

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021



Central Virginia Waste Management Authority



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Annual Comprehensive Financial Report

July 1, 2020 Through June 30, 2021

Prepared By:

Kenna Shea
Accounting and Financial Manager

Kimberly A. Hynes
Executive Director

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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Introductory

Section

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September 7, 2021

Board of Directors
Central Virginia Waste Management Authority
Richmond, Virginia

Members of the Board:

The Annual Comprehensive Financial Report (“ACFR”) of the Central Virginia Waste Management Authority (“Authority” or “CVWMA”) for the year ended June 30, 2021 is submitted herewith. This report was prepared by the Accounting and Financial Manager and the Executive Director. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the undersigned management of the Authority. The financial statements have been audited by the independent accounting firm of Brown, Edwards & Company L.L.P., whose report is included herein. The ACFR has been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board.

We believe that the data, as presented, is accurate in all material respects; that it is presented in a manner designed to present fairly the financial position and results of operation of the various funds; and that all disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activity have been included.

The ACFR is presented in four sections: Introductory, Financial, Statistical and Compliance. The **Introductory** Section contains this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, a listing of Authority Board members and administrative staff and the Authority’s organizational chart. The **Financial** Section contains the independent auditors’ report, management’s discussion and analysis, and the financial statements and related notes. The **Statistical** Section includes a number of statistical tables and charts that present financial trends and the fiscal capacity of the Authority. The **Compliance** Section contains the *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*.

A brief history of the Authority, its financial operations and selected accomplishments are presented below. In addition, Management’s Discussion and Analysis precedes the basic financial statements.

ORGANIZATION AND FUNCTION

The Authority was created in December 1990 under the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950 as amended) to assist member localities with solid waste planning, satisfying Virginia’s recycling requirement and other waste management and recycling initiatives.

The Authority serves thirteen-member local governments: the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; the Town of Ashland; and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George. A Board of Directors consisting of one or more representatives appointed by each of the member jurisdictions governs the operations of the CVWMA. The Authority is a primary government with no component units and each member government has a financial interest and responsibility to the Authority.



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

ECONOMIC CONDITION AND OUTLOOK

The global economy has been on a roller coaster ride since the COVID-19 pandemic shut down the country and the world 18 months ago. The pandemic dealt unprecedented and unexpected blows to consumer spending and gross domestic product (GDP) in the first and second quarters of 2020. A sharp decline of 31.7% in the second quarter was a result of record high unemployment rates and the “stay at home” orders put in place as government assistance was issued. GDP quickly reversed with an increase of 33.8% in the third quarter 2020 as the schools and bulk of the work force adjusted to working at home and policies were developed to gradually reopen business and schools. The first and second quarters 2021 yielded increases of 6.3% and 6.5%, higher than the average 2%-3% increases over the last 5 years.

Unemployment is 5.2% in August 2021 down significantly from the record high of 14.7% in April 2020, although remains above unemployment levels prior to the coronavirus pandemic. Virginia’s unemployment rate of 4.2% is higher than pre-Covid-19 levels, but below the national average. In central Virginia, average unemployment is 4.4%, down from 9.3% this time last year.

The vaccine is a critical component of the US economic recovery, despite the challenges from new variants. Over 50% of the national population and nearly 58% of Virginians are fully vaccinated. Those that are vaccinated are more likely to feel safe returning to work and school, and resume routine, daily life and even travel.

Although the labor market has a long way to go before it recovers jobs lost from Covid-19, the economy is expected to grow in the remainder of 2021 consistent with the first two quarters and level off in 2022. Supply and labor shortages are driving pricing hikes as businesses catch up to the surge in demand.

Trash and recycling collection are considered essential services, now more than ever. Volumes discarded on the curb rose significantly as students and workers shifted to working/studying at home and many remained at home for more than a year. The increase in demand for home deliveries of groceries and other consumer goods have increased exponentially, increasing waste discards. The market for various recycled commodities, particularly mixed paper and cardboard, increased for the first time since 2018 with the demand for cardboard boxes for deliveries, toilet paper and paper towels in the beginning of the pandemic. The demand, and thus prices for recycled fiber are higher now than they were pre-China’s restrictions on recycled products.

Just like many industries are experiencing, waste and recycling companies are currently struggling to hire and retain drivers and helpers on the trucks and are continuing to deal with Covid outbreaks and exposures. In addition, the lead time to get parts and even new trucks is getting longer. All of this has led to delays and in some cases cancelation of service and increased costs of labor and supplies.

Waste and recycling are good indicators of economic health. The amount of waste discarded has been steadily increasing over the last several years as we moved out of the recession. Consumer spending continues to grow as we move out of the pandemic. Trash and recycling volumes collected in Authority programs increased 7% and 5.5% respectively, in fiscal year 2021. Some of this volume replaced commercial volume.

The Authority strives to manage our waste balancing environmental and economic impacts. The continued success of recycling programs locally and globally is dependent on viable end markets and demand for the material. The increased market demand and prices for mixed paper, cardboard and plastics have reduced the cost of recycling for member localities. The rise in prices at the pump have also driven market prices up for used oil and recycled plastics, which are petroleum based.

MAJOR INITIATIVES

Planning for the future of our waste and the organization is a top priority of the CVWMA Board of Directors and the region. Our vision and mission established 5 years ago have not changed, however as the landscape of

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

solid waste will continue to change over the next 20 years, it's imperative we develop long-term strategic goals and objectives to reduce and manage our waste that provide a positive impact on the environment and contribute to a more circular economy.

The Authority continues to learn and evaluate ways to affect change that is productive and that will have lasting impacts on the environment locally and globally. In fiscal year 2020, the Authority hired two solid waste and recycling consulting firms to assist in assessing the recycling and solid waste landscape in central Virginia and develop long-term strategic goals and objectives that will provide for more efficient and effective programs for the region while balancing local challenges and the diversity in our localities. After evaluating our existing residential recycling program and determining best practices, the Authority in collaboration with member localities and our Technical Advisory Committee for the better part of year issued a procurement for residential recycling services, evaluated proposals and awarded a contract. The residential recycling program is our largest and most visible program. It provides easy access for residents to get involved in recycling. The contract ends in 2023 and the Authority is making plans for an even more efficient and robust program.

Fiber recycling markets have been suppressed since 2018 when China placed significant restrictions on imports of recyclables. During the pandemic, the demand and need for recycled products increased as we needed more cardboard for packaging and items such as paper towels and toilet paper that were in high demand. Over last year, demand and thus prices for recycled goods has increased exponentially. To put it in perspective, a year ago the market price for mixed paper was \$0/ton; now its \$105/ton. CVWMA was instrumental in negotiating a processing cost/revenue share based on a sliding scale depending on fiber markets. A year ago, we were paying \$30/ton to process recyclables collected at the curb/alley and in the drop off bins; today we are receiving \$50/ton. CVWMA strives to negotiate contracts with private entities that provide the best value to member jurisdictions. Through this successful negotiation of the recycling contract, when demand and thus recycling market prices increase for recycled good, costs are reduced to localities and even results in revenue.

The Authority joined the newly-formed US Plastics Pact last year. It is exciting to be a part of the launch of the Pact in the US. The Pact is a collaborative, solutions-driven initiative to drive significant systems change for plastics in the US working to achieve lofty goals by 2025, including 1) defining a list of problematic or unnecessary packaging and take measures to eliminate; 2) all plastics packaging is 100% reusable, recyclable or compostable; 3) take action to effectively recycle or compost 50% of plastic packaging; and 4) the average recycled content or responsibly sourced bio-based content in plastic packaging will be 30%.

The Authority continues to explore alternative options for managing our waste while balancing the economics and environmental stewardship. Through strong public-private partnerships, we continue to create and build robust recycling programs, promote waste reduction, reuse and recycling correctly that benefits our community. Through the Authority, millions of tons have been diverted from landfills over our first 30 years. We continue to increase awareness, knowledge and access to information and service that result in a positive environmental impact.

The Authority continues to be one of the best examples of regional cooperation, working with 13 local governments to provide solutions to recycling and waste management challenges. As the landscape of solid waste management and recycling is ever-changing in central Virginia and around the world, CVWMA is committed to providing regional planning, initiatives and programs to member localities to balance the economics of an evolving industry.

