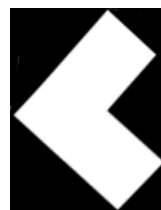


*Southside Regional Public Service Authority*  
*Annual Comprehensive Financial Report*  
*Years Ended June 30, 2025 and 2024*



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

# Southside Regional Public Service Authority

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities of the Southside Regional Public Service Authority, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Southside Regional Public Service Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Southside Regional Public Service Authority, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Change in Accounting Principle**

As described in Note 2 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, GASB Statement No. 102, *Certain Risk Disclosures*, and GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 1-3 and 31-36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of the Southside Regional Public Service Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southside Regional Public Service Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southside Regional Public Service Authority's internal control over financial reporting and compliance.

*Creedle, Jones & Associates, P.C.*

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

South Hill, Virginia  
November 24, 2025

## Southside Regional Public Service Authority

### Management's Discussion and Analysis

As of June 30, 2025 and 2024

Our discussion and analysis of the Southside Regional Public Service Authority's financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2025 and 2024. Please read this information in conjunction with Southside Regional Public Service Authority's basic financial statements.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

#### FINANCIAL SUMMARY

##### *Financial Position*

A summary of the Authority's Statements of Net Position for 2025 and 2024 is presented below:

	<u>2025</u>	<u>2024</u>
Assets	<b>\$ 28,384,045</b>	\$ 21,312,028
Deferred Outflows of Resources	<u>152,890</u>	<u>113,937</u>
Total Assets and Deferred Outflows of Resources	<b><u>\$ 28,536,935</u></b>	<b><u>\$ 21,425,965</u></b>
Liabilities	<b>\$ 16,881,598</b>	\$ 10,874,725
Deferred Inflows of Resources	<b>103,498</b>	110,739
<b>Net Position</b>		
Net investment in capital assets	<b>5,619,815</b>	8,569,819
Restricted	<b>4,405,782</b>	1,788
Unrestricted	<u>1,526,242</u>	<u>1,868,894</u>
Total Net Position	<b><u>11,551,839</u></b>	<b><u>10,440,501</u></b>
Total Liabilities, Deferred Inflows of Resources and Net Position	<b><u>\$ 28,536,935</u></b>	<b><u>\$ 21,425,965</u></b>

### **Change in Net Position**

A summary of the Authority's Condensed Statements of Revenues, Expenses, and Changes in Net Position for 2025 and 2024 is presented below:

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

	<u>2025</u>	<u>2024</u>
Operating Revenues	\$ 3,461,624	\$ 3,751,041
Operating Expenses	<u>(2,851,230)</u>	<u>(2,832,279)</u>
Net Operating Income	610,394	918,762
Non-Operating Revenue	570,690	533,022
Non-Operating Expense	<u>(69,746)</u>	<u>(25,979)</u>
Changes in Net Position	<u>\$ 1,111,338</u>	<u>\$ 1,425,805</u>

During the year, the Authority's net operating income was \$610,394. Non-operating revenues were \$570,690 and non-operating expenses were \$69,746. Changes in net position were an overall increase of \$1,111,338.

### **Cash Flows**

A summary of the Authority's Condensed Statements of Cash Flows for 2025 and 2024 is presented below:

#### **Condensed Statements of Cash Flows**

	<u>2025</u>	<u>2024</u>
<b>Cash Provided by (Used in)</b>		
Operating activities	\$ 2,337,792	\$ 1,876,012
Noncapital financing activities	22,138	32,091
Capital and related financing activities	2,318,193	(245,151)
Investing activities	<u>548,552</u>	<u>500,931</u>
Net Increase in Cash	<u>\$ 5,226,675</u>	<u>\$ 2,163,883</u>

### **Capital Assets**

As of June 30, 2025, the Authority's business-type activities net capital assets total \$11,722,918, an increase of \$1,717,596 or 17.17% over the previous fiscal year.

### Change in Capital Assets

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Land	\$ 821,717	\$ -	\$ 821,717
Construction-in-progress	-	1,953,396	1,953,396
Land improvements	12,023,030	-	12,023,030
Buildings and improvements	396,530	-	396,530
Equipment and vehicles	<u>2,199,074</u>	<u>(371,394)</u>	<u>1,827,680</u>
Total Capital Assets	15,440,351	1,582,002	17,022,353
Less: Accumulated depreciation	<u>5,474,247</u>	<u>216,887</u>	<u>5,691,134</u>
Total Capital Assets, Net	<u>\$ 9,966,104</u>	<u>\$ 1,365,115</u>	<u>\$ 11,331,219</u>
Lease assets	\$ 725,532	\$ (242,437)	\$ 483,095
Less: Accumulated amortization	<u>(686,314)</u>	<u>594,918</u>	<u>(91,396)</u>
Lease Assets, Net	<u>\$ 39,218</u>	<u>\$ 352,481</u>	<u>\$ 391,699</u>

### Long-Term Debt

As of June 30, 2025, the Authority's long-term obligations total \$15,240,446.

