis of accounting)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total			Special Items	Change in Net Position
				Nonoperating Revenues/ (Expenses)	Income/(Loss) before Special Items	Income/(Loss) before Special Items		
2023	\$ 15,655,286	\$ 16,897,919	\$ (1,242,633)	\$ (144,300)	\$ (1,386,933)	\$ -	\$ (1,386,933)	
2022	15,193,858	14,119,651	1,074,207	(313,358)	760,849	-	760,849	
2021	13,691,451	18,775,561	(5,084,110)	(626,704)	(5,710,814)	-	(5,710,814)	
2020	14,092,716	17,513,285	(3,420,569)	(310,344)	(3,730,913)	-	(3,730,913)	
2019	15,073,139	15,066,541	6,598	(115,454)	(108,856)	-	(108,856)	
2018	13,718,403	16,150,782	(2,432,379)	(414,967)	(2,847,346)	-	(2,847,346)	
2017	12,011,736	13,134,353	(1,122,617)	11,043	(1,111,574)	(634,856)	(1,746,430)	
2016	8,743,169	12,034,820	(3,291,651)	106,683	(3,184,968)	-	(3,184,968)	
2015	8,434,037	9,455,022	(1,020,985)	69,368	(951,617)	-	(951,617)	
2014	8,125,576	9,680,144	(1,554,568)	358,968	(1,195,600)	-	(1,195,600)	

The Authority implemented provisions of GASB Statements 63 and 65 during the 2013 fiscal year, and applied all changes required thereof retroactively to statistical information, as necessary.

The Authority implemented provisions of GASB Statement 68 during the 2015 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 68 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

The Authority implemented provisions of GASB Statement 75 during the 2018 fiscal year and restated beginning net position for 2018 and 2017, accordingly. Information relative to GASB Statement 75 was not available for fiscal years prior to fiscal year 2017 and therefore provisions of this statement were not applied retroactively in this table.

Source: RVRA audited financial statements

Table 3

ROANOKE VALLEY RESOURCE AUTHORITY

Operating Revenue by Source

Last Ten Fiscal Years

(unaudited)

(accrual basis of accounting)

Fiscal Year	Municipal Revenue	Commercial Revenue	Private Revenue	Recycling Revenue	Residential		Total Revenues
					Homeowner Revenue	Miscellaneous Fees	
2023	\$ 5,593,109	\$ 6,216,350	\$ 2,997,726	\$ 56,102	\$ 715,753	\$ 76,246	\$ 15,655,286
2022	5,484,784	5,801,804	2,995,882	113,926	701,583	95,879	15,193,858
2021	5,696,356	4,288,829	2,765,597	102,676	682,466	155,527	13,691,451
2020	5,686,407	4,810,645	2,740,314	79,875	537,209	238,266	14,092,716
2019	5,387,546	6,177,973	2,706,997	82,022	538,463	180,138	15,073,139
2018	4,842,979	6,039,663	2,200,310	72,535	470,649	92,272	13,718,408
2017	4,698,363	4,987,383	1,758,711	50,922	424,074	92,283	12,011,736
2016	4,035,795	2,760,585	1,372,023	38,775	420,724	115,267	8,743,169
2015	3,928,363	2,578,463	1,315,017	33,491	438,105	140,598	8,434,037
2014	3,962,910	2,221,222	1,499,014	39,970	390,324	12,136	8,125,576

Source: RVRA audited financial statements

Table 4

ROANOKE VALLEY RESOURCE AUTHORITY

Operating Expenses
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Salaries and Benefits	\$ 3,138,793	\$ 3,188,054	\$ 3,519,666	\$ 3,409,987	\$ 3,003,458	\$ 2,792,507	\$ 2,659,354	\$ 1,903,883	\$ 1,859,968	\$ 1,912,552
Landfill Closure and Postclosure	1,941,868	(230,280)	739,061	750,134	(1,006,653)	1,976,295	1,512,073	438,484	222,415	1,217,034
Other operating expenses	8,302,563	7,840,339	10,343,356	9,487,052	9,297,096	8,157,369	6,352,682	4,620,424	5,164,825	4,436,385
Depreciation	3,514,695	3,321,538	4,173,478	3,866,112	3,772,640	3,224,611	2,610,244	2,279,094	2,207,814	2,114,173
Total Operating Expenses	\$ 16,897,919	\$ 14,119,651	\$ 18,775,561	\$ 17,513,285	\$ 15,066,541	\$ 16,150,782	\$ 13,134,353	\$ 9,241,885	\$ 9,455,022	\$ 9,680,144