FINANCIAL CONTROLS

Internal Controls: The accounting system of the Authority is dependent upon a strong system of internal accounting controls to ensure that financial information generated is both accurate and reliable. The Authority's internal controls are designed to ensure that the assets of the Authority are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments made by management.

All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: The Authority maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the Authority's Board of Directors. Budgets are prepared by program and the Authority maintains monthly budgetary control by presenting budget to actual financial reports to management and the Board of Directors.

INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Brown, Edwards & Company, L.L.P. was selected by the Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2021. The independent auditors' report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Virginia Waste Management Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the twenty fourth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

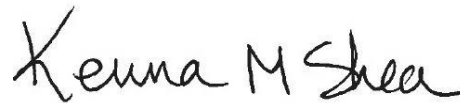
ACKNOWLEDGMENTS

Through proper financial planning and management, the Authority continues to maintain its sound financial position. The timely preparation of this Annual Comprehensive Financial Report could not have been accomplished without the dedicated services of the entire staff of the Authority. We would like to express our sincere gratitude to the Board of Directors and the staff whose continuing support is vital to the financial stability of the Authority.

Respectfully submitted,



Kimberly A. Hynes CPA
Executive Director



Kenna Shea
Accounting and Financial Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Central Virginia Waste Management Authority

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

2020-2021 Board of Directors

Patricia Paige, County of New Kent
Chair

Robert L. Dunn, County of Chesterfield
Vice-Chair

Miles Jones, City of Richmond
Secretary

Michael Purvis, County of Prince George
Treasurer

Tangela Innis, City of Petersburg
Director

Stephen Chidsey, Town of Ashland
Ricky Hicks, County of Charles City
Clay Bowles, County of Chesterfield
Cary Drane, County of Chesterfield
Doug Smith, City of Colonial Heights
Wendy Grady, County of Goochland

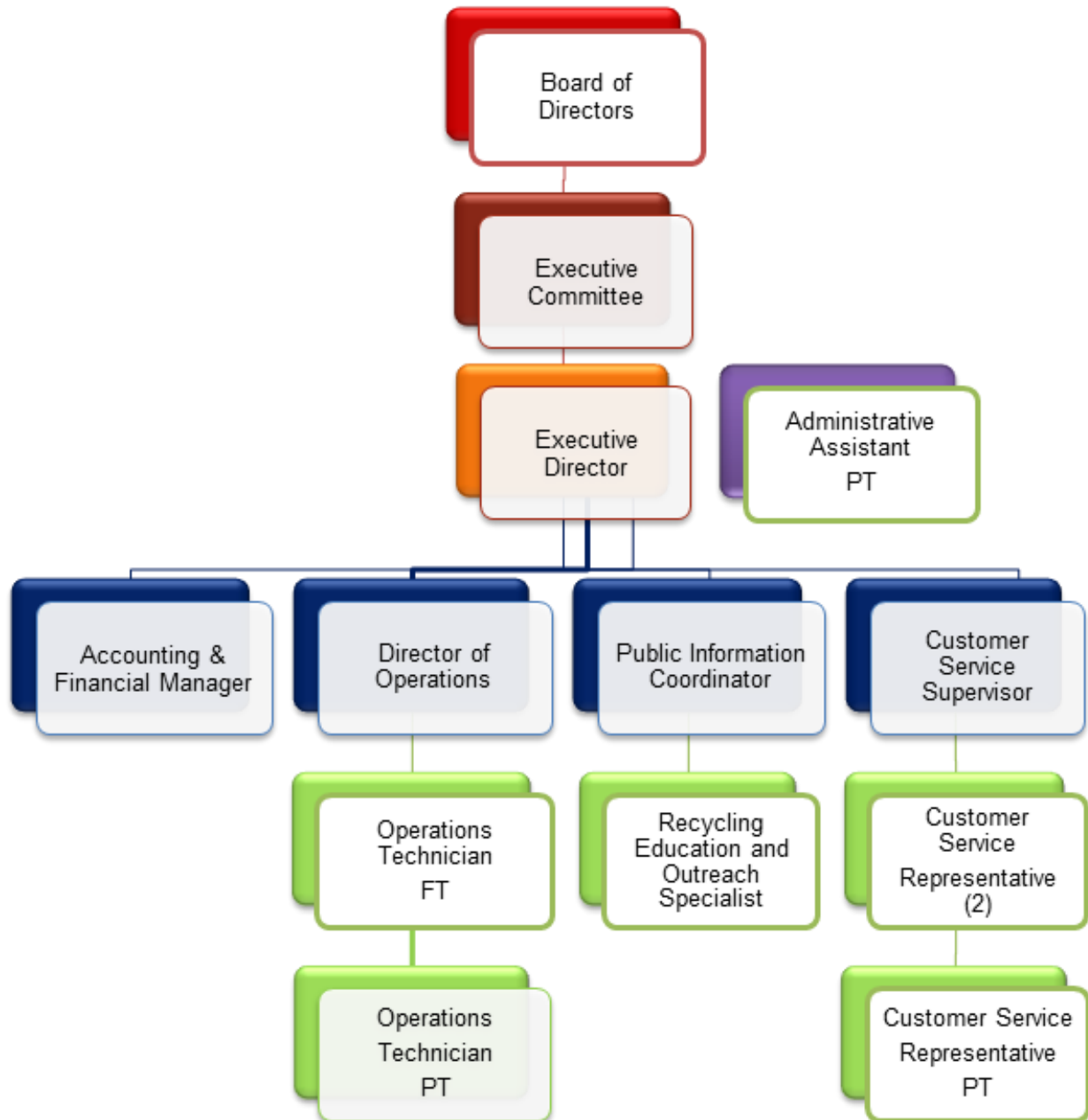
David Howard, County of Hanover
Sue Dibble, County of Hanover
Marcia E. Kelley, County of Henrico
J. Allen Lane, County of Henrico
Monique Robertson, City of Hopewell
Karin Carmack, County of Powhatan
Nathan Joyce, City of Richmond

Administrative Staff

Kimberly A. Hynes CPA, Executive Director
Kenna Shea, Accounting and Financial Manager
Richard M. Nolan, Director of Operations
Nancy W. Drumheller, Public Affairs Manager
Reginald D. Thompson, Operations Analyst
Stephanie N. Breaker, Senior Customer Service Supervisor
Denise Gammon, Recycling Education & Outreach Specialist
Angela Burley, Customer Service Representative
Stephanie Anderson, Customer Service Representative
Mary Beth Mains, Administrative Assistant, part-time
Charles R. Howe, Operations Technician, part-time
Barbara Trimmer, Accounting Technician, part-time

CVWMA General Counsel
James Snyder
McCandlish Holton PC

 CWMA
ORGANIZATIONAL CHART



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Financial

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Directors
Central Virginia Waste Management Authority
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Central Virginia Waste Management Authority, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Your Success is Our Focus

1909 Financial Drive • Harrisonburg, VA 22801 • 540-434-6736 • Fax: 540-434-3097 • www.BEcpas.com

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited the Authority's 2020 financial statements, and our report dated September 1, 2020 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein for the year ending June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
September 7, 2021

Management's Discussion And Analysis

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CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
Management’s Discussion and Analysis

The following discussion provides an overview of the financial activities of the Central Virginia Waste Management Authority (“Authority” or “CVWMA”) for the fiscal year ended June 30, 2021. This information should be read in conjunction with the letter of transmittal and the financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by \$482,154 at the close of the 2021 fiscal year. Total net position decreased by \$208,817. Operating revenues increased by 3.5% or \$635,322 to \$18,550,869. Operating expenses increased 4.1% or \$739,613. Non-operating revenues decreased by 45% to \$21,907.

The Authority’s capital assets consist of computer equipment, office furniture, vehicles and leasehold improvements. Net capital assets decreased \$2,652. More detailed capital asset activity can be found in Note III. Capital Assets.

Overview of the Financial Statements

The Statement of Net Position presents information on all the Authority’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful measure of the Authority’s financial health or position. The current fiscal year revenues and expenses of the Authority are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. The Statements of Cash Flows provide information on the Authority’s cash receipts, payments, and net changes in cash. They also provide insight on the source, use and change in cash for the reporting period. Notes to the financial statements provide additional information that is essential to understanding data in the financial statements.

