Blue Ridge Resource Authority

(A Component Unit of the County of Rockbridge, Virginia)

Financial Report

For the Year Ended June 30, 2022

BLUE RIDGE RESOURCE AUTHORITY

(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

BLUE RIDGE RESOURCE AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

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BLUE RIDGE RESOURCE AUTHORITY BOARD OF DIRECTORS

Daniel E. Lyons, Chairman (Rockbridge County)
Frank W. Friedman, Vice-Chairman (Lexington City)
Charles N. Smith, Treasurer (Rockbridge County)
R. W. Day (Rockbridge County)
David B. McDaniel (Rockbridge County)
David P. Truxell (Rockbridge County)
Leslie E. Ayers (Rockbridge County)

AUTHORITY OFFICIALS

Secretary………………………………………………………………….……………….. Jordan Dorey
Authority Counsel……………………………………………………………….…. Jeremy Carroll
Treasurer…………………………………………………………………….……………..Charles Smith

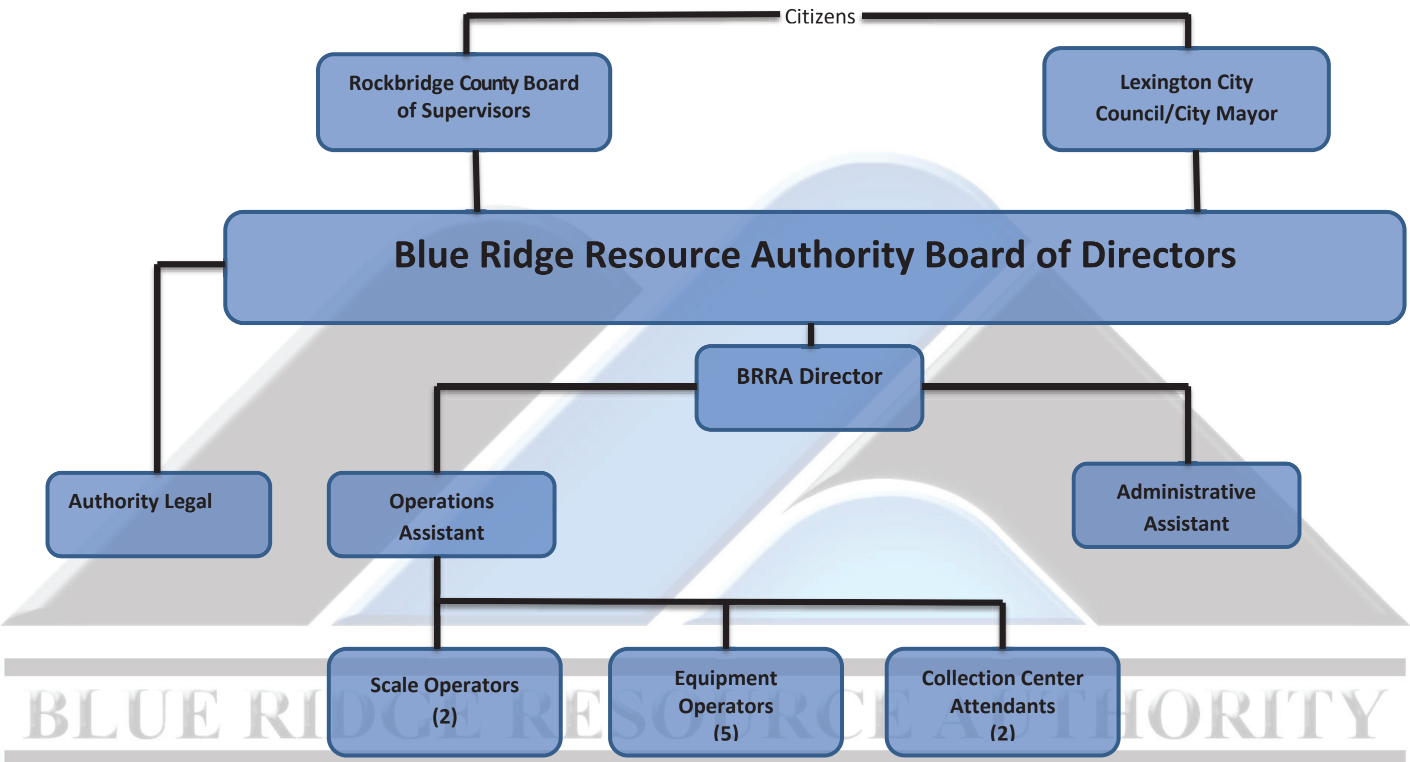
AUTHORITY KEY STAFF

Director…………………..…………………………………..………………………..…….. Fred Dudley
Operations Assistant………………………………………………………………… Michael Suthers
Administrative Assistant……………………………………………………............... Jordan Dorey
Scale Operator…………………………………………………………………………… Stephen Lucas

SOLID WASTE ADVISORY COMMITTEE STAFF

Rockbridge County Administrator…………………..………………………………….. Spencer Suter
Rockbridge County Fiscal Services Director………………………….................Ashton Harrison
Lexington City Manager……………………..……………………………….................. Jim Halasz
Lexington City Director of Public Works………………………………………………Patrick Madigan
Lexington City Council Member…………………………………………………………Charles Smith
BRRA Board Chairman…………………………………………………………………Dan Lyons