Source: RVRA audited financial statements

Table 5

ROANOKE VALLEY RESOURCE AUTHORITY
 Nonoperating Revenues and Expenses
 Last Ten Fiscal Years
 (unaudited)
 (accrual basis of accounting)

Fiscal Year	Interest Revenue	Gain (Loss) on Sale of Assets	Interest and Fiscal Charges	Total Non- Operating Income (Expenses)
2023	\$ 333,864	\$ 107,951	\$ (586,115)	(144,300)
2022	27,500	299,355	(640,213)	(313,358)
2021	24,266	-	(650,970)	(626,704)
2020	207,474	(16,975)	(500,843)	(310,344)
2019	295,546	128,514	(539,514)	(115,454)
2018	165,909	(47,796)	(533,080)	(414,967)
2017	158,602	-	(147,559)	11,043
2016	106,683	-	-	106,683
2015	69,368	-	-	69,368
2014	46,812	312,156	-	358,968

Source: RVRA audited financial statements

Table 6

ROANOKE VALLEY RESOURCE AUTHORITY

Annual Tonnage Received

Last Ten Fiscal Years

(unaudited)

(accrual basis of accounting)

Fiscal Year	Municipal Tonnage	Commercial Tonnage	Private Tonnage	Residential Tonnage	Total Tonnage
2023	103,699	126,068	46,333	11,971	288,071
2022	104,131	105,391	50,466	11,683	271,671
2021	108,815	67,076	44,011	12,683	232,585
2020	109,912	75,927	44,691	10,728	241,258
2019	106,915	100,434	43,838	11,805	262,992
2018	99,326	103,139	38,854	10,844	252,163
2017	96,459	84,839	29,708	10,158	221,164
2016	84,167	46,854	23,553	9,329	163,903
2015	82,865	44,417	22,916	8,541	158,739
2014	85,773	39,022	26,758	9,020	160,573

Source: RVRA reports provided by staff

Table 7

ROANOKE VALLEY RESOURCE AUTHORITY

Principal Customers

(unaudited)

(accrual basis of accounting)

	FY 2023		FY 2014	
	Revenue Amount	Percentage of Total	Revenue Amount	Percentage of Total
City of Roanoke	\$ 2,413,116	15.41%	\$ 1,966,115	24.20%
County of Roanoke	2,149,402	13.73%	1,833,977	22.57%
Waste Management Inc	1,776,069	11.35%	904,136	11.13%
First Piedmont Corporation	841,145	5.37%	446,394	5.49%
County Waste of SWVA, LLC	1,516,572	9.69%	N/A	0.00%
City of Salem	846,153	5.40%	N/A	0.00%
Tidy Services	837,394	5.35%	212,514	2.62%
Residential Disposal Program	715,753	4.57%	390,325	4.80%
Republic Services	1,047,455	6.69%	210,918	2.60%
Town of Vinton	184,438	1.18%	162,818	2.00%
Subtotal largest customers	12,327,497	78.74%	6,127,197	75.41%
Balance From other Customers	3,327,789	21.26%	1,998,379	24.59%
Grand Totals	\$ 15,655,286	100.00%	\$ 8,125,576	100.00%

Source: RVRA reports provided by staff

Table 8

ROANOKE VALLEY RESOURCE AUTHORITY

Disposal Fees Per Ton

Last Ten Fiscal Years

(unaudited)

(accrual basis of accounting)

Fiscal Year	Municipal Rate	Commercial Rate	Private Rate	Residential Rate
2023	\$ 55.00	\$ 64.50	\$ 64.50	\$ 55.00
2022	53.50	62.75	62.75	53.50
2021	53.50	62.75	62.75	53.50
2020	53.50	61.50	61.50	53.50
2019	51.50	61.50	61.50	51.50
2018	49.50	59.50	59.50	49.50
2017	49.50	59.50	59.50	49.50
2016	49.00	59.00	59.00	49.00
2015	48.00	58.00	58.00	48.00
2014	47.00	57.00	57.00	57.00