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

### Change in Long-Term Debt

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Virginia Resources Authority, Revenue Bond Series 2016	\$ 1,215,000	\$ (115,000)	\$ 1,100,000
Virginia Resources Authority, Revenue Bond Series 2025	<u>-</u>	<u>4,500,000</u>	<u>4,500,000</u>
Total Outstanding Debt	1,215,000	4,385,000	5,600,000
Add: Unamortized Premium on 2016 Bond	207,876	(23,097)	184,779
Landfill closure and postclosure costs	9,183,863	202,045	9,385,908
Compensated absences	<u>62,260</u>	<u>7,499</u>	<u>69,759</u>
Total Long-Term Liabilities	<u>\$ 10,668,999</u>	<u>\$ 4,571,447</u>	<u>\$ 15,240,446</u>

### REQUESTS FOR INFORMATION

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

# **BASIC FINANCIAL STATEMENTS**

## Southside Regional Public Service Authority

## Statements of Net Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments	\$ 11,838,241	\$ 11,015,560
Cash, restricted	4,405,782	1,788
Accounts receivable	<u>417,104</u>	<u>289,358</u>
Total Current Assets	16,661,127	11,306,706
<b>Noncurrent Assets</b>		
<i>Capital assets</i>		
Nondepreciable assets	2,775,113	821,717
Depreciable assets, net	8,556,106	9,144,387
Lease assets, net	<u>391,699</u>	<u>39,218</u>
Total Noncurrent Assets	<u>11,722,918</u>	<u>10,005,322</u>
Total Assets	28,384,045	21,312,028
<b>Deferred Outflows of Resources</b>		
OPEB	10,546	9,619
Pension	<u>142,344</u>	<u>104,318</u>
Total Deferred Outflows of Resources	<u>152,890</u>	<u>113,937</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,536,935</u>	<u>\$ 21,425,965</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,142,934	\$ 33,030
Current portion of lease liabilities	122,124	12,627
Current portion of compensated absences	6,976	6,226
Current portion of notes payable	<u>974,097</u>	<u>138,097</u>
Total Current Liabilities	2,246,131	189,980
<b>Long-Term Liabilities</b>		
Landfill closure and post-closure costs	9,385,908	9,183,863
Lease liabilities, net of current portion	196,200	-
Compensated absences, net of current portion	62,783	56,034
Net pension liability	161,535	141,741
Net OPEB liability	18,359	18,328
Notes payable, net of current portion	<u>4,810,682</u>	<u>1,284,779</u>
Total Long-Term Liabilities	<u>14,635,467</u>	<u>10,684,745</u>
Total Liabilities	16,881,598	10,874,725
<b>Deferred Inflows of Resources</b>		
OPEB	2,919	2,568
Pension	50,647	45,316
Refunding of debt	<u>49,932</u>	<u>62,855</u>
Total Deferred Inflows of Resources	103,498	110,739
<b>Net Position</b>		
Net investment in capital assets	5,619,815	8,569,819
Restricted	4,405,782	1,788
Unrestricted	<u>1,526,242</u>	<u>1,868,894</u>
Total Net Position	<u>11,551,839</u>	<u>10,440,501</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 28,536,935</u>	<u>\$ 21,425,965</u>

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

## Southside Regional Public Service Authority

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

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Landfill charges	\$ <u>3,461,624</u>	\$ <u>3,751,041</u>
Total Operating Revenues	<u>3,461,624</u>	3,751,041
<b>Operating Expenses</b>		
Salaries and wages	543,131	503,462
Fringe benefits and payroll taxes	224,717	180,212
Advertising	919	136
Amortization	130,614	235,307
Depreciation	620,573	643,841
Dues and permits	38,519	18,890
Electrical services	4,442	4,072
Engineering fees	302,561	176,727
Hauling of leachate	115,997	127,879
Insurance	24,114	29,516
Landfill closure costs	202,045	293,386
Office supplies	8,941	8,426
Professional fees	11,747	11,545
Miscellaneous	7,077	7,395
Recycling	16,626	18,620
Repair and maintenance	316,291	332,769
Site maintenance	109,550	65,700
Uniforms	17,217	15,083
Supplies, gas, and oil	152,812	155,457
Telephone	<u>3,337</u>	<u>3,856</u>
Total Operating Expenses	<u>2,851,230</u>	<u>2,832,279</u>
Operating Income	610,394	918,762
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	548,552	500,931
Other income	22,138	32,091
Gain/loss on sale of asset	78,373	(3,818)
Interest expense and bond costs	<u>(148,119)</u>	<u>(22,161)</u>
Net Non-Operating Revenues (Expenses)	<u>500,944</u>	<u>507,043</u>
Change in Net Position	1,111,338	1,425,805
Total Net Position - Beginning of Year	<u>10,440,501</u>	<u>9,014,696</u>
Total Net Position - End of Year	<u>\$ 11,551,839</u>	<u>\$ 10,440,501</u>