The Blue Ridge Resource Authority (BRRA) Organizational Chart



RFC
CPAs | Consultants

Robinson, Farmer, Cox Associates, PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF THE BLUE RIDGE RESOURCE AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Blue Ridge Resource Authority (a Component Unit of County of Rockbridge, Virginia), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Blue Ridge Resource Authority, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2022, the Authority adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 13 to the financial statements, in 2022, the Authority restated beginning balances to correct the previously issued financial statements. Our opinions are 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 Blue Ridge Resource Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, on our consideration of Blue Ridge Resource Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blue Ridge Resource Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Ridge Resource Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
January 11, 2023

Management's Discussion and Analysis

As management of the Blue Ridge Resource Authority (the Authority), we offer readers of our financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending (FYE) June 30, 2022.

Overview of the Financial Statements

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

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

- Statement of Net Position: This statement presents information on the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

- Statement of Cash Flows: This statement reports cash and cash equivalent activities for the year resulting from operating, capital, and related activities.

The basic enterprise fund financial statements are found on pages 10 through 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13 through 40 of this report.

Required supplementary information. This report also includes required supplementary information concerning the Authority's progress in funding its obligation to provide pension and other post-employment benefits to its employees. It is located immediately following the notes to financial statements on pages 41 through 47.

Financial Highlights of FYE 2022

- The liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows liabilities and deferred inflows at the close of FYE 2022 by $2,965,541 (net position), reflecting a $875,978 reduction in negative net position from FYE 2021, as restated.
- Total liabilities increased by $369,753 in FYE 2022, reflective of an increase in net long-term liabilities of $200,878, and an increase of net current liabilities by $168,875.
- Total revenues decreased by $144,033 when compared to FYE 2021, as restated. This is due primarily to a decrease of approximately $112,000 in commercial tipping fees relative to the prior year. The Authority also recognized a loss on certain of its investments of $23,411 in FYE 2022.
- Total expenses increased by $2,412,460 when compared to FYE 2021, primarily attributable to a increase in landfill closure and post-closure monitoring expense of $2,099,488 and an increase in operational expenses of $340,431. This increase is detailed further in the Financial Analysis section of the discussion.

Financial Analysis

Net Position – Total net position increased by $1,237,152 in FYE 2022, reflecting a reduction in negative net position from the previous year. FYE2021 net position was restated in FYE 2022, to reflect a reduction of $3,787,478. This adjustment was made to increase the post closure liability for phase I of the landfill. FYE 2021 net position was also restated in FYE 2022, to correct the balance of accounts receivable for the Authority as of June 30, 2021.

BRRA NET POSITION
June 30, 2022

	Business-type Activities	
	2022	2021
Current and other assets	$ 5,299,121	$ 7,839,841
Capital Assets	10,160,343	7,770,102
Total Assets	$ 15,459,464	$ 15,609,943
Deferred Outflows of Resources	$ 84,083	$ 150,027
Long-term liabilities	$ 16,752,749	$ 16,551,871
Other liabilities	1,456,897	1,288,022
Total liabilities	$ 18,209,646	$ 17,839,893
Deferred Inflows of Resources	$ 299,442	$ 9,640
Net Position:		
Net investment in capital assets	$ 3,294,678	$ 3,588,403
Unrestricted (deficit)	(6,260,219)	(5,677,966)
Total net position	$ (2,965,541)	$ (2,089,563)

Changes in Net Position – Service revenues for FYE 2022 decreased by $144,033 compared to that of FYE 2021, as restated. The primary reasons for the decrease were a decrease of approximately $112,000 in tipping fees from commercial sources and a $23,411 loss recognized on certain of its investments. Operating revenues exceed operating expenses by $679,368 and nonoperating items resulted in net nonoperating expenses of $1,555,346. The most significant component of nonoperating expenses was a change in the measurement of the post closure liability for Phase I of the landfill. Phase I of the landfill is no longer in operation.

Operating expenses increased by $340,431 compared to FYE 2021. This increase was primarily due to an increase in depreciation expense of $627,838 offset by decreases in expenses for contractual services of $163,064, and for measurement of pension and OPEB related items of $62,575.

BRRA CHANGES IN NET POSITION
June 30, 2022

	Business-type Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	$ 2,761,470	$ 2,879,223
Use of money and property	21,217	5,419
Loss on investments	(23,411)	-
Other	36,442	55,109
Total Revenues	$ 2,795,718	$ 2,939,751
Expenses:		
Public works - operations	$ 2,118,544	$ 1,778,113
Public works - landfill closure/post-closure	1,395,296	(704,192)
Interest on long-term debt	157,856	138,443
Other	-	46,872
Total expenses	$ 3,671,696	$ 1,259,236
Increase (decrease) in net position before transfers	$ (875,978)	$ 1,680,515
Gain or (Loss) on disposals of property	-	(6,187)
Increase (decrease) net position	$ (875,978)	$ 1,674,328
Net position - beginning	(2,089,563)	(3,763,891)
Net position - ending	$ (2,965,541)	$ (2,089,563)

Capital Asset and Debt Administration

Capital Assets – The net value of capital assets increased by $2,390,241 in FYE 2022, which reflects an increase in capital assets of $3,522,800 and reduction of $1,132,559 from annual depreciation. A construction project which began in FYE 2021 for Phase II of the landfill, was completed in FYE 2022 and resulted in $3,516,876 of capital additions in FYE 2022. Depreciation expense for buildings and improvements was $909,429 and for equipment (including leased assets) was $223,130 in FYE 2022.

