

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(A Component Unit of Rockbridge County, Virginia)

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(A Component Unit of Rockbridge County, Virginia)

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

MEMBERS

David McDaniel

Rick Mast

Jay Melvin

Dr. Grigg Mullen

Mike Henry

OFFICIALS

Grigg Mullen, Chairman

Rick Mast, Vice-Chairman

Jay Melvin, Treasurer

Melissa Alexander, Executive Director and Secretary

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Rockbridge County Public Service Authority, a component unit of Rockbridge County, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Change in Accounting Principles

As described in Note 10 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the Rockbridge County Public Service Authority's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026, on our consideration of the Rockbridge County Public Service Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rockbridge County Public Service Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rockbridge County Public Service Authority's internal control over financial reporting and compliance.

Charlottesville, Virginia
May 1, 2026

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

As management of the Rockbridge County Public Service Authority, (the "Authority"), we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements section of this report.

Overview of the Financial Statements

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

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

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

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

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

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

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

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,805,674 (net position). Of this amount \$10,058,497 (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors.
- The Authority's total net position increased by \$2,084,562.
- The Authority's total long-term obligations decreased by \$843,959 during the current fiscal year, largely due to payment of revenue bonds.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Authority's financial position. In the case of the Service Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,805,674 at the close of the most recent fiscal year.

The largest portion of the Authority's net position (58%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position	
	2025	2024
Current and other assets	\$ 12,292,651	\$ 9,183,589
Capital assets	<u>22,512,815</u>	<u>23,328,469</u>
Total assets	<u>\$ 34,805,466</u>	<u>\$ 32,512,058</u>
Deferred outflows of resources	\$ <u>134,789</u>	\$ <u>82,224</u>
Long-term liabilities outstanding	\$ 8,006,833	\$ 8,850,792
Other Liabilities	<u>3,041,025</u>	<u>1,962,256</u>
Total Liabilities	<u>\$ 11,047,858</u>	<u>\$ 10,813,048</u>
Deferred inflows of resources	\$ <u>86,723</u>	\$ <u>60,122</u>
Net position:		
Net investment in capital assets	\$ 13,747,177	\$ 13,684,117
Unrestricted	<u>10,058,497</u>	<u>8,036,995</u>
Total net position	<u>\$ 23,805,674</u>	<u>\$ 21,721,112</u>

Financial Analysis (continued)

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

	<u>Change in Net Position</u>	
	<u>2025</u>	<u>2024</u>
Revenues:		
Operating Revenues	\$ 4,640,548	\$ 4,187,907
Operating contributions-Rockbridge County	210,499	218,521
Other Revenue	<u>177,637</u>	<u>112,506</u>
Total revenues	<u>\$ 5,028,684</u>	<u>\$ 4,518,934</u>
Expenses:		
Operating Expenses	\$ 3,731,353	\$ 3,322,483
Depreciation Expense	1,100,157	1,065,307
Interest Expense	97,831	104,033
Other Expense	<u>35,618</u>	<u>35,618</u>
Total expenses	<u>\$ 4,964,959</u>	<u>\$ 4,527,441</u>
Change in net position before capital contributions	\$ 63,725	\$ (8,507)
Capital Contributions	<u>2,020,837</u>	<u>714,071</u>
Change in net position	\$ 2,084,562	\$ 705,564
Net position—July 1	<u>21,721,112</u>	<u>21,015,548</u>
Net position—June 30	<u><u>\$ 23,805,674</u></u>	<u><u>\$ 21,721,112</u></u>

The Service Authority's net position increased by \$2,084,562 during the current year. Total revenues increased \$509,750 (excluding capital contributions) while total expenses increased \$437,518 from FY2024 totals. Capital contributions increased by \$1,306,766 from 2024 amounts.

Capital Asset and Debt Administration

Capital Assets - The Authority's investment in capital assets as of June 30, 2025 amounts to \$22,512,815 (net of accumulated depreciation). Investment in Capital Assets decreased 3.50% during the year. Below is a comparison of the items that make up Capital Assets as of June 30, 2025 with that of June 30, 2024.

	<u>2025</u>	<u>2024</u>
Land and Land Rights	\$ 410,596	\$ 410,596
Buildings	27,906	32,325
Water structures, lines and equipment	8,292,281	8,656,370
Sewer structures, lines and equipment	13,390,168	14,021,225
Office equipment	139,448	157,876
Construction in Progress	<u>252,416</u>	<u>50,078</u>
Total Capital Assets	<u><u>\$ 22,512,815</u></u>	<u><u>\$ 23,328,470</u></u>

Capital Asset and Debt Administration (continued)

Major capital asset activity for the current fiscal year included:

Projects:

NBSP Waterline Extension	\$	208,466
Vehicle		39,084
Deming Pump		15,365
Total	\$	<u>262,915</u>

Long-Term Debt - At the end of the fiscal year, the Authority had \$8,765,638 in bonds and notes outstanding versus \$9,644,352 last year, a decrease of 9%.

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

Operating Revenues - Water operating revenues increased by 10.62% from last year's levels while sewer operating revenues increased 10.98%. Total water and sewer fund revenues increased 34.71%.

Operating Expenses - Operating expenses (excluding depreciation) increased by \$408,870 (12.31%) over the prior year. Water operating expenses increased by \$223,267 (10.23%) and sewer expenses increased by \$214,251 (9.14%). Administrative expenses increased by \$84,451 (10.94%).

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

The Authority received operating contributions from Rockbridge County in the form of debt service payments of \$210,499 this year as compared to \$218,521 in the previous year.

Long Term Trends in Operations

The PSA received an influx in new water and sewer connections as a large home developer purchased lots in several subdivisions. Of the forty-six new residential connections, this company was responsible for thirty-three of them. The company has been building multiple houses at a time and they are selling quickly. There were three commercial connections paid for this year, two gas station/convenience stores and a sporting goods store.

Near the end of last year, an agreement was executed between the Department of Conservation and the PSA to extend water to the Natural Bridge State Park. The preliminary concept is for the extension to begin at the end of the Buck Hill water main on Fanny Barger Road and continue parallel to Rt 11 to the state park. The engineer surveyed the properties and the preliminary route of the waterline.

Long Term Trends in Operations: (continued)

The new logo created last year continued rolling out. New vinyl decals were applied to the vehicles, business cards, and office work apparel was purchased. Staff continued to update existing forms and documents with the new logo as well.