The Authority reports its operations as enterprise funds and uses proprietary fund accounting. Accordingly, the operations of the Authority are recorded on the accrual basis of accounting. Under this method, revenues from member jurisdictions for services provided and revenues from other entities are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

Financial Analysis of CVWMA’s Financial Position and Results of Operation

The tables presented herein provide a summary of the CVWMA’s financial position and operations for FY2021 and FY2020.

Condensed Statements of Net Position

			Change	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Assets:				
Current	\$ 4,494,455	\$ 5,224,691	\$ (730,236)	-13.98%
Capital assets, net	34,153	36,805	(2,652)	-7.21%
Total assets	<u>4,528,608</u>	<u>5,261,496</u>	<u>(732,888)</u>	<u>-13.93%</u>
Deferred Outflows of Resources	224,868	91,715	133,153	145.18%
Liabilities:				
Current	3,874,342	4,493,982	(619,640)	-13.79%
Long Term	387,295	140,327	246,968	175.99%
Total liabilities	<u>4,261,637</u>	<u>4,634,309</u>	<u>(372,672)</u>	<u>-8.04%</u>
Deferred Inflows of Resources	9,685	27,931	(18,246)	-65.33%
Net position:				
Net investment in capital assets	34,153	36,805	(2,652)	-7.21%
Unrestricted	448,001	654,166	(206,165)	-31.52%
Total net position	<u>\$ 482,154</u>	<u>\$ 690,971</u>	<u>\$ (208,817)</u>	<u>-30.22%</u>

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
Management's Discussion and Analysis

Condensed Statements of Revenues, Expenses and Changes in Net Position
For The Years Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
Operating revenues:				
Local government assessments	\$ 575,228	\$ 567,956	\$ 7,272	1.3%
Recycling	10,449,464	10,675,991	(226,527)	-2.1%
Refuse and solid waste	5,292,545	5,116,607	175,938	3.4%
Composting and yard waste	860,806	649,687	211,119	32.5%
Other project revenue and fees	337,016	276,468	60,548	21.9%
Material sales rebate	1,035,810	628,838	406,972	64.7%
Total operating revenues	18,550,869	17,915,547	635,322	3.5%
Operating expenses:				
Administrative/operating	267,181	259,382	7,799	3.0%
Salaries and benefits	939,550	855,018	84,532	9.9%
Professional service fees	164,848	113,395	51,453	45.4%
Depreciation	12,583	17,614	(5,031)	-28.6%
Program contractual services	16,401,262	16,173,543	227,719	1.4%
Material sales rebate	996,169	623,028	373,141	59.9%
Total operating expenses	18,781,593	18,041,980	739,613	4.1%
Operating (loss)	(230,724)	(126,433)	(104,291)	82.5%
Non-operating revenues:				
Grants and sponsorships	10,000	10,000	-	0.0%
Interest income	11,907	29,773	(17,866)	-60.0%
Non-operating revenues	21,907	39,773	(17,866)	-44.9%
Change in net position	(208,817)	(86,660)	(122,157)	141.0%
Beginning net position	690,971	777,631	(86,660)	-11.1%
Ending net position	\$ 482,154	\$ 690,971	\$ (208,817)	-30.2%

Net Position decreased by \$208,817 in Fiscal Year 2021. During the year, the Authority appropriated an additional \$81,000 for a consultant to perform an overall Strategic Review of CVWMA's mission, vision, and focus for the next 20 years. Nearly \$100,000 in additional expense was realized based on the pension and OPEB actuarial valuations. The remaining loss is due to significant declines in interest rates. Recycling markets have improved over the last year, particularly paper, metal and plastics prices. Interest rates have also declined in recent months.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY Management's Discussion and Analysis

Overall operating revenues have increased nearly 3.5% in FY 2021 over FY 2020. The recycling markets have improved significantly compared to this time last year, which has also resulted in a reduction in costs for the residential recycling program and thus reduction in revenues for recycling year over year. In FY2019, CVWMA renegotiated its contract for residential recycling to include a \$30/ton processing fee on top of collection. Included in that renegotiation are provisions for improvement in recycling markets to include a reduction in processing costs and could result in a rebate back to CVWMA and participating jurisdictions based on rising market prices for paper and cardboard. The pandemic has driven up demand for recycled goods, thus driving up prices and reducing costs for recycling. In addition, the volume of recycling and garbage has shifted from commercial to residential with schools, governments and businesses shut down for much of the fiscal year. Revenues from yard waste programs has also increased, also attributed to the pandemic and more yard projects at home. Increased volumes received at area convenience centers and collected on the curb, also a factor of the pandemic, coupled with inflation has resulted in increased revenue from participating localities and accordingly expense to the contractors for these programs.

The Authority utilized a consulting firm to work with the Board and staff on developing a strategic plan to be implemented over the next 20 years for a cost of \$80,000. This coupled with the additional \$100,000 in expense based on the pension actuarial valuation and the increase in material sales revenue back to the localities accounts for much of the 4.1% increase in operating expenses.. Approximately 95% of total revenues are passed through to member localities based on their participation in various programs. Net Position represents 2.5% of the total 2021 budget. The Authority continues to remain in a strong financial position.

Economic Factors and the FY 2021 Budget

The regional approach to solid waste management is proven to be a significant benefit to member jurisdictions. The Authority takes the burden off of localities for solid waste planning, meeting the state's recycling goals and providing cost effective, volume-based program that benefit multiple localities. When there is a downturn in the economy, working together becomes increasingly important for member local governments in order to be resilient and flexible to adjust to economic, industry and other events, such as a pandemic. Since the Authority is funded by local government, the financial stability of our member jurisdictions is vital to CVWMA's financial health. About 95% of our revenues are passed through from localities based on participation in CVWMA programs.

Locality and state revenues were expected to be come up significantly short of budget as a result of COVID-19 and localities cut their budgets for FY2021 as the economy shut down. However, after making large cuts to budgets, many were surprised to end the year with surpluses despite initial projections. Recycling markets for various commodities, such as cardboard, mixed paper, plastics, metal and oil have increased over pre-pandemic levels. Eighteen months ago, there was no revenue for recycled mixed paper. This month mixed paper is selling for an average \$105/ton. Because of CVWMA negotiations for revenue share in the residential recycling program, localities are realizing revenue from the sale of recyclables for the first time in three years. Scrap metal prices are triple what they were a year ago. The demand for recycled goods as a result of the pandemic has translated in 60% more revenue from the sale of recycled goods provided back the localities. The CVWMA continues to be highly regarded for providing cost effective recycling and solid waste initiatives to our member governments and this benefit is proven even during times of a weakened economy.

The Authority's budget has grown to nearly \$18 million in 2021, an increase of \$4.3 million, or 32% over 5 years ago. This is a result of increased costs of recycling, inflation and also reflects an increase in the level of participation in Authority programs by member localities demonstrating the continued and significant value the Authority provides its members. CVWMA maintains a strong and healthy net position and thus has successfully avoided raising assessments to member localities.

Contacting CVWMA's Financial Management

This financial analysis is designed to provide a general overview of CVWMA's finances to all interested parties. If you have questions about this report, or need additional financial information, contact the CVWMA's Executive Director at Central Virginia Waste Management Authority, 2100 W. Laburnum Avenue; Suite 105, Richmond, Virginia 23227 or by telephone at 804-359-8413.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2021
With Comparative Totals at June 30, 2020**