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

## Southside Regional Public Service Authority

Statements of Cash Flows  
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from landfill charges	\$ 3,333,878	\$ 3,848,632
Payments for personnel costs and fringe benefits	(773,795)	(683,992)
Payments for operating expenses	<u>(222,291)</u>	<u>(1,288,628)</u>
Net Cash Provided by Operating Activities	2,337,792	1,876,012
<b>Cash Flows from Noncapital Financing Activities</b>		
Other income	<u>22,138</u>	<u>32,091</u>
Net Cash Provided by Noncapital Financing Activities	22,138	32,091
<b>Cash Flows from Capital and Related Financing Activities</b>		
Adjustment on estimated closure and post-closure costs	202,045	293,386
Purchase of capital assets	(2,029,315)	(219,812)
Proceeds of bonds	4,500,000	-
Principal paid on lease liabilities	(59,898)	(149,085)
Principal paid on long-term debt	(115,000)	(110,000)
Interest paid on capital debt and lease liabilities (includes debt refunding)	<u>(179,639)</u>	<u>(59,640)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	2,318,193	(245,151)
<b>Cash Flows from Investing Activities</b>		
Interest income	<u>548,552</u>	<u>500,931</u>
Net Cash Provided by Investing Activities	<u>548,552</u>	<u>500,931</u>
Net Increase in Cash and Cash Equivalents	5,226,675	2,163,883
Cash and Cash Equivalents - Beginning of Year	<u>11,017,348</u>	<u>8,853,465</u>
Cash and Cash Equivalents - End of Year	<u>\$ 16,244,023</u>	<u>\$ 11,017,348</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 610,394	\$ 918,762
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>		
Depreciation	620,573	643,841
Amortization	130,614	235,307
<i>Changes in assets and liabilities</i>		
Receivables	(127,746)	97,591
Prepaid expenses	-	12,659
Accounts payable and accrued liabilities	1,109,904	(31,830)
Compensated absences	7,499	10,163
Net OPEB liability	31	501
Net pension liability	19,794	82,612
Deferred outflows - OPEB	(927)	(1,309)
Deferred outflows - pension	(38,026)	(49,682)
Deferred inflows - OPEB	351	(1,000)
Deferred inflows - pension	<u>5,331</u>	<u>(41,603)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,337,792</u>	<u>\$ 1,876,012</u>

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

# Southside Regional Public Service Authority

## Notes to the Financial Statements

Year Ended June 30, 2025

### 1 Organization, Description of the Entity, and Its Activities

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

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

### 2 Significant Accounting Policies

#### *Financial Statement Presentation*

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

#### *Basic Financial Statements*

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

#### Enterprise Fund Financial Statements

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

#### *Basis of Accounting*

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

#### *Capital Assets*

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

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

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

### ***Use of Estimates***

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

### ***Compensated Absences***

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

### ***Deferred Outflows/Inflows of Resources***

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

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

### ***Net Position***

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

### ***Net Position Flow Assumptions***

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

### ***Pensions***

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

### **Group Life Insurance**

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

### **Adoption of New GASB Statements**

The Authority adopted the following GASB statements during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the Authority.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the Authority.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the fiscal year ending June 30, 2025 for the Authority.

## **3 Deposits and Investments**

### *Deposits*

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

*Investments*

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

The Authority does not have a formal investment policy.

*Custodial Credit Risk*

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

*Interest Rate Risk*

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

*Concentration of Credit Risk*

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

The following is a summary of cash and investments:

<u>Asset Type</u>	<u>Balance June 30, 2025</u>
Deposit accounts	\$ 4,983,499
<b>Investments</b>	
Local Government Investment Pool	<u>11,260,524</u>
Total Cash and Investments	<u>\$ 16,244,023</u>

The following is a summary and reconciliation of the pooled cash and investments at June 30, 2025:

Cash and investments	\$ 11,838,241
Restricted cash	<u>4,405,782</u>
Total	<u>\$ 16,244,023</u>

**4** Amount of Allowance for Uncollectible Accounts

The Authority calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. Management estimates no allowance was required for the year ended June 30, 2025.