BRRA CAPITAL ASSETS
Net of Depreciation

	Business-type Activities	
	2022	2021
Land	$ 531,037	$ 531,037
Construction in progress	-	290,441
Building and improvements	9,141,142	6,243,255
Machinery and equipment	483,487	705,369
Leased assets- equipment	4,677	-
Total	$ 10,160,343	$ 7,770,102

Additional information on the Authority's capital assets can be found in Note 4 to the financial statements.

Long-term Debt – The Authority has $17,558,287 in total long-term obligations, reflecting a $220,923 net increase from FYE 2021. In FYE 2021 BRRA retired $625,000 of revenue bonds and amortized $183,167 in bond premiums. The balance of direct borrowings and placements as of FYE 2022 is $8,100,322. Financed purchases for operating equipment were reduced by $54,275 in lease payments resulting in a remaining balance of $32,084.

The Authority recorded a liability for certain leases for operating equipment in the amount of $5,924 in FYE 2022 and recognized $1,222 in amortization, resulting in a year-end balance of $4,702.

Other long-term debt changes included accrual of compensated absences (-$27,172), OPEB (Other Post-Employment Benefits) liability (-$10,019)), pension liability (-$279,442), and landfill closure/post-closure liability (+$1,395,296).

Operating funds are budgeted and transferred annually to a non-operating, restricted cash account for long-term closure/post-closure expense based upon updated estimates of cost provided by Authority engineering consultants. (See Note 12 to the financial statements for the end of year balance and more information on these funds).

BRRA LONG-TERM OBLIGATIONS

	Business-type Activities	
	2022	2021
Revenue Bonds	$ 8,100,322	$ 8,908,489
Capital Leases	32,084	86,359
Lease liabilities	4,702	-
Compensated Absences	28,459	55,631
Net pension liability	55,816	335,258
Net OPEB liability	25,419	35,438
Landfill closure liability	9,311,485	7,916,189
Total long-term obligations	$ 17,558,287	$ 17,337,364

Additional information on the Authority's long-term obligations can be found in Note 6 to the financial statements.

Economic Factors and the FY 2023 Budget and Rates

The Blue Ridge Resource Authority Board of Directors did not increase fees for FYE 2022, and rates remain level. The municipal rate for Rockbridge County and the City of Lexington is $59.50 per ton and the member jurisdiction commercial rate is $61.50 per ton. Rates for non-member municipalities and commercial tonnage have an additional 25% surcharge added to the base fee. These current adopted tipping fees are expected to support current cost estimates for future closure/post-closure requirements. Cost estimates to close the 36.15-acre system are $6,246,485, and post-closure costs are forecasted at $7,109,288.

Requests for Information

This financial report is designed to provide readers with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Blue Ridge Resource Authority, 225 Landfill Road, Buena Vista, VA 24416.

FINANCIAL STATEMENTS

BLUE RIDGE RESOURCE AUTHORITY **Exhibit 1**
(A Component Unit of the County of Rockbridge, Virginia)
Statement of Net Position
June 30, 2022

ASSETS		
Current assets:		
Cash and cash equivalents	$	2,338,146
Accounts receivable		229,923
Interest receivable		1,819
Lease receivable - current portion		4,061
Due from County of Rockbridge		43,386
Total current assets	$	2,617,335
Noncurrent assets:		
Restricted cash and cash equivalents	$	2,609,137
Lease receivable - net of current portion		72,649
Capital assets, net of accumulated depreciation:		
Land		531,037
Building and improvements		9,141,142
Machinery and equipment		483,487
Lease assets - equipment		4,677
Total capital assets	$	10,160,343
Total noncurrent assets	$	12,842,129
Total assets	$	15,459,464
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$	77,657
OPEB related items		6,426
Total deferred outflows of resources	$	84,083
LIABILITIES		
Current liabilities:		
Accounts payable	$	218,576
Capital advances from Rockbridge County		350,000
Accrued interest payable		82,783
Lease liability - current portion		1,231
Bond payable - current portion		765,108
Note lease payable, current portion		32,084
Compensated absences, current portion		7,115
Total current liabilities	$	1,456,897
Noncurrent liabilities:		
Compensated absences, net of current portion	$	21,344
Net OPEB liability		25,419
Net pension liability		55,816
Closure and post-closure liability		9,311,485
Bonds payable, net of current portion		7,335,214
Lease liability - net of current portion		3,471
Total noncurrent liabilities	$	16,752,749
Total liabilities	$	18,209,646
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$	215,336
OPEB related items		7,120
Lease related items		76,986
Total deferred inflows of resources	$	299,442
NET POSITION		
Net investment in capital assets	$	3,294,678
Unrestricted (deficit)		(6,260,219)
Total net position	$	(2,965,541)