Source RVRA Budget Book

Table 9

ROANOKE VALLEY RESOURCE AUTHORITY

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Revenue Bonds and Locality Compensation Payments	Capital Leases	Roanoke County			Roanoke City			Vinton			City of Salem*		
			Per Capita	As a Share of Personal Income	As a Share of Personal Income	Per Capita	As a Share of Personal Income	As a Share of Personal Income	Per Capita	As a Share of Personal Income	Per Capita	As a Share of Personal Income		
2023	\$ 25,093,334	\$ -	\$ 260	0.45%	\$ 252	0.50%	\$ 3,120	0.45%	\$ 1,007	0.45%				
2022	26,596,891	-	275	0.50%	266	0.57%	3,316	0.50%	1,061	0.50%				
2021	27,838,501	-	287	0.54%	278	0.61%	3,435	0.54%	1,098	0.54%				
2020	18,767,294	-	192	0.37%	180	0.41%	2,218	0.37%	711	0.37%				
2019	18,782,733	654,756	201	0.32%	188	0.45%	2,320	0.32%	732	0.32%				
2018	19,566,849	1,007,975	209	0.35%	196	0.49%	2,426	0.35%	757	0.35%				
2017	20,000,000	-	213	0.35%	201	0.49%	2,444	0.35%	783	0.35%				
2016	-	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%				
2015	-	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%				
2014	-	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%				

Source: Annual Comprehensive Financial Reports from Roanoke County, Roanoke City and Vinton Population and Personal Income data from the Bureau of Economic Analysis Audited financial statements Roanoke Valley Resource Authority

Note: The Authority did not have any revenue bonds outstanding as of June 30, 2014 through June 30, 2016.

* The City of Salem joined the RVRA in FY2017

ROANOKE VALLEY RESOURCE AUTHORITY

Pledged Revenue Coverage

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Operating Revenues	Investment Income	Other Income	Gross Revenues (a)	Less: Operating Expenses (excluding depreciation and change in future landfill liability) (b)	Debt Service			Total Debt Service	Net Available Revenues (a-b)	Coverage Ratio
						Principal	Interest	Service			
2023 \$	15,655,286	\$ 333,864	\$ 107,951	\$ 16,097,101	\$ 11,564,745	\$ 1,120,827	\$ 778,118	\$ 1,898,945	\$ 4,532,356	2.39	
2022	15,193,858	27,500	-	15,221,358	11,149,779	848,708	780,405	1,629,113	4,071,579	2.50	
2021	13,691,451	24,266	-	13,715,717	13,976,244	826,888	451,208	1,278,096	(260,527)	(0.20)	
2020	14,092,716	207,474	-	14,300,190	13,029,250	805,360	508,151	1,313,511	1,270,940	0.97	
2019	15,073,139	295,546	-	15,368,685	12,686,064	784,116	546,595	1,330,711	2,682,621	2.02	
2018	13,718,403	165,909	-	13,884,312	12,051,008	433,151	452,274	885,425	1,833,304	2.07	
2017	12,011,736	158,602	-	12,170,338	10,126,718	219,069	-	219,069	2,043,620	9.33	
2016*	8,743,169	106,683	-	8,849,852	6,524,308	-	-	-	2,325,544	na	
2015*	8,434,037	69,368	-	8,503,405	7,224,793	-	-	-	1,278,612	na	
2014*	8,125,576	46,812	-	8,172,388	6,860,554	-	-	-	1,311,834	na	

Notes: *The Authority did not have any debt outstanding from 2014 through 2016. The Authority's current bonds require a coverage ratio of 1.0.

During the fiscal year ending June 30, 2021, the Authority began transitioning from a rail based transporter of waste. This transition increased operating expenses by \$2,421,107 as waste was temporarily delivered to another landfill. The aforementioned operating expenses were related to additional transportation and disposal cost that will not be incurred upon the completion of a road to the Smith Gap Landfill. The net available revenues would have been \$882,484 if these transition expenses were not included in the above calculation.

Source: RVRA financial and budget records.