	<i>General Operating Fund</i>	<i>Residential Recycling</i>	<i>Drop-Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer & Disposal</i>	<i>Special Wastes</i>	<i>Total 2021</i>	<i>2020</i>
Assets:								
Cash and cash equivalents	\$ 240,455	\$ 599,509	\$ 124,424	\$ 355,138	\$ 258,873	\$ -	\$ 1,578,399	\$ 1,969,734
Accounts receivable	560,708	1,112,580	224,166	562,314	175,690	253,774	2,889,232	3,229,498
Prepaid expenses	15,017	10,021	423	1,363	-	-	26,824	25,459
Total current assets	<u>816,180</u>	<u>1,722,110</u>	<u>349,013</u>	<u>918,815</u>	<u>434,563</u>	<u>253,774</u>	<u>4,494,455</u>	<u>5,224,691</u>
Capital Assets:								
Furniture, fixtures & equipment	41,082	21,377	-	10,307	-	-	72,766	72,766
Computer equipment	29,495	61,841	-	5,993	-	-	97,329	87,398
Vehicles	46,706	-	-	-	-	-	46,706	46,706
Leasehold improvements	12,250	2,751	-	-	-	-	15,001	15,001
	<u>129,533</u>	<u>85,969</u>	<u>-</u>	<u>16,300</u>	<u>-</u>	<u>-</u>	<u>231,802</u>	<u>221,871</u>
Accumulated depreciation	<u>(107,457)</u>	<u>(76,356)</u>	<u>-</u>	<u>(13,836)</u>	<u>-</u>	<u>-</u>	<u>(197,649)</u>	<u>(185,066)</u>
Capital assets, net	<u>22,076</u>	<u>9,613</u>	<u>-</u>	<u>2,464</u>	<u>-</u>	<u>-</u>	<u>34,153</u>	<u>36,805</u>
Total assets	<u>838,256</u>	<u>1,731,723</u>	<u>349,013</u>	<u>921,279</u>	<u>434,563</u>	<u>253,774</u>	<u>4,528,608</u>	<u>5,261,496</u>
Deferred Outflows of Resources:								
Pension related deferred outflows	134,067	69,911	2,558	6,607	-	-	213,143	80,383
OPEB related deferred outflows	7,375	3,846	141	363	-	-	11,725	11,332
Total deferred outflows of resources	<u>141,442</u>	<u>73,757</u>	<u>2,699</u>	<u>6,970</u>	<u>-</u>	<u>-</u>	<u>224,868</u>	<u>91,715</u>
Liabilities:								
Accounts payable	167,221	670,465	100,218	582,706	306,747	182,089	2,009,446	2,708,804
Checks paid exceeding cash	-	-	-	-	-	41,277	41,277	-
Other accrued liabilities	41,621	36,652	68	218	-	13,114	91,673	91,555
Unearned revenues	579,188	735,299	-	268,291	149,168	-	1,731,946	1,693,623
Total current liabilities	<u>788,030</u>	<u>1,442,416</u>	<u>100,286</u>	<u>851,215</u>	<u>455,915</u>	<u>236,480</u>	<u>3,874,342</u>	<u>4,493,982</u>
Long-term Liabilities:								
Net OPEB liability	45,626	23,723	874	2,190	-	-	72,413	71,966
Net pension liability	198,062	103,281	3,779	9,761	-	-	314,883	68,361
Total long-term liabilities	<u>243,688</u>	<u>127,004</u>	<u>4,653</u>	<u>11,951</u>	<u>-</u>	<u>-</u>	<u>387,296</u>	<u>140,327</u>
Deferred Inflows of Resources:								
Pension related deferred inflows	578	302	11	29	-	-	920	18,255
OPEB related deferred inflows	5,528	2,869	106	261	-	-	8,764	9,676
Total deferred inflows of resources	<u>6,106</u>	<u>3,171</u>	<u>117</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>9,684</u>	<u>27,931</u>
Net Position (Deficit)								
Net investment in capital assets	22,076	9,613	-	2,464	-	-	34,153	36,805
Unrestricted	<u>(80,202)</u>	<u>223,276</u>	<u>246,656</u>	<u>62,329</u>	<u>(21,352)</u>	<u>17,294</u>	<u>448,001</u>	<u>654,166</u>
Total net position (deficit)	<u>\$ (58,126)</u>	<u>\$ 232,889</u>	<u>\$ 246,656</u>	<u>\$ 64,793</u>	<u>\$ (21,352)</u>	<u>\$ 17,294</u>	<u>\$ 482,154</u>	<u>\$ 690,971</u>

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	<i>General Operating Fund</i>	<i>Residential Recycling</i>	<i>Drop- Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer & Disposal</i>	<i>Special Wastes</i>	<i>Total 2021</i>	<i>2020</i>
Operating revenues:								
Local government assessments	\$ 575,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,228	\$ 567,956
Recycling	-	9,038,037	1,411,427	-	-	-	10,449,464	10,675,991
Refuse and solid waste	-	-	-	3,540,643	1,751,902	-	5,292,545	5,116,607
Composting and yard waste	-	-	-	-	-	860,806	860,806	649,687
Other project revenues	-	-	-	-	-	337,016	337,016	276,468
Material sales rebates	-	62,752	277,782	-	-	695,276	1,035,810	628,838
Total operating revenues	575,228	9,100,789	1,689,209	3,540,643	1,751,902	1,893,098	18,550,869	17,915,547
Operating expenses:								
Administrative/operating	76,989	180,808	2,435	6,949	-	-	267,181	259,382
Salaries and benefits	607,105	296,571	9,085	26,789	-	-	939,550	855,018
Professional service fees	120,381	34,057	2,032	8,378	-	-	164,848	113,395
Depreciation	9,417	2,557	-	609	-	-	12,583	17,614
Project contractual services	-	8,544,555	1,411,427	3,495,611	1,751,847	1,197,822	16,401,262	16,173,543
Material sales rebate	-	62,752	237,447	-	-	695,970	996,169	623,028
Total operating expenses	813,892	9,121,300	1,662,426	3,538,336	1,751,847	1,893,792	18,781,593	18,041,980
Operating income (loss)	(238,664)	(20,511)	26,783	2,307	55	(694)	(230,724)	(126,433)
Non-operating revenues:								
Grants and sponsorships	-	10,000	-	-	-	-	10,000	10,000
Interest income	7,037	3,276	629	965	-	-	11,907	29,773
Total non-operating revenues	7,037	13,276	629	965	-	-	21,907	39,773
Change in Net Position	(231,627)	(7,235)	27,412	3,272	55	(694)	(208,817)	(86,660)
Net position (deficit) - beginning of year	173,501	240,124	219,244	61,521	(21,407)	17,988	690,971	777,631
Net position (deficit) - end of year	\$ (58,126)	\$ 232,889	\$ 246,656	\$ 64,793	\$ (21,352)	\$ 17,294	\$ 482,154	\$ 690,971

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	<i>General Operating Fund</i>	<i>Residential Recycling</i>	<i>Drop- Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer & Disposal</i>	<i>Special Wastes</i>	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities								
Receipts from local governments	\$ 534,999	\$ 9,534,519	\$ 1,402,525	\$ 3,548,438	\$ 1,824,284	\$ 1,040,473	\$ 17,885,238	\$ 17,071,313
Payments to contractors	-	(9,319,189)	(1,485,201)	(3,486,321)	(1,750,160)	(1,102,801)	(17,143,672)	(15,298,380)
Payments to suppliers	(127,870)	(213,870)	(4,454)	(15,347)	-	-	(361,541)	(394,154)
Payments to employees	(533,087)	(259,919)	(7,934)	(23,673)	-	-	(824,613)	(813,190)
Net cash provided by (used in) operating activities	(125,958)	(258,459)	(95,064)	23,097	74,124	(62,328)	(444,588)	565,589
Cash Flows From Noncapital Financing Activities:								
Checks paid exceeding cash	-	-	-	-	-	41,277	41,277	-
Grants, sponsorships, and miscellaneous	-	10,000	-	-	-	-	10,000	10,000
Net cash provided by noncapital financing activities	-	10,000	-	-	-	41,277	51,277	10,000
Cash Flows From Capital and Related Financing Activities:								
Acquisitions of capital assets	(3,972)	(4,966)	-	(993)	-	-	(9,931)	(5,940)
Net cash used in capital financing activities	(3,972)	(4,966)	-	(993)	-	-	(9,931)	(5,940)
Cash Flows From Investing Activities:								
Interest received	7,037	3,276	629	965	-	-	11,907	29,773
Net Increase (decrease) in cash and cash equivalents	(122,893)	(250,149)	(94,435)	23,069	74,124	(21,051)	(391,335)	599,422
Cash and cash equivalents at June 30, 2020	363,348	849,658	218,859	332,069	184,749	21,051	1,969,734	1,370,312
Cash and cash equivalents at June 30, 2021	\$ 240,455	\$ 599,509	\$ 124,424	\$ 355,138	\$ 258,873	\$ -	\$ 1,578,399	\$ 1,969,734