## 5 Capital Assets

The schedule below shows the breakdown of capital assets by category at June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2025</u>
Land	\$ 821,717	\$ -	\$ -	\$ 821,717
Construction-in-progress	-	1,953,396	-	1,953,396
Land improvements	12,023,030	-	-	12,023,030
Buildings and improvements	396,530	-	-	396,530
Equipment and vehicles	<u>2,199,074</u>	<u>75,919</u>	<u>(447,313)</u>	<u>1,827,680</u>
Total Capital Assets	15,440,351	2,029,315	(447,313)	17,022,353
Less: Accumulated depreciation	<u>5,474,247</u>	<u>620,573</u>	<u>(403,686)</u>	<u>5,691,134</u>
Net Capital Assets	<u>\$ 9,966,104</u>	<u>\$ 1,408,742</u>	<u>\$ (43,627)</u>	<u>\$ 11,331,219</u>

Lease asset activity for the year ended June 30, 2025 was as follows:

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
<b>Lease assets</b>				
Equipment	\$ 725,532	\$ 483,095	\$ 725,532	\$ 483,095
<b>Less: accumulated amortization for</b>				
Equipment	<u>686,314</u>	<u>130,614</u>	<u>725,532</u>	<u>91,396</u>
Lease assets, net	<u>\$ 39,218</u>	<u>\$ 352,481</u>	<u>\$ -</u>	<u>\$ 391,699</u>

## 6 Long-Term Debt

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

<u>Details of Long-Term Indebtedness</u>	<u>Balance July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Solid Waste Revenue Refunding Bond, Series 2016, \$1,875,000 issued May 25, 2016 with Virginia Resources Authority; interest ranging from 3.813% to 5.125% payable semiannually over 16 years maturing October 2032.	\$ 1,215,000	\$ -	\$ (115,000)	\$ 1,100,000	\$ 120,000
Solid Waste Revenue Refunding Bond, Series 2025, \$4,500,000 issued April 8, 2025, with Virginia Resources Authority; interest rate of 4.06%; payable semiannually over 5 years maturing October 2029.	-	4,500,000	-	4,500,000	831,000
Unamortized Premium on Bond 2016 Series	207,876	-	(23,097)	184,779	23,097
Landfill Closure and Post-closure Costs	9,183,863	202,045	-	9,385,908	-
Compensated Absences	<u>62,260</u>	<u>7,499</u>	<u>-</u>	<u>69,759</u>	<u>6,976</u>
Total Long-Term Debt	<u>\$ 10,668,999</u>	<u>\$ 4,709,544</u>	<u>\$ (138,097)</u>	<u>\$ 15,240,446</u>	<u>\$ 981,073</u>



Remaining principal and interests payments on leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 122,124	\$ 14,433	\$ 136,557
2027	129,000	7,558	136,558
2028	67,200	1,080	68,280
	<u>\$ 318,324</u>	<u>\$ 23,071</u>	<u>\$ 341,395</u>

<u>Lease Expense</u>	<u>Year Ending June 30, 2025</u>
Amortization expense by class of underlying asset	
Equipment	\$ 130,614
Total amortization expense	130,614
Interest on lease liabilities	11,084
Total	<u>\$ 141,698</u>

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

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

## 9 Landfill Obligation

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

The Authority recognizes the estimated closure and post-closure costs of \$9,385,908. These amounts are based on what it would cost to perform all closure care as of June 30, 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Authority is paying these costs on an annual pay-as-you-go basis.

## 10 Related Parties

The following schedule presents significant transactions between the Authority and its jointly governed localities during the year ended June 30, 2025:

<u>Locality</u>	<u>Services Rendered</u>	<u>Total Amount Charged in FY25</u>	<u>Total Amount Paid in FY25 Related to FY25</u>	<u>Total Amount Paid in FY25 Related to PY</u>	<u>Amount Accrued and Unpaid</u>
Mecklenburg County	Landfill charges	\$ 1,700,973	\$ 1,631,027	\$ 63,985	\$ 69,946
Halifax County	Landfill charges	1,932,899	1,751,666	73,321	181,233
Charlotte County	Landfill charges	382,127	349,037	29,655	33,090

## 11 Compensated Absences

Each Authority employee earns sick leave at the rate of one day per month. Vacation pay begins with one day per month and increases with length of service. Upon favorable termination, an employee who has been employed with the Authority for a minimum of (5) five years, and who has accumulated up to 240 hours of sick leave will be reimbursed for the accumulated leave. Any accumulated leave over 240 hours shall be un-reimbursable and forfeited by the employee. Upon separation, an employee shall receive payment for annual leave up to the maximum accrual rate. Payment shall be calculated using the employee's base hourly rate of pay at the time of separation. In the case of the death of an employee, the unused annual leave credit shall be paid to the employee's estate. The Authority has outstanding accrued compensated absences totaling \$69,759.