The PSA purchased a new vacuum truck to replace the 34-year-old sewer jet. It has proven to be especially useful for excavating in tight spaces and around other utilities.

A contract was entered into with HomeServe to offer water and sewer service line insurance protection to our customers. The first letters will go out later this year. Any proceeds the PSA receives will be used for customer education and outreach.

Requests for Information

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

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

Statement of Net Position
June 30, 2025
(With Comparative Totals for 2024)

	At June 30, 2025			Totals for June 30, 2024
	Water	Sewer	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 7,244,003	\$ 2,932,578	\$ 10,176,581	\$ 8,227,877
Accounts receivable - customers, net	362,516	394,323	756,839	751,473
Lease receivable, current portion	2,044	-	2,044	1,957
Due from other governments	1,135,000	-	1,135,000	-
Inventory of maintenance supplies	105,116	15,402	120,518	100,199
Accrued interest	449	-	449	243
Restricted current assets:				
Customer deposits - cash	47,615	44,535	92,150	90,725
Total current assets	\$ 8,896,743	\$ 3,386,838	\$ 12,283,581	\$ 9,172,474
Noncurrent Assets:				
Other assets:				
Lease receivable, net of current portion	\$ 9,070	\$ -	\$ 9,070	\$ 11,115
Total noncurrent assets	\$ 9,070	\$ -	\$ 9,070	\$ 11,115
Capital Assets:				
Land	\$ 194,893	\$ 215,703	\$ 410,596	\$ 410,596
Buildings	99,951	76,915	176,866	176,866
Utility plant and equipment	18,681,377	24,779,939	43,461,316	43,418,236
Vehicles and equipment	567,052	399,229	966,281	979,580
Total capital assets	\$ 19,543,273	\$ 25,471,786	\$ 45,015,059	\$ 44,985,278
Accumulated depreciation	(10,973,919)	(11,780,741)	(22,754,660)	(21,706,887)
Sub-total	\$ 8,569,354	\$ 13,691,045	\$ 22,260,399	\$ 23,278,391
Construction work in progress	237,798	14,618	252,416	50,078
Net capital assets	\$ 8,807,152	\$ 13,705,663	\$ 22,512,815	\$ 23,328,469
Total noncurrent assets	\$ 8,816,222	\$ 13,705,663	\$ 22,521,885	\$ 23,339,584
Total assets	\$ 17,712,965	\$ 17,092,501	\$ 34,805,466	\$ 32,512,058
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 62,155	\$ 62,017	\$ 124,172	\$ 73,133
OPEB related items	5,309	5,308	10,617	9,091
Total deferred outflows of resources	\$ 67,464	\$ 67,325	\$ 134,789	\$ 82,224

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

Statement of Net Position

June 30, 2025

(With Comparative Totals for 2024)

	At June 30, 2025			Totals for June 30, 2024
	Water	Sewer	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 478,632	\$ 346,550	\$ 825,182	\$ 904,926
Unearned revenues	1,135,000	-	1,135,000	-
Compensated absences	32,199	32,199	64,398	48,256
Accrued interest payable	160	12,096	12,256	13,554
Bonds payable - current portion	58,923	853,117	912,040	904,795
Total current liabilities	\$ 1,704,914	\$ 1,243,962	\$ 2,948,876	\$ 1,871,531
Current liabilities payable from restricted assets:				
Customer deposits	\$ 47,615	\$ 44,535	\$ 92,150	\$ 90,725
Noncurrent liabilities:				
Loan from Rockbridge County	\$ -	\$ 4,228,284	\$ 4,228,284	\$ 4,202,204
Net pension liability	61,353	61,353	122,706	71,208
Net OPEB liabilities	15,264	15,265	30,529	40,027
Bonds payable - net of current portion	1,983,256	1,642,058	3,625,314	4,537,353
Total noncurrent liabilities	\$ 2,059,873	\$ 5,946,960	\$ 8,006,833	\$ 8,850,792
Total liabilities	\$ 3,812,402	\$ 7,235,457	\$ 11,047,859	\$ 10,813,048
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 31,760	\$ 31,896	\$ 63,656	\$ 36,263
OPEB related items	6,315	6,317	12,632	11,336
Lease related items	10,435	-	10,435	12,523
Total deferred inflows of resources	\$ 48,510	\$ 38,213	\$ 86,723	\$ 60,122
NET POSITION				
Net investment in capital assets	\$ 6,764,973	\$ 6,982,204	\$ 13,747,177	\$ 13,684,117
Unrestricted	7,154,544	2,903,952	10,058,496	8,036,995
Total Net Position	\$ 13,919,517	\$ 9,886,156	\$ 23,805,673	\$ 21,721,112

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

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

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Year Ended June 30, 2025			Totals for June 30, 2024
	Water	Sewer	Totals	
Operating Revenues:				
Water sales	\$ 2,024,014	\$ -	\$ 2,024,014	\$ 1,837,356
Sewer service charges	-	2,251,344	2,251,344	2,040,744
Potential demand charge	87,109	91,675	178,784	141,543
Extra service units	25,112	26,244	51,356	49,211
Hookup fees	15,170	10,250	25,420	42,100
Late charges	29,142	-	29,142	30,740
Reconnection charges	17,283	6,528	23,811	17,850
Inspection charge	-	1,100	1,100	1,625
Account charge	8,160	4,860	13,020	12,345
Fire line	5,169	-	5,169	-
Miscellaneous revenue	19,061	18,327	37,388	14,393
Total Operating Revenues	\$ 2,230,220	\$ 2,410,328	\$ 4,640,548	\$ 4,187,907
Operating Expenses:				
Water operating expenses	\$ 1,456,163	\$ -	\$ 1,456,163	\$ 1,271,460
Sewer operating expenses	-	1,419,422	1,419,422	1,279,174
Administrative and general expenses	434,228	421,541	855,769	771,849
Depreciation expense	434,262	665,895	1,100,157	1,065,307
Total Operating Expenses	\$ 2,324,653	\$ 2,506,858	\$ 4,831,511	\$ 4,387,790
Operating Income (Loss)	\$ (94,433)	\$ (96,530)	\$ (190,963)	\$ (199,883)
Nonoperating Revenues (Expenses):				
Interest income	\$ 139,287	\$ 38,350	\$ 177,637	\$ 112,506
Operating contributions - County	-	210,499	210,499	218,521
Interest expense	(45,925)	(51,906)	(97,831)	(104,033)
Contribution to Maury Service Authority	(35,618)	-	(35,618)	(35,618)
Total Nonoperating Income (Expense)	\$ 57,744	\$ 196,943	\$ 254,687	\$ 191,376
Income (loss) before contributions	\$ (36,689)	\$ 100,413	\$ 63,724	\$ (8,507)
Capital contributions	1,795,837	225,000	2,020,837	714,071
Change in net position	\$ 1,759,148	\$ 325,413	\$ 2,084,561	\$ 705,564
Net Position, Beginning of Year	12,160,369	9,560,743	21,721,112	21,015,548
Net Position, End of Year	\$ 13,919,517	\$ 9,886,156	\$ 23,805,673	\$ 21,721,112