	<i>General Operating Fund</i>	<i>Residential Recycling</i>	<i>Drop- Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer & Disposal</i>	<i>Special Wastes</i>	<u>2021</u>	<u>2020</u>
Net operating income (loss)	\$ (238,664)	\$ (20,511)	\$ 26,783	\$ 2,307	\$ 55	\$ (694)	\$ (230,724)	\$ (126,433)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:								
Depreciation	9,417	2,557	-	609	-	-	12,583	17,614
Pension expense net of employer contributions	60,632	31,634	1,156	3,005	-	-	96,427	28,804
OPEB expense net of employer contributions	(675)	(231)	(20)	68	-	-	(858)	2,312
(Increase)/decrease in Assets:								
Accounts receivable - local governments	(44,189)	474,268	(8,902)	4,056	72,382	(157,349)	340,266	(303,939)
Prepaid expenses	(2,353)	995	13	(20)	-	-	(1,365)	(1,818)
Increase/(decrease) in Liabilities:								
Accounts payable	71,853	(774,634)	(114,109)	9,290	(6,723)	114,965	(699,358)	818,249
Checks paid exceeding cash	-	-	-	-	-	41,277	41,277	-
Unearned revenue	3,960	22,214	-	3,739	8,410	-	38,323	119,338
Other accrued liabilities	14,061	5,249	15	43	-	(19,250)	118	11,462
Net cash provided by (used in) operating activities	\$ (125,958)	\$ (258,459)	\$ (95,064)	\$ 23,097	\$ 74,124	\$ (21,051)	\$ (403,311)	\$ 565,589

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Central Virginia Waste Management Authority ("Authority") was created in December 1990 under the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950 as amended). The Authority's purpose is to plan, acquire, construct, reconstruct, improve, extend, operate, contract for and maintain any garbage and refuse collection, transfer and disposal program or system, including waste reduction, waste material recovery, recycling as mandated by law or otherwise, resource recovery, waste incineration, landfill operation, ash management, sludge disposal from water and wastewater treatment facilities, household hazardous waste management and disposal and similar programs or systems, within one or more of the political subdivisions which are members of the Authority.

A. Reporting Entity - The Authority is a primary government with no component units. The members of the Authority are the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; the Town of Ashland; and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George. The Authority is governed by a Board of Directors consisting of one or more representatives appointed by each of the member cities, town and counties. The Authority is a jointly governed organization of the thirteen member jurisdictions listed herein, however it is not a component unit of any of the participating governments. The participating governments do have a financial interest in and responsibility to the Authority.

B. Basis of Presentation – The Authority administers six enterprise funds: the General Operating Fund, the Residential Recycling, the Drop-Off Recycling, the Municipal Solid Waste, the Waste Transfer and Disposal, and Special Wastes Funds are considered major funds.

C. Basis of Accounting - The accounting records for the Authority are maintained on the accrual basis with revenue recorded when earned and expenses recorded when incurred. The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB) for enterprise funds of governmental units.

D. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents - Cash and cash equivalents are defined as being cash and short-term interest-bearing investments consisting of certificates of deposit, repurchase agreements and other income producing securities. These investments are readily convertible to cash and are stated at cost, which approximates fair value.

F. Receivables - All revenue and receivables are recognized when earned. Receivables consist of amounts due from the participating governments for services performed for residents. Each government is liable for the actual cost of service based on operating assessments outlined in the Articles of Incorporation and contractual arrangements; therefore, there is no allowance for doubtful accounts.

G. Capital Assets - Capital assets are stated at historical cost. The capitalization threshold for capital assets is \$2,000. Expenses for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are charged to expense as incurred.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

G. Capital Assets (Continued)

Depreciation is charged as an expense using the straight-line method over the assets' estimated useful lives as follows:

Furniture, fixtures and equipment	5-7 years
Computer equipment	2-3 years
Vehicles	7 years
Leasehold improvements	6 years

H. Compensated Absences - Authority employees, in the event of termination, are reimbursed for accumulated annual leave in full, and for sick leave in the amount of one third (1/3) of sick leave accumulated up to \$3,500. Vested annual and sick leave balances are reflected in the accompanying financial statements as a current liability.

I. Pensions and Other Postemployment Benefits (OPEB) – For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deduction from the Authority's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Deferred Inflows and Outflows of Resources - In addition to liabilities, the statements that presents financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In addition to assets, the statement that presents net position reports a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority has the following items that qualifies for reporting as deferred inflows or outflows:

- Differences between expected and actual experience, changes in proportion, and changes of assumptions for economic/demographic factors in the measurement of the total pension and OPEB liability. This difference will be recognized in expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences between projected and actual earnings on pension or OPEB plan investments. This difference will be recognized in pension expense or OPEB over a closed five-year period, and may be reported as a deferred inflow or outflow as appropriate.
- Contributions subsequent to the measurement date for pensions and OPEB; this will be applied to the net pension liability and the net OPEB liability in the next fiscal year.

K. Net Position - Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by any outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. The Authority did not have any restricted net position at June 30, 2021 or 2020, nor is there any debt associated with capital assets.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

L. 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 maintains commercial insurance for all risks of loss including general liability, employee health and accident, workers' compensation, automobile and public officials' liability insurance. Any settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

M. Revenue Classification - Revenues from recycling and solid waste collection, local government assessments and other program revenues are reported as operating revenues. All other revenues including certain grants, contributions and interest income are reported as non-operating revenues.

N. Unearned Revenues - In connection with certain contracts, the Authority bills for services and receives cash in advance. These amounts are recorded as unearned revenue until earned by the Authority.

O. Summarized Comparative Information for 2020 - The financial information for the year ended June 30, 2020, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.

II. 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 local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool.

At year end, the Authority's deposits and investments were as follows:

<u>Cash and Cash Equivalents</u>	<u>2021</u>	<u>2020</u>
Local Government Investment Pool	\$ 1,005,077	\$ 3,518
Commercial Paper	-	749,081
Cash in Bank	573,222	1,217,035
Cash on Hand	<u>100</u>	<u>100</u>
Total Cash and Cash Equivalents	<u>\$ 1,578,399</u>	<u>\$ 1,969,734</u>

Interest Rate Risk. Investment maturity is managed to precede or coincide with expected need of funds to help limit exposure to fair value losses arising from rising interest rates. As of June 30, 2021, the Authority's investments were in the Local Government Investment Pool (LGIP).

The Commercial Paper Instrument was reported at cost.

The LGIP is a short-term investment pool offered through the State Treasurer to public entities in the Commonwealth. The Authority has \$ 1,005,077 in the LGIP portfolio which provides daily liquidity and is reported at amortized cost. The carrying value of this portion of the Authority's investment in this pool is determined by the pool's share price in accordance with GASB Statement No. 79.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

II. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk. Policy, consistent with state statute, requires commercial paper, including banker's acceptances, to have a short-term debt rating of no less than "P-1" from Moody's Investors Service, and "A-1" from Standard & Poor's (S&P). Corporate notes and bonds must have a rating of at least "AA" by S&P or "Aa" by Moody's. The Authority has no commercial paper instruments as of June 30, 2021. The Authority's commercial paper at June 30, 2020, issued by MUFG Bank NY, was rated "A-1" by S&P and "P-1" by Moody's. This rating meets the minimum financial ratings required by state statute. The investments in the LGIP are rated AAA by Standard & Poor's.