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

(A Component Unit of the County of Rockbridge, Virginia)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

Operating revenues:		
Charges for services:		
Landfill Rockbridge County	$	1,034,476
Landfill City of Lexington		217,427
Landfill City of Buena Vista		302,592
Commercial and noncommercial customers		1,206,975
Miscellaneous		36,442
Total operating revenues	$	2,797,912
Operating expenses:		
Personnel services	$	376,925
Fringe benefits		112,299
Contractual services		296,965
Other charges		199,289
Rent		507
Depreciation		1,132,559
Total operating expenses	$	2,118,544
Operating income (loss)	$	679,368
Nonoperating revenues (expenses):		
Investment income	$	(13,562)
Revenue from the use of property		11,368
Interest expense		(157,856)
Landfill closure costs and post-closure liability		(1,395,296)
Total nonoperating revenues (expenses)	$	(1,555,346)
Change in net position	$	(875,978)
Total net position (deficit) - beginning, as restated		(2,089,563)
Total net position (deficit)- ending	$	(2,965,541)

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

BLUE RIDGE RESOURCE AUTHORITY **Exhibit 3**
(A Component Unit of the County of Rockbridge, Virginia)
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows from operating activities:		
Receipts from customers/jurisdictions	$	2,732,587
Payments to suppliers		(339,967)
Payments to and for employees		(527,097)
Net cash provided by (used for) operating activities	$	1,865,523
Cash flows from capital and related financing activities:		
Purchase of capital assets	$	(3,516,876)
Principal paid on capital debt		(680,497)
Interest expense		(348,988)
Net cash provided by (used for) capital and related financing activities	$	(4,546,361)
Cash flows from investing activities:		
Revenue from the use of property	$	11,645
Interest income		(15,381)
Net cash provided by (used for) investing activities		(3,736)
Increase (decrease) in cash and cash equivalents	$	(2,684,574)
Cash and cash equivalents (including restricted), beginning of year		7,631,857
Cash and cash equivalents (including restricted), end of year	$	4,947,283
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	679,368
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		1,132,559
Changes in operating assets and deferred outflows of resources and operating liabilities and deferred inflows of resources:		
(Increase) decrease in accounts receivable		(27,740)
(Increase) decrease in due from other funds		(37,585)
(Increase) decrease in deferred outflows of resources		65,944
Increase (decrease) in accounts payable		156,794
Increase (decrease) in compensated absences		(27,172)
Increase (decrease) in net OPEB liability		(10,019)
Increase (decrease) in net pension liability		(279,442)
Increase (decrease) in deferred inflows of resources		212,816
Net cash provided by (used for) operating activities	$	1,865,523
Schedule of noncash capital and related financing activities:		
Landfill closure and post-closure costs	$	(1,395,296)
Total noncash capital and related financing activities	$	(1,395,296)

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

NOTE 1—BASIS OF PRESENTATION:

A. Organization and Purpose – The Blue Ridge Resource Authority (a Component Unit of the County of Rockbridge, Virginia), formerly known as the Rockbridge County Solid Waste Authority, was created by the Board of Supervisors for the purpose of developing and operating regional garbage and refuse disposal. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority is also responsible for the operation and maintenance of the landfill. In 2017, both the County of Rockbridge and the City of Lexington passed joint resolutions approving the joinder of the City to the Solid Waste Authority and renaming the organization as Blue Ridge Resource Authority. The Authority serves its two member localities, the County of Rockbridge and City of Lexington, the citizens of both localities, as well as several municipal customers throughout the region.

B. Financial Reporting Entity - The Blue Ridge Resource Authority is reported as a blended Component Unit of the County of Rockbridge. The Authority is governed by a board comprised of five members appointed by the County Board of Supervisors, and two appointed members from the Lexington City Council. The rates for user charges and the authorizations to incur indebtedness are approved by the Authority. The Authority is reported as an enterprise fund.

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

- Management's discussion and analysis

- Enterprise fund financial statements
  - Statement of Net Position
  - Statement of Revenues, Expenses and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements

- Required Supplementary Information
  - Schedule of Authority's Proportionate Share of the Net Pension Liability
  - Schedule of Employer Contributions – Pension Plan
  - Notes to Required Supplementary Information – Pension Plan
  - Schedule of Authority's Share of Net OPEB Liability – Group Life Insurance
  - Schedule of Employer Contributions – Group Life Insurance
  - Notes to Required Supplementary Information – Group Life Insurance
  - Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios – Medical, Dental, Prescription Insurance
  - Notes to Required Supplementary Information – Medical, Dental, Prescription Insurance

D. Business-type Activities account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. Business-type activities consist of Enterprise Funds.