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

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

Statement of Cash Flows
Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Year Ended June 30, 2025			Totals for June 30, 2024
	Water	Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,234,222	\$ 2,404,343	\$ 4,638,565	\$ 4,150,147
Payments to suppliers	(1,388,383)	(2,100,459)	(3,488,842)	(2,638,362)
Payments to employees	(337,303)	26,906	(310,397)	(297,337)
Net cash provided by (used for) operating activities	\$ 508,536	\$ 330,790	\$ 839,326	\$ 1,214,448
Cash flows from noncapital financing activities:				
Operating grants received - County	\$ -	\$ 210,499	\$ 210,499	\$ 218,521
Contribution to Maury Service Authority	(35,618)	-	(35,618)	(35,618)
Net cash provided by (used for) noncapital financing activities	\$ (35,618)	\$ 210,499	\$ 174,881	\$ 182,903
Cash flows from capital and related financing activities:				
Additions to utility plant	\$ (25,112)	\$ (3,548)	\$ (28,660)	\$ (389,407)
Additions to office and general equipment	(19,542)	(19,542)	(39,084)	(35,386)
Additions to construction in progress	(210,458)	(6,300)	(216,758)	(41,760)
Principal payments on bonds	(57,678)	(847,117)	(904,795)	(898,634)
Interest paid	(45,688)	(53,198)	(98,886)	(105,014)
Proceeds from loans from Rockbridge	-	26,080	26,080	50,758
Contributions in aid of construction	1,795,837	225,000	2,020,837	714,071
Net cash provided by (used for) capital and related financing activities	\$ 1,437,359	\$ (678,625)	\$ 758,734	\$ (705,372)
Cash flows from investing activities:				
Interest income	\$ 138,838	\$ 38,350	\$ 177,188	\$ 112,263
Increase (decrease) in cash and cash equivalents	\$ 2,049,115	\$ (98,986)	\$ 1,950,129	\$ 804,242
Cash and cash equivalents at beginning of year (including \$48,340 and \$42,385 respectively reported in restricted accounts)	5,242,503	3,076,099	8,318,602	7,514,360
Cash and cash equivalents at end of year (including \$48,340 and \$42,385 respectively reported in restricted accounts)	\$ 7,291,618	\$ 2,977,113	\$ 10,268,731	\$ 8,318,602
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (94,433)	\$ (96,530)	\$ (190,963)	\$ (199,883)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	434,262	665,895	1,100,157	1,065,307
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	2,769	(8,135)	(5,366)	(51,206)
(Increase) decrease in lease receivables	1,958	-	1,958	1,873
(Increase) decrease in inventories	(19,078)	(1,241)	(20,319)	(11,866)
(Increase) decrease in net pension asset	-	-	-	-
Increase (decrease) in accounts payable	167,817	(247,561)	(79,744)	361,588
Increase (decrease) in compensated absences	8,071	8,071	16,142	12,806
Increase (decrease) in net OPEB liability	(4,750)	(4,748)	(9,498)	1,124
Increase (decrease) in net pension liability	25,749	25,749	51,498	17,236
(Increase) decrease in deferred outflows of resources	(26,078)	(26,487)	(52,565)	39,618
Increase (decrease) in deferred inflows of resources	12,974	13,627	26,601	(33,722)
Increase (decrease) in customers deposits	(725)	2,150	1,425	11,573
Net cash provided by (used for) operating activities	\$ 508,536	\$ 330,790	\$ 839,326	\$ 1,214,448

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

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

Notes to Financial Statements
As of June 30, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

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

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

Revenue - The Authority records water and sewer revenue as billed to its customers principally on a bi-monthly cycle basis. At year end the Authority accrues a pro-rata portion of the unbilled cycle. Uncollectible amounts for delinquent balances at June 30, 2025 totaled \$35,396.

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

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

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

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

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

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

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

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

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

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

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

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

Comparative Totals - Comparative totals are presented for informational purposes only. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Pensions

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

Other Postemployment Benefits

Group Life Insurance

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

Leases and Subscription-Based IT Arrangements

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

Lessor

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

Key Estimates and Judgments

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

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

Leases and Subscription-Based IT Arrangements: (Continued)

Key Estimates and Judgments: (Continued)

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

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

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). At June 30, 2025, the Authority held no investments.

The Authority has no formal deposit and investment policy.