## 12 Net Investment in Capital Assets

The "net investments in capital assets" amounts reported on the Statements of Net Position as of June 30, 2025 and 2024 are determined as follows:

	<u>2025</u>	<u>2024</u>
<b>Net Investment in Capital Assets</b>		
<b>Capital Assets</b>		
Cost of capital assets	\$ 17,022,353	\$ 15,440,351
Less: Accumulated depreciation	<u>(5,691,134)</u>	<u>(5,474,247)</u>
Book value	11,331,219	9,966,104
<b>Lease Assets</b>		
Cost of lease assets	483,095	725,532
Less: Accumulated amortization	<u>(91,396)</u>	<u>(686,314)</u>
Book value	391,699	39,218
Less: Capital related debt	(5,600,000)	(1,215,000)
Less: Lease liabilities	(318,324)	(12,627)
Less: Bond premiums	<u>(184,779)</u>	<u>(207,876)</u>
Net Investment in Capital Assets	<u>\$ 5,619,815</u>	<u>\$ 8,569,819</u>

## 13 Pension

### **Plan Description**

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

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

## RETIREMENT PLAN PROVISIONS

### PLAN 1

#### *About Plan 1*

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

#### *Eligible Members*

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

#### *Hybrid Opt-In Election*

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

### PLAN 2

#### *About Plan 2*

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.

#### *Eligible Members*

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

#### *Hybrid Opt-In Election*

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

### HYBRID RETIREMENT PLAN

#### *About the Hybrid Retirement Plan*

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

#### *Eligible Members*

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees\*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

#### *\*Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

**PLAN 1**

**Retirement Contributions**

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

**Service Credit**

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Vesting**

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

**PLAN 2**

**Retirement Contributions**

Same as Plan 1.

**Service Credit**

Same as Plan 1.

**Vesting**

Same as Plan 1.

**HYBRID  
RETIREMENT PLAN**

**Retirement Contributions**

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

**Service Credit**

**Defined Benefit Component:**

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Defined Contributions Component:**

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

**Vesting**

**Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

**Defined Contributions Component:**

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

**PLAN 1**

***Calculating the Benefit***

The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

***Average Final Compensation***

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

***Service Retirement Multiplier***

**VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

**Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

**Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

**PLAN 2**

***Calculating the Benefit***

See definition under Plan 1.

***Average Final Compensation***

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

***Service Retirement Multiplier***

**VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

**Sheriffs and regional jail superintendents:** Same as Plan 1.

**Political subdivision hazardous duty employees:** Same as Plan 1.

**HYBRID  
RETIREMENT PLAN**

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution not required, except as governed by law until age 73.

***Calculating the Benefit***

**Defined Benefit Component:**

See definition under Plan 1.

**Defined Contribution Component:**

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

***Average Final Compensation***

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

***Service Retirement Multiplier***

**Defined Benefit Component:**

**VRS:** The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

**Sheriffs and regional jail superintendents:** Not applicable.

**Political subdivision hazardous duty employees:**

Not applicable.

**Defined Contribution Component**

Not applicable.

**PLAN 1**

**Normal Retirement Age**

VRS: Age 65.

**Political subdivisions hazardous duty employees:**  
Age 60.

**Earliest Unreduced Retirement Eligibility**

VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

**Political subdivisions hazardous duty employees:**  
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

**Earliest Reduced Retirement Eligibility**

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

**Political subdivisions hazardous duty employees:**  
Age 50 with at least five years of service credit.

**Cost-of-Living Adjustment (COLA) in Retirement**

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

**Eligibility:**

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

**PLAN 2**

**Normal Retirement Age**

VRS: Normal Social Security retirement age.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

**Earliest Unreduced Retirement Eligibility**

VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

**Earliest Reduced Retirement Eligibility**

VRS: Age 60 with at least five years (60 months) of service credit.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

**Cost-of-Living Adjustment (COLA) in Retirement**

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

**Eligibility:**

Same as Plan 1

**HYBRID  
RETIREMENT PLAN  
Normal Retirement Age**

**Defined Benefit Component:**  
VRS: Same as Plan 2.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**  
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Earliest Unreduced Retirement Eligibility**

**Defined Benefit Component:**  
VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**  
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Earliest Reduced Retirement Eligibility**