NOTE 1—BASIS OF PRESENTATION: (CONTINUED)

E. Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the cost of providing services to the general public be financed or recovered through user charges. The Enterprise Fund consists of the Landfill Fund.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES:

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

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

When resources are available for a specific purpose, it is the Authority's policy to use restricted funds first before unrestricted funds are used.

B. Accounts Receivable - Accounts receivable are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances show a significant increase over the prior year, and no allowances for uncollectible accounts has been established.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, lease assets, and infrastructure of the Authority are depreciated/amortized using the straight-line method over the following useful lives:

Landfill equipment	3 to 20 years
Wells	20 to 30 years
Buildings	30 years
Lease equipment	2-5 years

Maintenance and repairs are charged to expense as incurred; material renewals and betterments are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation is calculated using the straight-line method. Depreciation for the year ended June 30, 2022 was $1,132,559.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Cash and Cash Equivalents - For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amount of cash and investments with original maturities of 90 days or less. The Authority considers all bank accounts to be cash and cash equivalents.

E. Interest on Indebtedness – Due to Governmental Accounting Standards Board Statement No. 89, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* interest cost incurred during construction is expensed and no longer capitalized as part of project costs.

F. Budgets and Budgetary Accounting -The budgets are adopted on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, capital expenditures, and bond principal payments but does not provide for depreciation of utility plant and amortization.

G. Inventory - Consumption of materials and supplies is recorded as an expense when used. No inventory amount is recorded as an asset, as available inventories are not significant.

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

I. Restricted Assets - The Authority maintains restricted cash in the amount of $2,609,137. Of this amount, $1,261,196 is restricted for the payment of future closure and post-closure costs associated with the Landfill, and $76,498 is restricted for capital purchases. Additionally, the Authority holds restricted unspent bond proceeds of $1,271,443.

J. Investments - External investment pools are measured at amortized cost. All other investments are reported at fair value. The State Treasurer’s Local Government Investment Pool operates in accordance with appropriate state laws and regulations.

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

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Net Position (Continued) - Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund 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.

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

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

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

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

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

P. Leases – The Authority leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee
The Authority recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $5,000, individually or in the aggregate. At commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

Key Estimates and Judgements
Lease accounting includes estimates and judgements for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Adoption of Accounting Principles

The Authority implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

Lessee activity:		
Lease asset	$	5,924
Lease liability	$	5,924
Lessor activity:		
Lease receivable	$	82,485
Deferred inflows of resources - lease	$	82,485

NOTE 3—DEPOSITS AND INVESTMENTS:

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.

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

Credit Risk of Debt Securities
The Authority investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

The Authority's rated debt investments as of June 30, 2022, were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Authority's Rated Debt Investment's Values

	Fair Quality Ratings	
	AAAm	AA+f
Vaco/VML Virginia Investment Pool	$ -	$ 912,658
SNAP External Investment Pool	1,271,443	-
Total	$ 1,271,443	$ 912,658

Fair Value Measurements: Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured fair value of the Virginia Investment Pool above at the net asset value (NAV). The SNAP External Investment Pool is measured at amortized cost as required by GASB 79.

Redemption Restrictions: Authority is limited to two withdrawals per month.

<u>External Investment Pool</u>
The value of the position in the external investment pools (SNAP) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. SNAP is amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

<u>Interest Rate Risk</u>
Maturities of the Authority's investments are as follows:

Investments	Fair Value	Maturity	
		Less than 1 year	1 to 5 years
Vaco/VML Virginia Investment Pool	$ 912,658	$ -	912,658
SNAP External Investment Pool	1,271,443	1,271,443	-
Total	$ 2,184,101	$ 2,184,101	912,658

NOTE 4—CAPITAL ASSETS:

Details of changes in capital assets for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	GASB 87 Adjustments	Additions	Deletions	Balance June 30, 2022
Capital Assets not being depreciated:					
Land	$ 531,037	$ -	$ -	$ -	$ 531,037
Construction in progress	290,441	-	3,516,876	(3,807,317)	-
Total capital assets not being depreciate	$ 821,478	$ -	$ 3,516,876	$ (3,807,317)	$ 531,037
Capital Assets being depreciated:					
Buildings and improvements	$ 8,274,321	-	$ -	$ 3,807,317	$ 12,081,638
Machinery and equipment	2,056,916	-	-	-	2,056,916
Total capital assets being depreciated	$ 10,331,237	$ -	$ -	$ 3,807,317	$ 14,138,554
Accumulated depreciation:					
Buildings and improvements	$ (2,031,066)	$ -	$ (909,430)	$ -	$ (2,940,496)
Machinery and equipment	(1,351,547)	-	(221,882)	-	(1,573,429)
Total accumulated depreciation	$ (3,382,613)	$ -	$ (1,131,312)	$ -	$ (4,513,925)
Net capital assets being depreciated	$ 6,948,624	$ -	$ (1,131,312)	$ 3,807,317	$ 9,624,629
Lease assets:					
Equipment	$ -	$ 5,924	$ -	$ -	$ 5,924
Accumulated amortization:					
Equipment	$ -	$ -	$ (1,247)	$ -	$ (1,247)
Net lease assets	$ -	$ 5,924	$ (1,247)	$ -	$ 4,677
Total capital assets, net of accumulated depreciation	$ 7,770,102	$ 5,924	$ 2,384,317	$ -	$ 10,160,343