Table 11

ROANOKE VALLEY RESOURCE AUTHORITY
Demographic Information
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Roanoke County				Roanoke City			
	Population	Personal Income	Per Capita Income	Unemployment Rate	Population	Personal Income	Per Capita Income	Unemployment Rate
2023	96,605	\$ 7,004,787,000	\$ 57,434	2.6%	99,634	\$ 5,002,492,000	\$ 50,599	3.2%
2022	96,546	6,588,916,000	54,977	2.6%	99,883	4,628,669,000	46,727	4.8%
2021	96,929	6,391,212,000	53,489	3.6%	100,011	4,488,860,000	45,277	5.3%
2020	93,805	6,254,966,000	52,248	7.0%	99,920	4,341,578,000	43,451	4.7%
2019	93,672	5,962,802,000	49,860	2.7%	99,920	4,187,753,000	41,946	2.8%
2018	93,735	5,785,780,000	48,384	3.1%	99,908	4,211,972,000	42,263	3.7%
2017	93,924	5,758,037,000	48,047	3.6%	99,644	4,090,520,000	40,947	4.5%
2016	93,775	5,435,865,000	45,577	3.5%	99,681	3,915,935,000	39,385	4.1%
2015	93,569	5,159,100,000	42,288	4.2%	99,320	3,915,935,000	39,385	5.6%
2014	92,703	4,984,547,000	42,288	5.2%	98,913	3,915,935,000	39,385	5.7%

Fiscal Year	Vinton				City of Salem*			
	Population	Personal Income	Per Capita Income	Unemployment Rate	Population	Personal Income	Per Capita Income	Unemployment Rate
2023	8,043	\$ 7,004,787,000	\$ 57,434	2.7%	24,924	\$ 7,004,787,000	\$ 57,434	2.9%
2022	8,021	6,588,916,000	54,977	2.8%	25,060	6,588,916,000	54,977	3.6%
2021	8,104	6,391,212,000	53,489	3.6%	25,301	6,391,212,000	53,489	4.0%
2020	8,104	6,254,966,000	52,248	8.1%	25,301	6,254,966,000	52,248	9.1%
2019	8,096	5,962,802,000	49,860	2.9%	25,643	5,962,802,000	49,860	2.9%
2018	8,065	5,785,780,000	48,384	3.4%	25,862	5,785,780,000	48,384	3.4%
2017	8,185	5,758,037,000	48,047	3.7%	25,549	5,758,037,000	48,047	4.1%
2016	8,151	5,435,865,000	43,418	3.6%	-	-	-	-
2015	8,151	5,159,100,000	43,418	4.5%	-	-	-	-
2014	8,151	4,984,547,000	42,288	5.5%	-	-	-	-

Source: Annual Comprehensive Financial Reports from Roanoke County, Roanoke City, Vinton and Salem Population and Personal Income data from the Bureau of Economic Analysis

* City of Salem joined RVRA during the fiscal year ending June 30, 2017.

Table 12

ROANOKE VALLEY RESOURCE AUTHORITY
Principal Employers
(unaudited)
Fiscal Years 2023 and 2014

Employer	2023			2014		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	2,000+	1	Local Govt.	1,000+
Wells Fargo Operations Center	2	Private	2,000+	2	Private	1,000+
County of Roanoke	3	Local Govt.	1,000+	3	Local Govt.	1,000+
Kroger	4	Private	500-999	4	Private	500-999
Friendship Retirement Community	5	Private	500-999	6	Private	500-999
Richfield Recovery & Care Center	6	Private	500-999	5	Private	500-999
Elbit Systems Ltd.	7	Private	500-999	-	-	-
Marvin Windows and Doors	8	Private	500-999	-	-	-
Allstate Insurance Company	9	Private	500-999	7	Private	500-999
Walmart	10	Private	250-499	8	Private	250-499
Medeco	-	-	-	9	Private	250-499
ITT Exelis	-	-	-	10	Private	250-499

Source: Roanoke County Economic Development Department

ROANOKE VALLEY RESOURCE AUTHORITY
 Number of Employees by Identifiable Activity
 Last Ten Fiscal Years
 (unaudited)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Administration										
General Management	3	3	3	3	3	3	3	3	3	3
Finance	2	1	1	1	1	1	1	1	1	1
Administrative Coordinator	1	1	1	1	1	1	1	1	1	1
Business Supervisor	-	1	1	1	1	1	1	1	1	1
Operating										
Supervisors	8	5	5	5	3	3	3	2	2	2
Scale Operators	3	3	3	3	3	3	3	1	1	1
Equipment Operators	22	25	27	27	25	24	24	18	18	16
Building and General Maintenance	1	1	1	1	1	1	1	1	1	1
Equipment Mechanic	-	-	-	-	-	1	1	1	1	1
Total Employees	40	40	42	42	38	38	38	29	29	27