**Defined Benefit Component:**  
VRS: Age 60 with at least five years (60 months) of service credit.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**  
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Cost-of-Living Adjustment (COLA) in Retirement**

**Defined Benefit Component:**  
Same as Plan 2

**Defined Contribution Component:**  
Not applicable

**Eligibility:**

Same as Plan 1

### **PLAN 1**

#### *Exceptions to COLA Effective Dates:*

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

#### ***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

#### ***Purchase of Prior Service***

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

### **PLAN 2**

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1

#### ***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

#### ***Purchase of Prior Service***

Same as Plan 1

### **HYBRID RETIREMENT PLAN**

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1

#### ***Disability Coverage***

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

#### ***Purchase of Prior Service***

#### **Defined Benefit Component:**

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

#### **Defined Contribution Component:**

Not applicable

### **Employees Covered by Benefit Terms**

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	5
Inactive members:	
Vested inactive members	1
Non-vested inactive members	1
LTD	-
Inactive members active elsewhere in VRS	<u>2</u>
Active members	<u>7</u>
Total covered employees	<u><u>16</u></u>

### **Contributions**

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

**If the employer used the certified rate:** Southside Regional Public Service Authority's contractually required employer contribution rate for the year ended June 30, 2025 was 11.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Southside Regional Public Service Authority were \$55,723 and \$43,652 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$2,548 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$-0- for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$279,339 for the year ended June 30, 2025.

### **Net Pension Liability**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Southside Regional Public Service Authority, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

**Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the Political Subdivision’s Retirement Plan was based on an actuarial valuation as of June 30, 2023 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, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

### 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>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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	<u>-3.00%</u>	3.50%	<u>-0.11%</u>
<b>Total</b>	<b><u>100.00%</u></b>		<b><u>7.07%</u></b>

Expected arithmetic nominal return\* **7.07%**

*\*The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.*

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

### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

		<u>Increase (Decrease)</u>		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>		Net Pension Liability <u>(a) - (b)</u>
Balances at June 30, 2023	\$ 1,870,901	\$ 1,729,160	\$	141,741
<b>Changes for the Year</b>				
Service cost	43,930	-		43,930
Interest	126,046	-		126,046
Benefit changes	-	-		-
Assumption changes	-	-		-
Differences between expected and actual experience	77,493	-		77,493
Contributions - employer	-	41,144		(41,144)
Contributions - employee	-	20,584		(20,584)
Net investment income	-	167,014		(167,014)
Benefit payments, including refunds	(94,964)	(94,964)		-
Administrative expenses	-	(1,102)		1,102
Other changes	-	35		(35)
	<u>152,505</u>	<u>132,711</u>		<u>19,794</u>
Net Changes				
Balances at June 30, 2024	<u>\$ 2,023,406</u>	<u>\$ 1,861,871</u>	\$	<u>161,535</u>

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

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

	<u>1.00% Decrease (5.75)</u>	<u>Current Discount Rate (6.75)</u>	<u>1.00% Increase (7.75)</u>
Political subdivision's Net Pension Liability \$	420,167	\$ 161,535	\$ (52,200)

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

For the year ended June 30, 2025, Southside Regional Public Service Authority recognized pension expense of \$40,314. At June 30, 2025 Southside Regional Public Service Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86,621	\$ 2,686
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	47,961
Employer contributions subsequent to the measurement date	<u>55,723</u>	<u>-</u>
Total	<u>\$ 142,344</u>	<u>\$ 50,647</u>

\$55,723 reported as deferred outflows of resources related to pensions resulting from Southside Regional Public Service Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ 5,135
2027	43,502
2028	(2,372)
2029	(10,291)
2030	-

#### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/media/shared/pdf/publications/2024-annual-report.pdf](http://varetire.org/media/shared/pdf/publications/2024-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## **14 Other Post-Employment Benefits - Group Life Insurance Program**

### ***Plan Description***

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

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke •</li> </ul> <p>City of Norfolk • Roanoke City Schools Board</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <i>Natural Death Benefit:</i> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <i>Accidental Death Benefit:</i> – The accidental death benefit is double the natural death benefit.</li> <li>• <i>Other Benefit Provisions:</i> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>Accidental dismemberment benefit</li> <li>Safety belt benefit</li> <li>Repatriation benefit</li> <li>Felonious assault benefit</li> <li>Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.</p>

**Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$5,425 and \$6,055 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the participating employer reported a liability of \$28,551 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was .05484% as compared to .05094% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$(5,425). 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, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,896	\$ 448
Net difference between projected and actual earnings on GLI OPEB program investments		1,547
Change in assumptions	105	910
Changes in proportion	2,120	14
Employer contributions subsequent to the measurement date	<u>5,425</u>	<u>-</u>
Total	<u>\$ 10,546</u>	<u>\$ 2,919</u>