Concentration of Credit Risk. The Code of Virginia and the Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2021, the Authority's investment portfolio consisted of the following:

<u>Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Investment Pool (LGIP)	<u>\$1,005,077</u>	<u>100%</u>

III. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2021</u>
Furniture, fixtures & equipment	\$ 72,766	\$ -	\$ -	\$72,766	\$ -	\$ -	\$ 72,766
Computer equipment	87,398	-	-	87,398	9,931	-	97,329
Vehicles	46,706	-	-	46,706	-	-	46,706
Leasehold improvements	<u>9,061</u>	<u>5,940</u>	<u>-</u>	<u>15,001</u>	<u>-</u>	<u>-</u>	<u>15,001</u>
Total capital assets	215,931	5,940	-	221,871	9,931	-	231,802
Accumulated depreciation:							
Furniture, fixtures & equipment	59,480	3,008	-	62,488	3,008	-	65,496
Computer equipment	79,410	6,559	-	85,969	1,429	-	87,398
Vehicles	19,501	6,958	-	26,459	6,958	-	33,417
Leasehold improvements	<u>9,061</u>	<u>1,089</u>	<u>-</u>	<u>10,150</u>	<u>1,188</u>	<u>-</u>	<u>11,338</u>
Total accumulated Depreciation	<u>167,452</u>	<u>17,614</u>	<u>-</u>	<u>185,066</u>	<u>12,583</u>	<u>-</u>	<u>197,649</u>
Capital assets, net	<u>\$ 48,479</u>	<u>\$ (11,674)</u>	<u>\$ -</u>	<u>\$ 36,805</u>	<u>\$ (2,652)</u>	<u>\$ -</u>	<u>\$ 34,153</u>

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

IV. LEASES

The Authority has noncancelable operating leases for the rental of a vehicle, office space and equipment. Rental expense for operating leases during 2021 and 2020 was \$93,572 and \$79,178, respectively, and is included in administrative/operating expenses in the Statement of Revenues, Expenses and Changes in Net Position. The Authority's lease for office space began May 2, 2019 which contains an escalation clause of 3% annually in the rate per square foot.

Future minimum lease payments under noncancelable operating leases at June 30, 2021 are:

2022	\$	91,610
2023		92,050
2024		94,680
2025		96,535
2026		97,622
Thereafter		24,195
	\$	496,692

V. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetire.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	6
Inactive members:	
Vested	5
Non-vested	2
Active Elsewhere in VRS	6
Total inactive members	13
Active members	8
Total covered employees	27

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

V. DEFINED BENEFIT 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 political subdivision's contractually required contribution rate for the year ended June 30, 2021 was 8.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$47,004 and \$32,266 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The political subdivision's net pension liability 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. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
General Employees – Salary Increases, including inflation:	3.50% - 5.35%
Investment rate of return	6.75%, net pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees - 15% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set-backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

V. DEFINED BENEFIT PENSION PLAN (Continued)

General Employees - Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty from 14% to 20%, and decreased discount rate from 7.00% to 6.75%.

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Multi-Asset Public Strategies	6.00	3.04	.18
Private Investment Partnership	3.00	6.49	.19
Total	100.00 %		<u>4.64 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u><u>7.14 %</u></u>

* The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

V. DEFINED BENEFIT PENSION PLAN (Continued)

contribution rate used in the FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 1,961,226	\$ 1,892,865	\$ 68,361
Changes for the year:			
Service cost	53,698	-	53,698
Interest	130,455	-	130,455
Differences between expected and actual experience	152,541	-	152,541
Contributions – employer	-	28,465	(28,465)
Contributions – employee	-	26,919	(26,919)
Net investment income	-	36,045	(36,045)
Benefit payments, including refunds of employee contributions	(57,127)	(57,127)	-
Administrative expenses	-	(1,214)	1,214
Other changes	-	(43)	43
Net changes	<u>279,567</u>	<u>33,045</u>	<u>246,522</u>
Balances at June 30, 2020	<u>\$ 2,240,793</u>	<u>\$ 1,925,910</u>	<u>\$ 314,883</u>

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision'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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Authority's net pension liability	<u>\$ 649,015</u>	<u>\$ 314,883</u>	<u>\$ 39,820</u>

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$139,630.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

V. DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 87,905	\$ 920
Changes of assumptions	20,438	-
Net difference between projected and actual earnings on pension plan investments	57,796	-
Employer contributions subsequent to the measurement date	<u>47,004</u>	<u>-</u>
Total	<u>\$ 213,143</u>	<u>\$ 920</u>

The \$47,004 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. 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:

<u>Year Ended June 30</u>	<u>Increase (Reduction) in Pension Expense</u>
2022	\$ 86,468
2023	41,131
2024	19,294
2025	18,326
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, approximately \$6,097 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VI. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Local Plan

Healthcare Benefits

A. Plan description

The Authority administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides postemployment healthcare benefits to retirees of the Authority, under the health plan administered by the Local Choice Health Benefits Program of the Virginia Department of Human Resource Management. Retirees must pay the full cost of health coverage for these benefits. A separate report was not issued for the plan.

B. Funding Policy

By Authority resolution, the Authority allows qualified employees to participate in healthcare benefits at the retiree’s expense. Local choice charges a blended rate which is 102% of the rate for participants that elect only to cover active employees. The only cost to the Authority is this implicit rate subsidy.

C. Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Employees Covered by Benefit Terms

As of July 1, 2019 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Number</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	0
Entitled to but not yet receiving benefits	<u>0</u>
Total inactive employees	0
Active plan members	<u>8</u>
	<u><u>8</u></u>

Total OPEB Liability

The Authority’s total OPEB Liability of \$23,885 was measured as of June 30, 2021, and was determined based on an actuarial valuation performed as of July 1, 2019.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.16%
Inflation	2.5%
General Employees – Salary Increases, including inflation:	3.50%, average, including inflation with variable merit
Healthcare cost trend rates	5.8% for 2019, decreasing to an ultimate rate of 4.0%

The discount rate was based on the General Obligation 20-Bond Municipal Index.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VI. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Local Plan (Continued)

Mortality rates were based on the RP-2000 Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the Virginia Retirement System covering the period July 1, 2012-June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2020	\$ 22,328
Changes for the year:	
Service cost	1,079
Interest	516
Changes in assumptions or other inputs	66
Benefit payments	<u>(104)</u>
Net Changes	<u>1,557</u>
Balance at 6/30/2021	<u><u>\$ 23,885</u></u>

Sensitivity Analysis

The following represents the Authority's total OPEB liability, calculated using a discount rate that is 2.16%. It also presents what the Authority's Total OPEB Liability would be if were calculated using a discount rate one percentage point lower (1.16%) and one percentage point higher (3.16%) than the current rate.

	1.0% Decrease (1.16%)	Current Discount Rate (2.16%)	1.0% Increase (3.16%)
Total OPEB Liability	<u>\$ 25,165</u>	<u>\$ 23,885</u>	<u>\$ 22,561</u>

The following presents the Authority's Total OPEB Liability, calculated using the current healthcare trend rates. It also presents what the Authority's Total OPEB Liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rates.

	1.00% 1.00% Decrease (4.8%)	Current Trend Rate (5.8%)	1.00% Increase (6.8%)
Total OPEB Liability	<u>\$ 21,162</u>	<u>\$ 23,885</u>	<u>\$ 26,992</u>

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VI. OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Local Plan (Continued)

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

For the year ended June 30, 2021, the Authority recognized OPEB expense of \$523. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,007
Change in assumptions	54	1,654
Total	\$ 54	\$ 4,661

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

Year Ending June 30,	Increase (Reduction) To OPEB Expense
2022	\$ (1,072)
2023	(1,072)
2024	(1,072)
2025	(1,072)
2026	(319)
Thereafter	-

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Authority also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

As of June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Number</u>
Inactive employees or their beneficiaries currently receiving benefits	1
Inactive members:	
Vested	-
Non-vested	-
Active Elsewhere in VRS	-
Total inactive members	<u>1</u>
Active members	<u>8</u>
Total	<u><u>9</u></u>

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$3,124
June 30, 2020 Contribution	\$2,942

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.15% of covered employee compensation.
June 30, 2021 Contribution	\$ 868
June 30, 2020 Contribution	\$1,076

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans (Continued)

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation performed June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer’s proportion of the net OPEB liabilities were based on the covered employer’s actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2021 proportionate share of liability	\$45,893
June 30, 2020 proportion	.00275%
June 30, 2019 proportion	.00282%
June 30, 2021 expense	\$1,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 13,907	\$ 10,271	\$ 3,636
Changes for the year:			
Service cost	706	-	706
Interest	919	-	919
Difference between expected and actual experience	(1,366)	-	(1,366)
Contributions – employer	-	1,076	(1,076)
Contributions – employee	-	-	-
Net investment income	-	205	(205)
Benefit payments, including refunds of employee contributions	(588)	(588)	-
Administrative expenses	-	(21)	21
Net changes	(329)	672	(1,001)
Balances at June 30, 2020	\$ 13,578	\$ 10,943	\$ 2,635

In addition, for the year ended June 30, 2021, the Authority recognized OPEB expense of \$670 related to General Employee Health Insurance Credit Program.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans (Continued)