NOTE 5—ADVANCES FROM PARTICIPATING ENTITIES:

The Resource Authority has advances from participating localities as follows:

	Balance June 30, 2021	Increase (Decrease)	Balance June 30, 2022
County of Rockbridge	$ 350,000	$ -	$ 350,000
Total	$ 350,000	$ -	$ 350,000

NOTE 6—LONG-TERM OBLIGATIONS:

Changes in long-term obligations:
The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2022:

	Balance July 1, 2021, as restated	GASB 87 Adjustments	Issuances	Retirements	Balance June 30, 2022
Direct borrowings and direct placements					
Revenue Bonds	$ 7,555,000	$ -	$ -	$ 625,000	$ 6,930,000
Bond Premium	1,353,489	-	-	183,167	1,170,322
Total direct borrowings and direct placements	$ 8,908,489	$ -	$ -	$ 808,167	$ 8,100,322
Financed Purchase - note payable	$ 86,359	$ -	$ -	$ 54,275	$ 32,084
Lease liabilities	$ -	$ 5,924	$ -	$ 1,222	$ 4,702
Other long-term obligations					
Compensated Absences	$ 55,631	$ -	$ 14,551	$ 41,723	$ 28,459
Net OPEB Liabilities	35,438	-	7,970	17,989	25,419
Net Pension Liability	335,258	-	214,514	493,956	55,816
Landfill Closure and Post-closure Care	7,916,189	-	1,395,296	-	9,311,485
Total other long-term obligations	$ 8,342,516	-	$ 1,632,331	$ 553,668	$ 9,421,179
Total Long-term Obligations	$ 17,337,364	5,924	$ 1,632,331	$ 1,417,332	$ 17,558,287

The Authority's outstanding revenue bonds from direct borrowings and direct placements contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 12.2-2659 of the Code of Virginia, 1950 as amended.

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

Year Ending June 30,	Financed Purchase Note Payable		Lease Liability		Direct Borrowings and Direct Placements Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 32,084	$ 931	$ 1,231	$ 55	$ 655,000	$ 314,353
2024	-	-	1,248	39	480,000	285,294
2025	-	-	1,264	22	510,000	259,925
2026	-	-	959	5	535,000	233,297
2027	-	-	-	-	560,000	205,638
2028	-	-	-	-	595,000	176,741
2029	-	-	-	-	620,000	146,781
2030	-	-	-	-	650,000	115,288
2031	-	-	-	-	685,000	81,953
2032	-	-	-	-	180,000	60,538
2033	-	-	-	-	185,000	52,484
2034	-	-	-	-	140,000	45,956
2035	-	-	-	-	145,000	40,503
2036	-	-	-	-	150,000	34,869
2037	-	-	-	-	155,000	29,053
2038	-	-	-	-	160,000	23,056
2039	-	-	-	-	170,000	16,775
2040	-	-	-	-	175,000	10,209
2041	-	-	-	-	180,000	3,438
Totals	$ 32,084	$ 931	$ 4,702	$ 121	$ 6,930,000	$ 2,136,151

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

Type/Project	Issue Date/Term	Amount of Original Issue	Interest Rates		Amount of Principal Installments		Final Maturity Date	Balance	Amount Due Within One Year
Business-type activities:									
Direct borrowings and direct placements:									
Revenue bonds:									
VRA 2012A revenue bond	5/31/2012	$ 655,000	3.625% - 5.125%	SA	$30,000- $50,000	A	4/1/2033	$ 435,000	$ 30,000
VRA 2016A revenue bond	5/25/2016	$ 5,710,000	3.792% - 5.125%	SA	$90,000- $625,000	A	4/1/2041	3,020,000	625,000
VRA 2020C revenue bond	9/25/2020	$ 3,475,000	5.125%	SA	$360,000- $515000	A	4/1/2031	3,475,000	-
Total revenue bonds								$ 6,930,000	$ 655,000
Total direct borrowings and direct placements								$ 6,930,000	$ 655,000
Financed purchase:									
Note payable for bulldozer purchase	12/15/2017	$ 259,100	3.200%	M	$3,996- $4,677	M	11/20/2022	$ 32,084	$ 32,084
Lease liability:									
VersaLink copier		$ 3,216	1.335%	M	$ 107	M	3/18/2026	$ 4,702	$ 1,231
Other obligations:									
Unamortized bond premium								$ 1,170,322	$ 110,108
Net pension liability								55,816	-
Net OPEB liabilities								25,419	-
Landfill closure and post-closure care								9,311,485	-
Compensated absences								28,459	7,115
Total other obligations								$ 10,591,501	$ 117,223
Total Long-term obligations from governmental activities								$ 17,558,287	$ 805,538

A = annual installments M = monthly installments SA= Semi-annual installments

NOTE 7—LEASE RECEIVABLE:

The following is a summary of lease receivable transactions of the Authority for the year ended June 30, 2022:

	Beginning Balance	Adjustments (1)	Beginning balance, as adjusted	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Business-type activities:							
Lease receivable	$ -	$ 82,485	$ 82,485	$ -	$ (5,775)	$ 76,710	$ 1,819

The details of lease receivable are as follows:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell tower space	7/1/2021	7/1/2035	Annual	2.35%	$ 76,710	$ 4,061

There are no variable payments for the lease receivable above.