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 3—CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated:				
Land	\$ 194,893	\$ -	\$ -	\$ 194,893
Construction in progress	41,760	210,458	14,420	237,798
Total capital assets not being depreciated	<u>\$ 236,653</u>	<u>\$ 210,458</u>	<u>\$ 14,420</u>	<u>\$ 432,691</u>
Other Capital Assets:				
Buildings	\$ 99,951	\$ -	\$ -	\$ 99,951
Accumulated depreciation	(84,294)	(2,498)	-	(86,792)
Total	<u>\$ 15,657</u>	<u>\$ (2,498)</u>	<u>\$ -</u>	<u>\$ 13,159</u>
Utility plant and equipment	\$ 18,641,844	\$ 39,533	\$ -	\$ 18,681,377
Accumulated depreciation	(9,985,474)	(403,622)	-	(10,389,096)
Total	<u>\$ 8,656,370</u>	<u>\$ (364,089)</u>	<u>\$ -</u>	<u>\$ 8,292,281</u>
Office and general equipment	\$ 562,137	\$ 19,543	\$ 14,628	\$ 567,052
Accumulated depreciation	(484,517)	(28,142)	(14,628)	(498,031)
Total	<u>\$ 77,620</u>	<u>\$ (8,599)</u>	<u>\$ -</u>	<u>\$ 69,021</u>
Other capital assets, net	<u>\$ 8,749,647</u>	<u>\$ (375,186)</u>	<u>\$ -</u>	<u>\$ 8,374,461</u>
Water capital assets, net	<u>\$ 8,986,300</u>	<u>\$ (164,728)</u>	<u>\$ 14,420</u>	<u>\$ 8,807,152</u>
<u>Sewer</u>				
Capital assets not being depreciated:				
Land	\$ 215,703	\$ -	\$ -	\$ 215,703
Construction work in progress	8,318	6,300	-	14,618
Total capital assets not being depreciated	<u>\$ 224,021</u>	<u>\$ 6,300</u>	<u>\$ -</u>	<u>\$ 230,321</u>
Other Capital Assets:				
Buildings	\$ 76,915	\$ -	\$ -	\$ 76,915
Accumulated depreciation	(60,246)	(1,922)	-	(62,168)
Total	<u>\$ 16,669</u>	<u>\$ (1,922)</u>	<u>\$ -</u>	<u>\$ 14,747</u>
Utility plant and equipment	\$ 24,776,392	\$ 3,547	\$ -	\$ 24,779,939
Accumulated depreciation	(10,755,169)	(634,602)	-	(11,389,771)
Total	<u>\$ 14,021,223</u>	<u>\$ (631,055)</u>	<u>\$ -</u>	<u>\$ 13,390,168</u>
Office and general equipment	\$ 417,443	\$ 19,541	\$ 37,756	\$ 399,228
Accumulated depreciation	(337,187)	(29,370)	(37,756)	(328,801)
Total	<u>\$ 80,256</u>	<u>\$ (9,829)</u>	<u>\$ -</u>	<u>\$ 70,427</u>
Other capital assets, net	<u>\$ 14,118,148</u>	<u>\$ (642,806)</u>	<u>\$ -</u>	<u>\$ 13,475,342</u>
Sewer capital assets, net	<u>\$ 14,342,169</u>	<u>\$ (636,506)</u>	<u>\$ -</u>	<u>\$ 13,705,663</u>
Total capital assets, net	<u>\$ 23,328,469</u>	<u>\$ (801,234)</u>	<u>\$ 14,420</u>	<u>\$ 22,512,815</u>

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

NOTE 4—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	7
Inactive members:	
Vested inactive members	1
Non-vested inactive members	3
Inactive members active elsewhere in VRS	<u>3</u>
Total inactive members	7
Active members	<u>8</u>
Total covered employees	<u><u>22</u></u>

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Contributions

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

The Authority’s contractually required employer contribution rate for the year ended June 30, 2025 was 6.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$34,206 and \$25,703 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 2,305,229	\$ 2,234,021	\$ 71,208
Changes for the year:			
Service cost	\$ 35,007	\$ -	\$ 35,007
Interest	154,505	-	154,505
Differences between expected and actual experience	123,279	-	123,279
Contributions - employer	-	25,661	(25,661)
Contributions - employee	-	21,702	(21,702)
Net investment income	-	215,325	(215,325)
Benefit payments, including refunds of employee contributions	(102,555)	(102,555)	-
Administrative expenses	-	(1,436)	1,436
Other changes	-	44	(44)
Net changes	\$ 210,236	\$ 158,741	\$ 51,495
Balances at June 30, 2024	\$ 2,515,465	\$ 2,392,762	\$ 122,703

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's Net Pension Liability (Asset)	\$ 435,771	\$ 122,703	\$ (132,935)

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

For the year ended June 30, 2025, the Authority recognized pension expense of \$62,013. At June 30, 2025, 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	\$ 89,827	\$ -
Net difference between projected and actual earnings on pension plan investments	-	63,517
Change in proportionate share	139	139
Employer contributions subsequent to the measurement date	34,206	-
Total	\$ 124,172	\$ 63,656

\$34,206 was reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the fiscal year ending June 30, 2026. 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	
2026	\$ (6,716)
2027	58,494
2028	(12,181)
2029	(13,287)
2030	-
Thereafter	-

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 4—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

NOTE 5—LONG-TERM OBLIGATIONS:

	Total Amount	Amount Due Within One Year
Details of long-term obligations:		
<u>Water Fund:</u>		
<u>Direct Borrowings and Placements:</u>		
Rural Development Bonds:		
\$637,000 Water System Revenue Bond (Series 2018) issued through the United States Department of Agriculture, dated October 30, 2018, payable monthly through July 2058, stated interest rate of 2.75%	\$ 580,886	\$ 10,783
\$2,081,000 Water System Revenue Bond (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually in varying amounts through June 28, 2052, stated interest rate of 2.0%.	1,461,292	48,140
Total Revenue Bonds	\$ 2,042,178	\$ 58,923
Other Long-term Obligations:		
Compensated absences	32,199	32,199
Net pension liability	61,353	-
Net OPEB liabilities	15,265	-
Total Water Fund	\$ 2,150,995	\$ 91,122

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Sewer Fund:</u>		
<u>Direct Borrowings and Placements:</u>		
Revenue Bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end	\$ 1,035,176	\$ 690,117
\$2,461,000 Sewer System Revenue Bonds, Series 2018 issued through the Virginia Revolving Loan Fund payable through December 31, 2033 in equal installments with interest at 3.29%. Amount advanced and outstanding at year-end	<u>1,460,000</u>	<u>163,000</u>
Total Revenue Bonds	\$ 2,495,176	\$ 853,117
Advances:		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	4,228,284	-
Other Long-term Obligations:		
Compensated absences	32,199	32,199
Net pension liability	61,353	-
Net OPEB liabilities	<u>15,265</u>	<u>-</u>
Total Sewer Fund	\$ <u>6,832,277</u>	\$ <u>885,316</u>
Grand total	<u>\$ 8,983,272</u>	<u>\$ 976,438</u>

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30	Direct Borrowings and Placements	
	Revenue and Rural Development Bonds	
	Principal	Interest
2026	\$ 912,040	\$ 92,719
2027	573,255	86,083
2028	234,497	79,255
2029	241,827	72,233
2030	249,186	64,985
2031	256,575	57,509
2032	263,995	49,806
2033	272,446	41,873
2034	69,629	33,679
2035	71,445	32,163
2036-2040	381,164	136,876
2041-2045	424,425	93,255
2046-2050	388,415	46,183
2051-2055	113,577	19,863
2056-2059	84,878	4,063
Total	\$ 4,537,354	\$ 910,545

Changes in Long-Term Obligations:

	Balance July 1, 2024	Issuances/ Additions	Retirement/ Reductions	Balance June 30, 2025
Water Fund:				
Direct Borrowings and Placements:				
Revenue Bonds	\$ 591,376	\$ -	\$ 10,490	\$ 580,886
Rural Development Bonds	1,508,480	-	47,188	1,461,292
Compensated Absences	24,128	8,071	-	32,199
Net pension liability	35,604	157,114	131,365	61,353
Net OPEB liabilities	20,014	5,719	10,468	15,265
Total Water Fund	\$ 2,179,602	\$ 170,904	\$ 199,511	\$ 2,150,995
Sewer Fund:				
Direct Borrowings and Placements:				
Revenue Bonds	\$ 3,342,292	\$ -	\$ 847,116	\$ 2,495,176
Advances	4,202,204	26,080	-	4,228,284
Compensated absences	24,128	8,071	-	32,199
Net pension liability	35,604	157,114	131,365	61,353
Net OPEB liabilities	20,013	5,719	10,467	15,265
Total Sewer Fund	\$ 7,624,241	\$ 196,984	\$ 988,948	\$ 6,832,277
Totals	\$ 9,803,843	\$ 367,888	\$ 1,188,459	\$ 8,983,272

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Related Party Activity:

Operating contributions from Rockbridge County consisted of the following:

Principal and interest payments on the 2018 Sewer Revenue Bonds	\$	157,000
	\$	<u>157,000</u>

Rockbridge County issued a loan to the Authority in 2010 in the amount of \$2,823,785, with additional issuances of \$233,488 in 2018, \$221,900 in 2019, \$228,717 in 2020, \$332,011 in 2021, \$212,992 in 2022, \$98,461 in 2023, \$50,758 in 2024, and \$26,080 in 2025. The total amount outstanding at June 30, 2025 is \$ \$4,228,283. The loan has no agreed upon repayment terms.

NOTE 6—RISK MANAGEMENT:

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

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS:

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

Plan Description

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

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% ($1.18\% \times 60\%$) and the employer component was 0.47% ($1.18\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$2,327 and \$2,427 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Contributions (Continued)

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

At June 30, 2025, the entity reported a liability of \$19,529 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was .00175% as compared to .00192% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of (\$338). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,080	\$ 477
Net difference between projected and actual earnings on GLI OPEB Plan investments	-	1,646
Change in assumptions	111	968
Changes in proportionate share	799	3,582
Employer contributions subsequent to the measurement date	<u>2,327</u>	<u>-</u>
Total	<u>\$ 6,317</u>	<u>\$ 6,673</u>

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
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Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

\$2,327 was reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	\$ (1,708)
2027	(433)
2028	(588)
2029	50
2030	(4)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions: (Continued)

- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

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

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Discount Rate

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the Group Life Insurance Plan				
Net OPEB Liability	\$	30,370	\$ 19,529	\$ 10,771

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
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Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Plan Description

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

Benefits Provided

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

Total active employees with coverage	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. Benefit payments to the OPEB plan from the Rockbridge County Public Service Authority were \$1,000 for the year ended June 30, 2025.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2025
Salary Increases	2.50% per year for general salary inflations
Discount Rate	4.09% for accounting and funding disclosures
Healthcare Cost Trend Rate	6.50% for fiscal year end 2025, decreasing 0.50% per year to an ultimate rate of 5.00%

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

The actuarial assumptions used in the July 1, 2024 valuation report were based on July 1, 2024 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2024 actuarial valuation report.

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY
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Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Discount Rate

The discount rate has been set equal to 4.09% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

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

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

Rate		
1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
\$ 12,208	\$ 11,000	\$ 9,924

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

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

Rates		
1% Decrease (5.50% decreasing to 4.00%)	Healthcare Cost Trend (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
\$ 9,687	\$ 11,000	\$ 12,575

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

At June 30, 2025, the Rockbridge County Public Service Authority reported a liability of \$11,000 for its proportionate share of the Total OPEB Liability. The Total OPEB Liability was measured as of July 1, 2024 and was determined by an actuarial valuation as of that date. At June 30, 2025 and 2024, the Rockbridge County Public Service Authority’s proportion was 2.65% and 3.70%, respectively.

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

For the year ended June 30, 2025, the Rockbridge County Public Service Authority recognized OPEB expense of (\$3,000). Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Plan	6,317	6,673	19,529	(338)
Stand-Alone Plan	4,300	5,959	11,000	(3,000)
Totals	<u>10,617</u>	<u>12,632</u>	<u>30,529</u>	<u>(3,338)</u>

NOTE 8—LEASE RECEIVABLES:

The Authority entered into an agreement to lease radio tower operations at the Huffman water tank site, which is payable monthly through June 2030. The annual lease payments originated at \$1,650 per year, and provides for annual base rent escalations of \$50 per year. The Authority recognized \$2,087 in lease revenue and \$449 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the Authority's receivable for lease payments was \$11,114. Also, the Authority has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was \$10,435.

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

Notes to Financial Statements
As of June 30, 2025 (Continued)

NOTE 9—LITIGATION:

At June 30, 2025, there were no matters of litigation involving the Authority for which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 10—GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT:

During the current year, the Authority implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees up separation of employment, the Authority now recognizes an estimated amount of leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The implementation did not result in any restatement of net position.

NOTE 11—UPCOMING PRONOUNCEMENTS:

Statement No. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, Disclosure of Certain Capital Assets, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 35,007	\$ 37,042	\$ 33,875	\$ 43,598	\$ 42,331
Interest	154,505	148,009	138,042	126,328	117,663
Assumption Changes	-	-	-	59,008	-
Differences between expected and actual experience	123,279	16,581	74,773	3,122	44,728
Benefit payments, including refunds of employee contributions	(102,555)	(104,168)	(100,227)	(84,573)	(68,109)
Net change in total pension liability	\$ 210,236	\$ 97,464	\$ 146,463	\$ 147,483	\$ 136,613
Total pension liability - beginning	2,305,229	2,207,765	2,061,302	1,913,819	1,777,206
Total pension liability - ending (a)	\$ 2,515,465	\$ 2,305,229	\$ 2,207,765	\$ 2,061,302	\$ 1,913,819
Plan fiduciary net position					
Contributions - employer	\$ 25,661	\$ 25,915	\$ 17,040	\$ 18,253	\$ 12,266
Contributions - employee	21,702	21,905	19,350	20,692	21,520
Net investment income	215,325	137,907	(1,417)	485,293	33,942
Benefit payments, including refunds of employee contributions	(102,555)	(104,168)	(100,227)	(84,573)	(68,109)
Administrative expense	(1,436)	(1,388)	(1,393)	(1,220)	(1,163)
Other	44	55	51	46	(40)
Net change in plan fiduciary net position	\$ 158,741	\$ 80,226	\$ (66,596)	\$ 438,491	\$ (1,584)
Plan fiduciary net position - beginning	2,234,021	2,153,795	2,220,391	1,781,900	1,783,484
Plan fiduciary net position - ending (b)	\$ 2,392,762	\$ 2,234,021	\$ 2,153,795	\$ 2,220,391	\$ 1,781,900
Authority's net pension liability (asset) - ending (a) - (b)	\$ 122,703	\$ 71,208	\$ 53,970	\$ (159,089)	\$ 131,919
Plan fiduciary net position as a percentage of the total pension liability	95.12%	96.91%	97.56%	107.72%	93.11%
Covered payroll	\$ 449,499	\$ 452,811	\$ 398,175	\$ 420,552	\$ 430,402
Authority's net pension liability (asset) as a percentage of covered payroll	27.30%	15.73%	13.55%	-37.83%	30.65%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 39,097	\$ 37,532	\$ 38,895	\$ 36,790	\$ 35,500
Interest	111,834	106,421	100,315	96,238	93,316
Assumption Changes	51,688	-	(15,705)	-	-
Differences between expected and actual experience	9,080	(4,053)	24,257	(12,565)	(25,361)
Benefit payments, including refunds of employee contributions	(64,243)	(60,911)	(60,153)	(64,284)	(59,123)
Net change in total pension liability	\$ 147,456	\$ 78,989	\$ 87,609	\$ 56,179	\$ 44,332
Total pension liability - beginning	1,629,750	1,550,761	1,463,152	1,406,973	1,362,641
Total pension liability - ending (a)	\$ 1,777,206	\$ 1,629,750	\$ 1,550,761	\$ 1,463,152	\$ 1,406,973
Plan fiduciary net position					
Contributions - employer	\$ 11,909	\$ 17,960	\$ 17,436	\$ 30,013	\$ 28,320
Contributions - employee	20,893	20,089	19,504	18,618	17,568
Net investment income	113,007	118,751	176,686	25,120	63,878
Benefit payments, including refunds of employee contributions	(64,243)	(60,911)	(60,153)	(64,284)	(59,123)
Administrative expense	(1,124)	(1,024)	(1,022)	(897)	(875)
Other	(71)	(106)	(157)	(11)	(14)
Net change in plan fiduciary net position	\$ 80,371	\$ 94,759	\$ 152,294	\$ 8,559	\$ 49,754
Plan fiduciary net position - beginning	1,703,113	1,608,354	1,456,060	1,447,501	1,397,747
Plan fiduciary net position - ending (b)	\$ 1,783,484	\$ 1,703,113	\$ 1,608,354	\$ 1,456,060	\$ 1,447,501
Authority's net pension liability (asset) - ending (a) - (b)	\$ (6,278)	\$ (73,363)	\$ (57,593)	\$ 7,092	\$ (40,528)
Plan fiduciary net position as a percentage of the total pension liability	100.35%	104.50%	103.71%	99.52%	102.88%
Covered payroll	\$ 417,862	\$ 401,781	\$ 390,078	\$ 372,358	\$ 351,360
Authority's net pension liability (asset) as a percentage of covered payroll	-1.50%	-18.26%	-14.76%	1.90%	-11.53%

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

Schedule of Employer Contributions - Pension
Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution*	Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)
2025	\$ 34,206	\$ 34,206	\$ -	\$ 495,020	6.91%
2024	25,703	25,703	-	449,499	5.72%
2023	25,936	25,936	-	452,811	5.73%
2022	17,040	17,040	-	398,175	4.28%
2021	18,252	18,252	-	420,552	4.34%
2020	12,236	12,236	-	430,402	2.84%
2019	11,909	11,909	-	417,862	2.85%
2018	17,960	17,960	-	401,781	4.47%
2017	17,436	17,436	-	390,078	4.47%
2016	30,013	30,013	-	372,358	8.06%

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Notes to Required Supplementary Information - Pension

Year Ended June 30, 2025

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

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

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

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Schedule of Authority's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2024

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
2024	0.00175% \$	19,529 \$	449,499	4.34%	73.41%
2023	0.00192%	23,027	452,811	5.09%	69.30%
2022	0.00180%	22,035	398,175	5.53%	67.21%
2021	0.00200%	23,751	420,552	5.65%	67.45%
2020	0.00210%	34,878	430,402	8.10%	52.64%
2019	0.00213%	34,661	417,862	8.29%	52.00%
2018	0.00211%	32,000	401,781	7.96%	51.22%
2017	0.00211%	32,000	390,078	8.20%	48.86%

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2025	\$ 2,327	\$ 2,327	\$ -	\$ 495,020	0.47%
2024	2,427	2,427	-	449,499	0.54%
2023	2,445	2,445	-	452,811	0.54%
2022	2,150	2,150	-	398,175	0.54%
2021	2,271	2,271	-	420,552	0.54%
2020	2,238	2,238	-	430,402	0.52%
2019	2,173	2,173	-	417,862	0.52%
2018	2,089	2,089	-	401,781	0.52%
2017	2,028	2,028	-	390,078	0.52%
2016	1,787	1,787	-	372,360	0.48%

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Notes to Required Supplementary Information

Group Life Insurance (GLI) Plan

For the Year Ended June 30, 2025

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

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

Non-Largest Ten Locality Employers - General Employees

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Schedule of Authority's Proportionate Share of Net OPEB Liability

Medical and Dental Insurance

For the Years Ended June 30, 2018 through June 30, 2025

<u>Date</u>	<u>Employer's Proportion of the Net OPEB Liability (NOLA)</u>	<u>Proportionate Share of the NOLA</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the NOLA as a Percentage of Covered-Employee Payroll</u>
2025	2.6253%	\$ 11,000	\$ 495,020	2.22%
2024	3.5123%	17,000	449,499	3.78%
2023	3.7906%	16,869	426,514	3.96%
2022	3.7910%	21,000	398,175	5.27%
2021	3.6960%	18,000	420,552	4.28%
2020	4.2394%	17,000	430,402	3.95%
2019	3.8235%	13,000	417,862	3.11%
2018	4.3038%	17,000	401,781	4.23%

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

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

(Component Unit of County of Rockbridge, VA)