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,944	\$ 413
Change in assumptions	2,295	957
Net difference between projected and actual earnings on OPEB plan investments	1,379	-
Changes in proportion	433	893
Employer contributions subsequent to the measurement date	3,124	-
Total	<u>\$ 10,175</u>	<u>\$ 2,263</u>

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,520
Change in assumptions	266	320
Net difference between projected and actual earnings on OPEB plan investments	362	-
Employer contributions subsequent to the measurement date	868	-
Total	<u>\$ 1,496</u>	<u>\$ 1,840</u>

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 668
2023	1,057
2024	1,413
2025	1,429
2026	232
Thereafter	(11)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit Program

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2022	\$ (265)
2023	(198)
2024	(196)
2025	(143)
2026	(211)
Thereafter	(199)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in Note VI of the Notes to the Financial Statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 75, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,523,937
Plan fiduciary net position	1,855,102
Employers' net OPEB liability (asset)	\$ 1,668,835
Plan fiduciary net position as a percentage of total OPEB liability	52.64%

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS-Multi-Asset Public Strategies	6.00	3.04	.18
PIP-Private Investment Partnership	3.00	6.49	.19
Total	100.00 %		<u>4.64 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.14 %</u>

* The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VII. OTHER POST EMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans (Continued)

provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities 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 Guidance 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. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

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

	1.00% Decrease	Current Discount Rate	1.00% Increase
GLI Net OPEB Liability	\$ 60,330	\$ 45,893	\$ 34,169
General Employee HIC Net OPEB Liability	4,197	2,635	1,307

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2021, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Group Life Insurance	\$ <u>682</u>
General Employee Health Insurance Credit	<u>76</u>

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

VIII. SUMMARY OF OTHER POSTEMPLOYMENT BENEFITS ELEMENTS

A summary of Other Postemployment Benefits (OPEB) financial statement elements are as follows:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Local Plan	\$ 54	\$ 4,661
Group Life Insurance	10,175	2,263
Health Insurance Credit	1,496	1,840
Total	<u>\$ 11,725</u>	<u>\$ 8,764</u>

	Net OPEB Liability	OPEB Expense
Local Plan	\$ 23,885	\$ 523
Group Life Insurance	45,893	2,050
Health Insurance Credit	2,635	670
Total	<u>\$ 72,413</u>	<u>\$ 3,243</u>

IX. RELATED PARTIES

Each member jurisdiction has a financial responsibility to the Authority for assessments and fees for services. The Authority remits rebates from the sale of recycled materials to the participating governments.

Total amounts due from and payable to the related jurisdictions at June 30, 2021 and 2020 are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Due From</u>	<u>Due To</u>	<u>Due</u>	<u>Due To</u>
Town of Ashland	\$ 15,409	\$ -	\$ 25,462	\$ -
County of Charles City	3,368	-	3,368	-
County of Chesterfield	576,546	20,539	590,625	1,088
City of Colonial Heights	162,012	-	161,617	-
County of Goochland	25,094	2,638	67,604	507
County of Hanover	134,908	24,022	86,621	3,764
County of Henrico	539,433	21,403	705,769	4,919
City of Hopewell	326,003	842	240,575	-
County of New Kent	58,673	4,324	62,807	-
City of Petersburg	130,065	-	275,701	-
County of Powhatan	119,946	3,212	91,824	390
County of Prince George	17,928	-	17,862	-
City of Richmond	761,533	-	876,959	-
Total	<u>\$ 2,870,918</u>	<u>\$ 76,980</u>	<u>\$ 3,206,794</u>	<u>\$ 10,668</u>

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

IX. RELATED PARTIES (Continued)

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2021 and 2020 are follows:

	<u>2021</u>		<u>2020</u>	
	<u>Revenues</u>	<u>Expenses</u>	<u>Revenue</u>	<u>Expenses</u>
Town of Ashland	\$ 249,984	\$ 588	\$ 252,189	\$ -
County of Charles City	3,368	-	3,433	-
County of Chesterfield	4,224,175	33,453	4,041,564	119,994
City of Colonial Heights	949,647	2,942	929,860	355
County of Goochland	638,603	81,783	577,338	44,697
County of Hanover	578,773	304,706	547,158	219,646
County of Henrico	3,528,996	399,247	3,554,735	184,575
City of Hopewell	1,408,787	12,527	1,549,093	2,387
County of New Kent	465,438	50,034	434,691	20,927
City of Petersburg	1,553,279	2,719	1,549,471	614
County of Powhatan	560,020	64,931	504,184	24,102
County of Prince George	26,922	-	17,772	-
City of Richmond	2,971,971	41,595	3,013,187	4,590
Total	<u>\$ 17,159,963</u>	<u>\$ 994,525</u>	<u>\$ 16,974,675</u>	<u>\$ 621,887</u>

X. NET POSITION AND INTERFUND TRANSFERS

The following funds have deficit net position balances as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
General Fund	\$ 58,126	\$ -
Waste Transfer & Disposal	21,352	21,407

These deficits are expected to be eliminated through future revenues.

Interfund transfers are the flow of cash from one fund to another without the requirement of repayment. Interfund balances are the result of loans between funds.

XI. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued Statement No. 87, Leases in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

XII. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond the point of origin. In March 2020, the WHO classified the COVID-19 outbreak as pandemic, based on the rapid increase in exposure globally.

The Authority’s operations are heavily dependent on local government and their financial health ability to continue participation in the Authority. The outbreak continues to have an impact on economic and market conditions, triggering a period of global economic slowdown.

To date, the Authority has not suffered any significant impact from the pandemic. However, management continues to monitor the impact of the global situation on its financial condition, liquidity and workforce.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2021

	<i>Plan Year</i>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service Cost	\$ 53,698	\$ 53,506	\$ 52,754	\$ 55,609	\$ 48,783	\$ 44,781
Interest on total pension liability	130,455	122,504	113,607	106,240	101,997	97,556
Difference between expected and actual experience	152,541	(2,962)	15,776	4,481	(30,702)	(24,167)
Changes of assumptions	-	65,856	-	(2,066)	-	-
Benefit payments, including refunds of member contributions	<u>(57,127)</u>	<u>(55,474)</u>	<u>(54,604)</u>	<u>(63,421)</u>	<u>(55,516)</u>	<u>(53,934)</u>
Net change in total pension liability	279,567	183,430	127,533	100,843	64,562	64,236
Total pension liability - beginning	<u>1,961,226</u>	<u>1,777,796</u>	<u>1,650,263</u>	<u>1,549,420</u>	<u>1,484,858</u>	<u>1,420,622</u>
Total pension liability - ending	<u><u>2,240,793</u></u>	<u><u>1,961,226</u></u>	<u><u>1,777,796</u></u>	<u><u>1,650,263</u></u>	<u><u>1,549,420</u></u>	<u><u>1,484,858</u></u>
Plan Fiduciary Net Position						
Contributions - employer	28,465	29,346	23,938	23,346	41,760	40,747
Contributions - employee	26,919	26,440	25,564	25,301	25,934	23,299
Net investment income	36,045	119,333	122,988	181,635	26,226	63,905
Benefit payments, including refunds of member contributions	(57,127)	(55,474)	(54,604)	(63,421)	(55,516)	(53,934)
Administrative expenses	(1,214)	(1,151)	(1,046)	(1,042)	(889)	(851)
Other changes	<u>(43)</u>	<u>(76)</u>	<u>(220)</u>	<u>(285)</u>	<u>(11)</u>	<u>(14)</u>
Net change in plan fiduciary net position	33,045	118,418	116,620	165,534	37,504	73,152
Plan fiduciary net position - beginning	<u>1,892,865</u>	<u>1,774,447</u>	<u>1,657,827</u>	<u>1,492,293</u>	<u>1,454,789</u>	<u>1,381,637</u>
Plan fiduciary net position - ending	<u><u>1,925,910</u></u>	<u><u>1,892,865</u></u>	<u><u>1,774,447</u></u>	<u><u>1,657,827</u></u>	<u><u>1,492,293</u></u>	<u><u>1,454,789</u></u>
Net pension liability (asset) - ending	<u><u>\$ 314,883</u></u>	<u><u>\$ 68,361</u></u>	<u><u>\$ 3,349</u></u>	<u><u>\$ (7,564)</u></u>	<u><u>\$ 57,127</u></u>	<u><u>\$ 30,069</u></u>
Plan fiduciary net position as a percentage of total pension liability	<u>86%</u>	<u>97%</u>	<u>100%</u>	<u>100%</u>	<u>96%</u>	<u>98%</u>
Covered payroll	<u>\$ 566,070</u>	<u>\$ 568,845</u>	<u>\$ 539,218</u>	<u>\$ 526,157</u>	<u>\$ 512,903</u>	<u>\$ 468,572</u>
Net pension liability (asset) as a percentage of covered payroll	<u>56%</u>	<u>12%</u>	<u>1%</u>	<u>-1%</u>	<u>11%</u>	<u>6%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRUBITIONS
FOR THE YEAR ENDED JUNE 30, 2021**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
		Contractually Required Contribution	Contractually Required Contribution			
2021	\$ 47,004	\$ 47,004	\$ -	\$ 578,479	8.12%	
2020	32,266	32,266	-	566,070	5.70%	
2019	31,743	31,743	-	568,845	5.70%	
2018	25,176	25,176	-	539,218	4.96%	
2017	26,141	26,141	-	526,157	4.96%	
2016	44,571	44,571	-	512,903	8.69%	
2015	40,719	40,719	-	468,572	8.69%	