\$5,425 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, 2026. 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:

<u>Year Ended June 30,</u>	
2026	\$ (158)
2027	832
2028	484
2029	546
2030	498
Thereafter	-

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

### Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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

### Long-Term Expected Rate of Return

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

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	<u>-3.00%</u>	3.50%	<u>-0.11%</u>
<b>Total</b>	<b><u>100.00%</u></b>		<b><u>7.07%</u></b>

Expected arithmetic nominal return\* **7.07%**

\* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	<b>1.00% Increase (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Decrease (7.75%)</b>
State Agency's Proportionate Share of the Group Life Insurance Program Net OPEB Liability	\$ 28,551	\$ 18,359	\$ 10,126

**Group Life Insurance Program Fiduciary Net Position**

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2024-annual-report.pdf](http://varetire.org/pdf/publications/2024-annual-report.pdf), or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## **15** Upcoming Pronouncements

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## **16** Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2025. Management has performed their analysis through November 24, 2025.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**Southside Regional Public Service Authority**

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

For the Plan Years Ended June 30 (in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>										
Service cost	\$ 43,930	\$ 38,766	\$ 31,655	\$ 30,603	\$ 31,688	\$ 27,227	\$ 28,132	\$ 27,743	\$ 27,335	\$ 27,327
Interest	126,046	116,080	114,995	105,880	98,868	94,035	89,897	87,517	87,120	83,812
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	77,493	85,207	(53,044)	(7,886)	41,666	22,181	5,901	(12,182)	(49,023)	(9,083)
Assumption changes	-	-	-	45,667	-	43,552	-	(10,341)	-	-
Benefit payments	(94,964)	(100,172)	(69,116)	(72,648)	(64,043)	(67,227)	(62,414)	(55,049)	(64,495)	(45,088)
<b>Net change in total pension liability</b>	<b>152,505</b>	139,881	24,490	101,616	108,179	119,768	61,516	37,688	937	56,968
<b>Total pension liability - beginning</b>	<b>1,870,901</b>	1,731,020	1,706,530	1,604,914	1,496,735	1,376,967	1,315,451	1,277,763	1,276,826	1,219,858
<b>Total pension liability - ending (a)</b>	<b>\$ 2,023,406</b>	\$ 1,870,901	\$ 1,731,020	\$ 1,706,530	\$ 1,604,914	\$ 1,496,735	\$ 1,376,967	\$ 1,315,451	\$ 1,277,763	\$ 1,276,826
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 41,144	\$ 34,615	\$ 33,260	\$ 31,042	\$ 25,810	\$ 23,417	\$ 23,459	\$ 22,794	\$ 31,865	\$ 30,578
Contributions - employee	20,584	17,043	15,386	14,338	14,314	13,934	12,555	12,365	12,913	11,602
Net investment income	167,014	106,811	(1,913)	368,826	25,888	85,717	90,767	135,682	19,150	49,330
Benefit payments	(94,964)	(100,172)	(69,116)	(72,648)	(64,043)	(67,227)	(62,414)	(55,049)	(64,495)	(45,088)
Administrator charges	(1,102)	(1,071)	(1,050)	(919)	(880)	(857)	(790)	(786)	(700)	(671)
Other	35	43	38	35	(31)	(54)	(78)	(121)	(8)	(11)
<b>Net change in plan fiduciary net position</b>	<b>132,711</b>	57,269	(23,395)	340,674	1,058	54,930	63,499	114,885	(1,275)	45,740
<b>Plan fiduciary net position - beginning</b>	<b>1,729,160</b>	1,671,891	1,695,286	1,354,612	1,353,554	1,298,624	1,235,125	1,120,240	1,121,515	1,075,775
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,861,871</b>	\$ 1,729,160	\$ 1,671,891	\$ 1,695,286	\$ 1,354,612	\$ 1,353,554	\$ 1,298,624	\$ 1,235,125	\$ 1,120,240	\$ 1,121,515
<b>Political subdivision's net pension liability - ending (a-b)</b>	<b>\$ 161,535</b>	\$ 141,741	\$ 59,129	\$ 11,244	\$ 250,302	\$ 143,181	\$ 78,343	\$ 80,326	\$ 157,523	\$ 155,311
<b>Plan fiduciary net position as a percentage of the total Pension liability</b>	<b>92.02%</b>	92.42%	96.58%	99.34%	84.40%	90.43%	94.31%	93.89%	87.67%	87.84%
<b>Covered payroll</b>	<b>\$ 449,499</b>	\$ 388,882	\$ 338,125	\$ 327,786	300,702	\$ 286,732	\$ 248,659	\$ 257,985	\$ 252,849	\$ 246,167
<b>Political subdivision's net pension liability as a percentage of covered payroll</b>	<b>35.94%</b>	36.45%	17.49%	3.43%	83.24%	49.94%	31.51%	31.14%	62.30%	63.09%