Notes to Required Supplementary Information

Medical and Dental Insurance

Year Ended June 30, 2025

Valuation Date: 7/1/2024

Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	4.09%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 59
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

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

Schedule 1

Schedule of Revenues - Budget and Actual
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
WATER FUND:			
Operating Revenues:			
Water sales	\$ 1,908,113	\$ 2,024,014	\$ 115,901
Potential demand charge	88,025	87,109	(916)
Extra service units	25,075	25,112	37
Hookup fee - water	7,650	15,170	7,520
Late charges	14,750	29,142	14,392
Reconnection charges	12,600	17,283	4,683
Inspection charge	500	-	(500)
Account charge	5,800	8,160	2,360
Fire line	5,104	5,169	65
Miscellaneous revenue	5,993	19,061	13,068
Total Operating Revenues	<u>\$ 2,073,610</u>	<u>\$ 2,230,220</u>	<u>\$ 156,610</u>
Nonoperating Revenue and Capital Contributions:			
Interest income	\$ 30,000	\$ 139,287	\$ 109,287
Availability fee - water	120,000	220,000	100,000
Capital contributions	372,750	1,575,837	1,203,087
Total Nonoperating Revenues and Contributions	<u>\$ 522,750</u>	<u>\$ 1,935,124</u>	<u>\$ 1,412,374</u>
Total Water Fund Revenues	<u><u>\$ 2,596,360</u></u>	<u><u>\$ 4,165,344</u></u>	<u><u>\$ 1,568,984</u></u>
SEWER FUND:			
Operating Revenues:			
Sewer service charges	\$ 2,094,747	\$ 2,251,344	\$ 156,597
Potential demand charge	93,444	91,675	(1,769)
Extra service units	26,207	26,244	37
Hookup fee - sewer	7,250	10,250	3,000
Late charges	10,250	-	(10,250)
Reconnection charges	3,200	6,528	3,328
Inspection charge	750	1,100	350
Account charge	3,600	4,860	1,260
Miscellaneous revenue	3,125	18,327	15,202
Total Operating Revenues	<u>\$ 2,242,573</u>	<u>\$ 2,410,328</u>	<u>\$ 167,755</u>
Nonoperating Revenue and Capital Contributions:			
Interest income	\$ 25,000	\$ 38,350	\$ 13,350
Availability fee - sewer	135,000	225,000	90,000
Capital contributions	428,000	-	(428,000)
Operating contributions - County	447,117	210,499	(236,618)
Total Nonoperating Revenues and Contributions	<u>\$ 1,035,117</u>	<u>\$ 473,849</u>	<u>\$ (561,268)</u>
Total Sewer Fund Revenues	<u><u>\$ 3,277,690</u></u>	<u><u>\$ 2,884,177</u></u>	<u><u>\$ (393,513)</u></u>

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

Schedule 2

Schedule of Water Expenses - Budget and Actual
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses:			
Water:			
Licenses & Permits	\$ 8,156	\$ 8,364	\$ (208)
Maintenance of Wells	700	2,098	(1,398)
Purchased Water	1,210,590	1,316,713	(106,123)
O & M-Water Pumping Equipment	2,400	1,766	634
Power for Pumping Water	65,000	69,975	(4,975)
O & M-Water Buildings	600	13	587
O & M-Water Treatment Equipment	1,550	1,375	175
Water Treatment Supplies and Expense	6,250	5,016	1,234
Sampling and Analysis	5,350	7,001	(1,651)
Maintenance of Water Tanks	1,500	1,012	488
Maintenance of Mains and Accessories	30,075	23,322	6,753
Maintenance/Installation of Water Services	20,000	1,219	18,781
Maintenance of Large Meters	2,000	853	1,147
Maintenance of Hydrants	1,250	2,203	(953)
Repair and Replacement Expense	366,750	15,233	351,517
Total Water Operating Expenses	<u>\$ 1,722,171</u>	<u>\$ 1,456,163</u>	<u>\$ 266,008</u>
Administrative and General Expenses:			
Bank Service Charges	\$ 20	\$ 20	\$ -
Uncollected Expenses	2,454	-	2,454
Salaries	255,687	259,463	(3,776)
Office Supplies and Expenses	3,325	2,294	1,031
Outside Services Employed - Financial	13,500	11,200	2,300
Outside Services Employed - Legal	7,500	863	6,637
Outside Services - Software	7,348	6,426	922
Outside Services - General	750	-	750
Insurance Expense	9,086	10,130	(1,044)
Payroll Contract	450	300	150
Employee Benefits - Medical Insurance	44,669	34,922	9,747
Employee Benefits - Retirement - VRS	15,060	32,685	(17,625)
Employee Benefits - Group Life - VRS	3,427	2,921	506

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

Schedule 2

Schedule of Water Expenses - Budget and Actual
Year Ended June 30, 2025 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses: (Cont'd)			
Administrative and General Expenses: (Cont'd)			
Employee Benefits-Social Security	\$ 16,410	\$ 16,034	\$ 376
Virginia Unemployment Tax	36	40	(4)
Employee Benefits-Medicare	3,764	3,635	129
Workers Compensation Insurance	3,203	3,156	47
Transportation Expense	12,537	9,898	2,639
Board Members Compensation/Travel	4,324	2,893	1,431
Miscellaneous Expense	5,000	1,479	3,521
Uniform Rental	2,425	2,160	265
Dues and Subscriptions	1,340	1,402	(62)
Staff Development	1,750	670	1,080
Employee Appreciation	500	472	28
Operation and Maint. - General Equipment	11,915	11,599	316
Telephone Expense	4,050	3,439	611
Postage	6,080	4,058	2,022
Outside Services Employed - Non Construction	13,300	12,069	1,231
Engineering Services - Non Construction	7,500	-	7,500
Total Administrative and General Expenses	<u>\$ 457,410</u>	<u>\$ 434,228</u>	<u>\$ 23,182</u>
Depreciation:			
Depreciation Expense	\$ -	\$ 434,262	\$ (434,262)
Total Depreciation	<u>\$ -</u>	<u>\$ 434,262</u>	<u>\$ (434,262)</u>
Interest and other nonoperating expenses:			
Interest expense	\$ 103,608	\$ 45,925	\$ 57,683
Contribution to Maury Service Authority	35,618	35,618	-
Total interest and other nonoperating expenses	<u>\$ 139,226</u>	<u>\$ 81,543</u>	<u>\$ 57,683</u>
TOTAL EXPENSES	<u>\$ 2,318,807</u>	<u>\$ 2,406,196</u>	<u>\$ (87,389)</u>