Deferred inflows related to leases total $76,986, which is comprised of lease receivables of $76,710 and prepaid lease revenue of $276. Lease revenue amounted to $5,499 for the year ended June 30, 2022.

NOTE 8—PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

NOTE 8—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

b. Employees with a membership date from July 1, 2010, to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010, and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014, are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation, and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

NOTE 8—PENSION PLAN: (CONTINUED)

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2022, was 15.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $24,982 and $43,081 for the years ended June 30, 2022, and June 30, 2021, respectively.

Net Pension Liability

At June 30, 2022, the Authority reported a liability of $55,816 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The Authority's proportionate share of the same was calculated using pension contributions as of June 30, 2021 and 2020, as a basis for allocation. At June 30, 2021 and 2020, the Authority's proportion was 3.8053% and 4.8412%, respectively.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

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

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

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

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

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

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

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

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

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

NOTE 8—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021, 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.

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Blue Ridge Resource Authority's Net Pension Liability (Asset)	$ 256,668	$ 55,816	$ (110,848)

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

For the year ended June 30, 2022, the Authority recognized pension expense of $16,990. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,429	$ 10,775
Change in assumptions	49,246	-
Net difference between projected and actual earnings on pension plan investments	-	160,247
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	44,314
Employer contributions subsequent to the measurement date	24,982	-
Total	$ 77,657	$ 215,336

NOTE 8—PENSION PLAN: (CONTINUED)

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

$24,982 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30		
2023	$	(31,120)
2024		(36,690)
2025		(43,047)
2026		(51,804)
2027		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were $884 and $1,573 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of $16,419 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0011% as compared to 0.0017% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $876. 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.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

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

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,873	$ 125
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,919
Change in assumptions	905	2,246
Changes in proportionate share	1,010	506
Employer contributions subsequent to the measurement date	884	-
Total	$ 4,672	$ 6,796

$884 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	$ (605)
2023	(456)
2024	(487)
2025	(1,158)
2026	(302)
Thereafter	-

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

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

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

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB Plan): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021, on employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate	
	1% Decrease (5.75%)	**Current Discount (6.75%)**	**1% Increase (7.75%)**
Blue Ridge Resource Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 23,989	$ 16,419	$ 10,306

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in NOTE 8, the Authority participates in a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB Plan. Several entities participate in the defined benefit healthcare plan through the County of Rockbridge and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides post-employment heath care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Authority who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Authority.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Primary Government who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Primary Government.

Plan Membership

At July 1, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	8
Total	8

Contributions

The Authority does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County of Rockbridge Board. The Authority had no benefits come due during the year ended June 30, 2022.

Total OPEB Liability

The Authority's total OPEB liabilities were measured as of July 1, 2021. The total OPEB liabilities were determined by an actuarial valuation as of that date.

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 1.92%
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on the RP-2014 Total Dataset Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

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

Discount Rate

The discount rate has been set to 1.92% and represents the Municipal GO AA20-year yield curve rate as of June 30, 2021. The final equivalent single discount rate used for this year's valuation is 7.00% as of the end of the fiscal year with the expectation that the Authority will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Authority Total OPEB Liability
Balances at June 30, 2021	$	7,000
Changes for the year:		
Service cost		1,000
Difference between expected and actual experience		1,000
Net changes	$	2,000
Balances at June 30, 2022	$	9,000

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

The following amounts present the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate	
1% Decrease (.92%)	**Current Discount Rate (1.92%)**	**1% Increase (2.92%)**
$ 9,958	$ 9,000	$ 8,171

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

The following presents the total OPEB liability of the Authority, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.5%) or one percentage point higher (6.5%) than the current healthcare cost trend rates:

	Rates	
1% Decrease (4.5% decreasing to 4.00%)	**Healthcare Cost Trend (5.5% decreasing to 5.00%)**	**1% Increase (6.5% decreasing to 6.00%)**
$ 7,928	$ 9,000	$ 10,316

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

For the year ended June 30, 2022, the Authority's OPEB expense amounted to ($1,251). At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB plan are as follows:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ 942	$ 227
Changes in assumptions	812	97
Total	$ 1,754	$ 324

NOTE 11—COMPENSATED ABSENCES:

The Authority has accrued liabilities arising from compensated absences. No benefits or pay is received for unused sick leave upon termination. When employees leave the Authority's service through resignation or retirement, they are compensated for accumulated sick leave, up to the maximum hours allowed. The Authority has outstanding accrued compensated absences totaling $28,459.

NOTE 12—LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:

The Blue Ridge Resource Authority (a Component Unit of the County of Rockbridge, Virginia) owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista approximately 10%.