**Southside Regional Public Service Authority**

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2016 through 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
2025	\$ 58,272	\$ 58,272	\$ -	\$ 509,633	11.43%
2024	47,290	47,290	-	449,499	10.52%
2023	35,761	35,761	-	388,882	9.20%
2022	34,182	34,182	-	338,125	10.11%
2021	32,280	32,280	-	327,786	9.85%
2020	25,394	25,394	-	300,702	8.44%
2019	24,450	24,450	-	286,732	8.53%
2018	22,032	22,032	-	248,659	8.86%
2017	23,941	23,895	46	257,985	9.26%
2016	33,578	33,452	126	252,849	13.23%

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

**For Reference Only:**

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

## Southside Regional Public Service Authority

### Notes to Required Supplementary Information

For the Year Ended June 30, 2025

**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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Southside Regional Public Service Authority**

Schedule of Employer's Share of Net OPEB Liability  
Group Life Insurance Program  
For the Measurement Dates of June 30, 2017 through 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	<b>0.05484%</b>	0.05094%	0.04935%	0.04812%	0.04797%	0.04536%	0.04518%	0.04504%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	<b>\$ 18,359</b>	\$ 18,328	\$ 17,827	\$ 16,807	\$ 24,016	\$ 22,140	\$ 20,580	\$ 20,340
Employer's Covered Payroll	<b>\$ 449,499</b>	\$ 388,882	\$ 338,125	\$ 327,786	\$ 300,702	\$ 286,732	\$ 248,659	\$ 257,985
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	<b>4.08%</b>	4.71%	5.27%	5.13%	7.99%	7.72%	8.28%	7.88%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<b>73.41%</b>	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years. Since 2024 is the eighth year of presentation, only eight years of data is available. However, additional years will be included as they become available.*

**For Reference Only**

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2024 Annual Report.

**Southside Regional Public Service Authority**

Schedule of Employer Contributions

Group Life Insurance OPEB Plan

For the Years Ended June 30, 2016 through 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2025	\$ 5,425	\$ 5,425	\$ -	\$ 509,633	1.06%
2024	6,055	6,055	-	449,499	1.35%
2023	5,094	5,094	-	388,882	1.31%
2022	4,429	4,429	-	338,125	1.31%
2021	4,294	4,294	-	327,786	1.31%
2020	3,939	3,939	-	300,702	1.31%
2019	3,756	3,756	-	286,732	1.31%
2018	3,257	3,257	-	248,659	1.31%
2017	3,380	3,380	-	257,985	1.31%
2016	3,009	3,009	-	252,848	1.19%

**For Reference Only:**

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

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

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

**Southside Regional Public Service Authority**

Notes to Required Supplementary Information – GLI OPEB

For the Year Ended June 30, 2025

**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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers – General Employees**

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

# **OTHER INFORMATION**

## Southside Regional Public Service Authority

Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

## Solid Waste Revenue Bonds

Fiscal Year	Gross Revenue <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2016	\$ 2,751,297	\$ 893,628	\$ 1,857,669	\$ 1,041,743	\$ 129,283	1.59
2017	2,905,678	999,663	1,906,015	3,188,641	92,196	0.58
2018	3,002,840	1,840,677	1,162,163	253,648	165,416	2.77
2019	3,106,545	1,208,399	1,898,146	1,072,091	221,073	1.47
2020	3,073,119	1,162,391	1,910,728	1,135,125	186,252	1.45
2021	3,751,041	1,895,052	1,855,989	110,000	59,640	10.94
2022	3,312,183	1,161,920	2,150,263	1,080,785	122,422	1.79
2023	3,570,330	1,415,012	2,155,318	1,092,699	92,375	1.82
2024	4,251,972	1,659,745	2,592,227	259,085	59,640	8.13
<b>2025</b>	<b>4,010,176</b>	<b>1,897,998</b>	<b>2,112,178</b>	<b>174,898</b>	<b>179,639</b>	<b>5.96</b>

<sup>(1)</sup>Operating revenues and interest income

<sup>(2)</sup>Net of depreciation, amortization and landfill closure costs

# COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Southside Regional Public Service Authority, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Southside Regional Public Service Authority's basic financial statements, and have issued our report thereon dated November 24, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

*Creedle, Jones & Associates, P.C.*

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

South Hill, Virginia  
November 24, 2025