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

Schedule 3

Schedule of Sewer Expenses - Budget and Actual
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses:			
Sewer:			
Licenses and Permits	\$ 55	\$ 25	\$ 30
Maintenance of Sewer Mains	5,000	927	4,073
Sewer Services	3,000	2,474	526
Power for Pumping Sewage	25,000	27,948	(2,948)
O&M of Sewage Pumping Equipment	2,000	37,931	(35,931)
O&M of Sewer Pumping Station Building	500	435	65
Sewage Treatment by Contract	1,179,289	1,233,527	(54,238)
Maintenance of Sewage Meters	2,000	1,696	304
SCADA	1,500	74	1,426
Repair and Replacement Expense	119,500	8,144	111,356
Sewage Chemical Supplies and Expense	4,000	518	3,482
Septage & Leachate Treatment Expense	135,120	105,723	29,397
Total Sewer Operating Expenses	<u>\$ 1,476,964</u>	<u>\$ 1,419,422</u>	<u>\$ 57,542</u>
Administrative and General Expenses:			
Bank Service Charges	\$ 20	\$ 10	\$ 10
Uncollected Expenses	574	-	574
Salaries	255,687	258,277	(2,590)
Office Supplies and Expenses	3,325	2,294	1,031
Outside Services Employed - Financial	13,500	11,200	2,300
Outside Services Employed - Legal	7,500	863	6,637
Outside Services - Software	7,348	6,426	922
Outside Services - General	750	-	750
Insurance Expense	9,086	10,130	(1,044)
Payroll Contract	450	300	150
Employee Benefits-Medical Insurance	44,669	33,560	11,109
Employee Benefits-Retirement-VRS	15,379	30,888	(15,509)
Employee Benefits-Group Life-VRS	3,427	2,921	506
Employee Benefits-Social Security	16,091	16,034	57
Virginia Unemployment Tax	36	40	(4)
Employee Benefits-Medicare	3,764	3,636	128
Workers Compensation Insurance	3,202	3,156	46
Transportation Expense	12,538	9,898	2,640

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

Schedule 3

Schedule of Sewer Expenses - Budget and Actual
Year Ended June 30, 2025 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Expenses: (Cont'd)			
Administrative and General Expenses: (Cont'd)			
Board Members Compensation/Travel	\$ 4,324	\$ 2,893	\$ 1,431
Miscellaneous Expense	5,000	1,727	3,273
Uniform Rental	2,425	2,160	265
Dues and Subscriptions	440	448	(8)
Staff Development	1,750	670	1,080
Employee Appreciation	500	472	28
Operation and Maintenance - General Equipment	11,915	11,755	160
Telephone Expense	4,050	3,429	621
Postage	6,081	4,058	2,023
Outside Services Employed - Non Construction	4,742	4,296	446
Engineering Services - Non Construction	7,500	-	7,500
	<u>446,073</u>	<u>421,541</u>	<u>24,532</u>
Total Administrative and General Expenses	\$	\$	\$
Depreciation:			
Depreciation Expense	\$ -	\$ 665,895	\$ (665,895)
Total Depreciation	\$ -	\$ 665,895	\$ (665,895)
Interest and other non-operating expenses:			
Interest expense	\$ 900,317	\$ 51,906	\$ 848,411
Total interest and other non-operating expenses	\$ 900,317	\$ 51,906	\$ 848,411
TOTAL EXPENSES	<u>\$ 2,823,354</u>	<u>\$ 2,558,764</u>	<u>\$ 264,590</u>

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

Schedule 4

Schedule of Water and Sewer Rates
Year Ended June 30, 2025

	<u>Water</u>	<u>Sewer</u>
Number of Customers:		
Residential	2,267	1,135
Commercial	368	268
Basic rates per thousand gallons	\$ 7.65	\$ 12.40

Insurance Coverage
Year Ended June 30, 2025

Insurance Company	Certificate Number	Dates	Type	Policy Limits
Virginia Association of Counties Group Self Insurance Risk Pool	VA-RO-078A	7/1/24-7/1/25	Workmen's Compensation and Employer's Liability	Statutory
		7/1/24-7/1/25	Automobile Liability	\$ 2,000,000
			Values per policy	Replacement cost
			Fidelity/Crime Contribution	\$ 250,000
			Comprehensive general liability	\$ 2,000,000

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

Schedule 6

Debt Service Coverage Schedule
Year Ended June 30, 2025

Fiscal Year	Gross Revenue (1)		Less Operating Expenses (2)		Net Revenues available for debt service	Debt Service		Coverage
						Principal	Interest	
2025	\$	5,028,684	\$	3,731,353	\$ 1,297,331	\$ 904,794	\$ 97,831	\$ 129.39%
2024		4,518,934		3,322,483	1,196,451	898,634	104,033	119.33%
2023		4,309,140		3,267,969	1,041,171	893,442	110,129	103.75%
2022		4,070,438		3,000,865	1,069,573	957,274	118,720	99.40%
2021		4,878,550		2,989,994	1,888,556	946,130	127,823	175.85%
2020		3,977,062		2,306,553	1,670,509	920,966	127,804	159.28%
2019		3,457,794		2,306,553	1,151,241	920,966	127,804	109.77%
2018		3,187,170		2,171,318	1,015,852	791,139	76,157	117.13%
2017		3,216,960		2,118,731	1,098,229	875,997	75,168	115.46%
2016		3,015,849		2,034,201	981,648	957,929	70,955	95.41%

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

(2) Operating expenses net of depreciation and amortization

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

Schedule 7

Schedule of Long Hollow Project Activity
Year Ended June 30, 2025

Long Hollow Project:

Operating Revenues:	
Water sales	\$ 129,431
Penalties	1,878
Reconnection charges	2,580
Miscellaneous revenue	233
Total Operating Revenues	\$ 134,122
Operating Expenses:	
Supplies	\$ 4,871
Repairs & maintenance	3,920
Water supply	115,803
Power for pumping water	9,001
Total Operating Expenses	\$ 133,595
Net operating income (loss)	\$ 527
Total net activity	\$ 527



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Rockbridge County Public Service Authority (a component unit of Rockbridge County, Virginia) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Rockbridge County Public Service Authority and have issued our report thereon dated May 1, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Charlottesville, Virginia
May 1, 2026