State and federal laws and regulations require the Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and reached capacity during fiscal year 2018. The Authority constructed a new landfill cell that began operations on July 1, 2017. The $9,311,485 reported as accrued closure and post-closure liability at June 30, 2022 represents the cumulative amount reported for post closure of the landfill which has reached full capacity ($4,638,810), and the estimated closure and post closure liability for the new landfill cells based on the estimated use of capacity as of June 30, 2022 (approximately 97% for cell I, and 5% for cell II). Closure and post closure cost based on estimated use of capacity is $4,475,522, and $197,153 for cell I and cell II, respectively. The estimated total current cost of the landfill closure and post-closure care of $9,311,485 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Blue Ridge Resource Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

The Authority demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 13—RESTATEMENT OF BEGINNING NET POSITION:

Beginning net position has been restated to correct the estimate for landfill post closure liability related to phase I of the landfill, and to correct the beginning balance of accounts receivable. The details of the restatement are as follows:

		Net Position
Net position at July 1, 2021 as originally reported	$	1,588,659
To correct the estimate for landfill post closure liability related to phase I of the landfill.		(3,787,478)
To correct the balance of accounts receivable reported for the Blue Ridge Resource Authority		109,256
Net position at July 1, 2021 as restated	$	(2,089,563)

NOTE 14—UPCOMING PRONOUNCEMENTS:

Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Authority's Proportionate Share of the Net Pension Liability
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date (1)	Authority's Proportion of the Net Pension Liability (NPL) (2)	Authority's Proportionate Share of the NPL (3)	Authority's Covered Payroll (4)	Authority's Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2021	3.8053%	$ 55,816	$ 291,206	19.17%	96.57%
2020	4.8412%	335,258	323,654	103.59%	82.77%
2019	4.4679%	243,321	329,102	73.93%	86.05%
2018	4.5422%	165,308	311,500	53.07%	89.82%
2017	4.3045%	166,001	281,227	59.03%	88.74%
2016	6.2700%	374,033	400,970	93.28%	82.17%
2015	4.1000%	167,160	385,046	43.41%	77.93%
2014	4.1000%	247,595	387,025	63.97%	67.42%

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

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 24,982	$ 24,982	$ -	$ 323,004	7.73%
2021	43,081	43,081	-	291,206	14.79%
2020	48,018	48,018	-	323,654	14.84%
2019	39,193	39,193	-	329,102	11.91%
2018	40,277	40,277	-	311,500	12.93%
2017	35,888	35,888	-	281,227	12.76%
2016	54,880	54,880	-	400,970	13.69%
2015	54,022	54,022	-	385,046	14.03%
2014	51,629	51,629	-	387,025	13.34%
2013	48,784	48,784	-	365,697	13.34%

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

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2022

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

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

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

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.0011%	$ 16,419	$ 298,822	5.49%	67.45%
2020	0.0017%	28,438	323,654	8.79%	52.64%
2019	0.0016%	27,318	329,102	8.30%	52.00%
2018	0.0015%	23,330	291,642	8.00%	51.22%
2017	0.0015%	22,919	281,227	8.15%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 884	$ 884	$ -	$ 163,662	0.55%
2021	1,573	1,573	-	298,822	0.54%
2020	1,683	1,683	-	323,654	0.52%
2019	1,683	1,683	-	329,102	0.51%
2018	1,517	1,517	-	291,642	0.52%
2017	1,461	1,461	-	281,227	0.52%
2016	1,926	1,926	-	401,278	0.48%
2015	1,859	1,859	-	387,288	0.48%
2014	1,858	1,858	-	387,025	0.48%
2013	1,755	1,755	-	365,697	0.48%

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

Non-Largest Ten Locality Employers - General Employees

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

BLUE RIDGE RESOURCE AUTHORITY **Exhibit 10**
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios-
Medical, Dental, Prescription Insurance
For the Years Ended June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 1,000	$ 1,000	$ -	$ 1,000	$ 1,000
Interest	-	-	-	1,000	-
Changes in assumptions	-	1,000	2,000	(2,000)	-
Differences between expected and actual experience	1,000	(2,000)	-	(5,000)	-
Net change in total OPEB liability	$ 2,000	$ -	$ 2,000	$ (5,000)	$ 1,000
Total OPEB liability - beginning	7,000	7,000	5,000	10,000	9,000
Total OPEB liability - ending	$ 9,000	$ 7,000	$ 7,000	$ 5,000	$ 10,000
Covered-employee payroll	$ 171,991	$ 152,178	$ 136,815	$ 118,854	$ 191,313
Authority's total OPEB liability (asset) as a percentage of covered-employee payroll	5.23%	4.60%	5.12%	4.21%	5.23%

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

Valuation Date: 7/1/2021
Measurement Date: 7/1/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	1.92% which represents the Municipal GO AA 20-year yield curve rate as of July 1, 2021
Inflation	2.50% per year
Healthcare Trend Rate	10.19% for fiscal year end 2021 (to reflect actual experience), then 5.50% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

COMPLIANCE

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

TO THE BOARD OF THE BLUE RIDGE RESOURCE AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Blue Ridge Resource Authority (a component unit of the County of Rockbridge, Virginia) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 11, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
January 11, 2023