Source: RVRA Budget Book

Table 14

ROANOKE VALLEY RESOURCE AUTHORITY
Operating and Capital Indicators
Last Ten Fiscal Years
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Waste Received in tons	288,071	271,671	232,585	241,258	262,992	252,163	221,164	163,903	158,739	160,573
Materials Recycled in tons (equals total above)										
Wood	12,463	11,592	12,671	11,564	11,921	10,311	10,304	11,344	8,463	11,407
Metal	357	383	523	492	497	494	371	262	182	187
Tires	1,030	1,069	915	898	671	600	418	299	259	315
Other (batteries, cardboard, glass, newspapers)	-	1	5	16	27	59	46	43	40	47
Landfilled	274,221	258,626	218,471	228,288	249,876	240,699	210,025	151,955	149,795	148,617
Percent Recycled	4.81%	4.80%	6.07%	5.38%	5.00%	4.54%	5.03%	7.30%	5.63%	7.45%
Residential Waste Disposal Tonnage	11,969	11,681	12,684	10,729	11,806	10,846	10,158	9,329	8,541	9,020
Tires (Count)	1,453	1,290	1,590	1,381	1,950	2,289	1,715	1,971	1,505	1,397
Transactions	48,433	47,146	51,315	43,506	47,617	44,355	41,132	37,911	34,500	36,441
Disposal Fees	\$ 717,844	\$ 699,498	\$ 682,465	\$ 537,178	\$ 538,454	\$ 470,648	\$ 424,074	\$ 420,724	\$ 438,101	\$ 390,324
Disposal Fees										
Municipal Rate	\$ 55.0	\$ 53.5	\$ 53.5	\$ 53.5	\$ 51.5	\$ 49.5	\$ 49.5	\$ 49.5	\$ 49.0	\$ 47.0
Commercial Rate	\$ 64.5	\$ 62.75	\$ 62.75	\$ 61.5	\$ 61.5	\$ 59.5	\$ 59.5	\$ 59.5	\$ 59.0	\$ 57.0
Private Rate	\$ 64.5	\$ 62.75	\$ 62.75	\$ 61.5	\$ 61.5	\$ 59.5	\$ 59.5	\$ 59.5	\$ 59.0	\$ 57.0
Residential Rate	\$ 55.0	\$ 53.5	\$ 53.5	\$ 53.5	\$ 51.5	\$ 49.5	\$ 49.5	\$ 49.5	\$ 49.0	\$ 47.0
Wood Waste Rate	\$ 36.0	\$ 35.0	\$ 35.0	\$ 35.0	\$ 35.0	\$ 35.0	\$ 35.0	\$ 35.0	\$ 35.0	\$ 35.0
Railcar Waste Transported in tons										
Railcars	N/A	N/A	2,014	3,084	2,934	3,449	2,979	2,361	2,172	2,258
Tonnage	N/A	N/A	142,935	212,181	201,352	230,434	196,743	150,597	148,908	146,309
Average	N/A	N/A	70.97	68.80	68.63	66.81	66.04	63.79	68.56	64.80
Shipping Cost	\$ N/A	\$ N/A	\$ 1,875,591	\$ 2,670,963	\$ 2,344,947	\$ 2,525,469	\$ 2,194,605	\$ 1,734,373	\$ 1,864,514	\$ 1,935,012
Capital Indicators										
Number of Permitted Sites	4	4	4	4	4	4	4	3	3	3
Number of Open Permitted Sites	3	3	3	3	3	3	3	2	2	2
Number of Collection sites	3	3	3	3	3	3	3	2	2	2

Source: Roanoke Valley Resource Authority records

COMPLIANCE SECTION



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Members of the Board
Roanoke Valley Resource Authority
Roanoke, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Roanoke Valley Resource Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Roanoke Valley Resource Authority's basic financial statements, and have issued our report thereon dated September 19, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roanoke Valley Resource Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with

those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
September 19, 2023