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only five years of date is available. Additional years will be included as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

	Plan Year							
	2021	2020		2019		2018		2017
		VRS Health Insurance Credit General	Local Plan	VRS Health Insurance Credit General	Local Plan	VRS Health Insurance Credit General	Local Plan	VRS Health Insurance Credit General
Total OPEB Liability								
Service Cost	\$ 1,079	\$ 706	\$ 1,154	\$ 755	1,382	736	1,382	817
Interest on total OPEB liability	516	919	986	885	758	818	758	790
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	(1,366)	(4,405)	(469)	-	(8)	-	-
Changes of assumptions and other inputs	66	-	2,187	362	(2,140)	-	(2,140)	(704)
Benefit payments	(104)	(588)	(23)	(533)	-	(656)	-	(339)
Net change in total OPEB liability	1,557	(329)	(101)	1,000	-	890	-	564
Total OPEB liability - beginning	22,328	13,907	22,429	12,907	22,429	12,017	22,429	11,453
Total OPEB liability - ending	\$ 23,885	\$ 13,578	\$ 22,328	\$ 13,907	\$ 22,429	\$ 12,907	\$ 22,429	\$ 12,017
Plan Fiduciary Net Position								
Contributions - employer	\$ -	\$ 1,076	\$ -	\$ 1,052	\$ -	\$ 952	\$ -	\$ 946
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	205	-	613	-	650	-	834
Benefit payments	-	(588)	-	(533)	-	(656)	-	(339)
Administrative expenses	-	(21)	-	(14)	-	(15)	-	(14)
Other	-	-	-	(1)	-	(88)	-	40
Net change in plan fiduciary net position	-	672	-	1,117	-	843	-	1,467
Plan fiduciary net position - beginning	-	10,271	-	9,154	-	8,310	-	6,843
Plan fiduciary net position - ending	-	10,943	-	10,271	\$ -	\$ 9,153	\$ -	\$ 8,310
Net OPEB Liability - ending	\$ 23,885	\$ 2,635	\$ 22,328	\$ 3,636	\$ 22,429	\$ 3,754	\$ 22,429	\$ 3,707
Plan fiduciary net position as a percentage of total OPEB liability	0%	81%	0%	74%	0%	71%	0%	69%
Covered employee payroll	\$ 581,014	566,070	\$ 568,848	\$ 553,515	\$ 553,515	\$ 529,094	\$ 529,094	\$ 525,698
Net OPEB liability as a percentage of covered payroll	4.1%	0.5%	3.9%	0.7%	4.1%	0.7%	4.2%	0.7%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB CONTRUBITIONS – GROUP LIFE JUNE 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2021	\$ 3,124	\$ 3,124	\$ -	\$ 578,479	0.54%
2020	2,942	2,942	-	566,070	1.30%
2019	2,870	2,870	-	553,515	1.30%
2018	7,063	7,063	-	529,094	1.34%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB CONTRUBITIONS - HIC JUNE 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit General Employees					
2021	\$ 868	\$ 868	\$ -	\$ 578,479	0.15%
2020	1,076	1,076	-	566,070	0.19%
2019	1,043	1,043	-	553,515	0.19%
2018	970	970	-	529,094	0.18%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

The covered payroll amounts above for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE JUNE 30, 2021

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2020	0.0028%	\$ 45,893	\$ 566,070	8.11%	52.64%
2019	0.0028%	46,002	553,515	8.31%	52.00%
2018	0.0028%	43,000	529,094	8.13%	51.22%
2017	0.0029%	43,000	525,698	8.17%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

Note 1. Changes of Benefit Terms

Pension: There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB): There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Statistical Section

The Statistical Section supports and provides additional historical perspective, context and detail to the Financial Section.

Financial Trends

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

- Net Position by Component
- Changes in Net Position
- Operating Revenues by Source
- Operating Expenses
- Nonoperating Revenues

Revenue Capacity

This schedule contains information to help the reader assess the Authority's significant revenue sources.

- Curbside Recycling and Municipal Solid Waste Rates

Debt Capacity

The Authority does not issue debt and as a result no disclosure is required.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

- Revenue by Locality
- Demographic and Economic Statistics
- Principal Employers

Operating Information

These schedules contain service and operational data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

- Materials Collected
- Number of Customers by Type
- Number of Employees by Function

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Net Position by Component – Last Nine Fiscal Years

Fiscal Year	Capital Assets Net	Unrestricted	Total Net Position
2021	\$ 34,153	\$ 448,001	\$ 482,154
2020	36,805	654,166	690,971
2019	48,479	729,152	777,631
2018	58,286	722,481	780,767
2017	69,658	683,708	753,367
2016	49,470	639,449	688,919
2015	41,786	588,655	630,441
2014	6,087	652,971	659,058
2013	11,375	629,728	641,103

*GASB Statement No. 68 was adopted in fiscal year 2015.

Changes in Net Position – Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Non-operating Revenues (Expenses)	Change in Net Position
2021	\$ 18,550,869	\$ 18,781,593	\$ (230,724)	\$ 21,907	\$ (208,817)
2020	17,915,547	18,041,980	(126,433)	39,773	(86,660)
2019	16,474,821	16,548,024	(73,203)	70,067	(3,136)
2018	15,843,573	15,830,244	13,329	63,001	76,330
2017	15,809,592	15,792,426	17,166	47,282	64,448
2016	14,668,426	14,655,568	12,858	45,620	58,478
2015	13,451,160	13,402,929	48,231	31,812	80,043
2014	13,444,295	13,441,342	2,953	15,002	17,955
2013	14,288,408	14,291,731	(3,323)	16,620	13,297
2012	14,858,298	14,913,076	(54,778)	41,870	(12,908)

Notes:

CVWMA's Net Position Policy allows the Authority to consider a rebate of unrestricted net position in excess of 5% of total operating budget. Although approximately 95% of the budget is pass through to localities depending on participation, the Authority feels it is prudent to continue to build reserves in the event significant resources are needed in the future.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Revenues by Source – Last Ten Fiscal Years

	<i>Local Gov't Assmts</i>	<i>Recycling(1)</i>	<i>Refuse and Solid Waste(2)</i>	<i>Composting and Yard Waste(3)</i>	<i>Other Projects(4)</i>	<i>Material Sales(5)</i>	<i>Total</i>
2021	\$ 575,228	\$ 10,449,464	\$ 5,292,545	\$ 860,806	\$ 337,016	\$ 1,035,810	\$ 18,550,869
2020	567,956	10,675,991	5,116,607	649,687	276,468	628,838	17,915,547
2019	561,661	9,624,916	4,612,401	490,231	331,592	854,020	16,474,821
2018	558,825	8,294,822	4,614,706	478,302	324,940	1,571,978	15,843,573
2017	552,522	8,140,823	4,583,544	545,261	260,544	1,726,898	15,809,592
2016	548,282	7,976,957	4,245,042	306,797	247,500	1,343,848	14,668,426
2015	533,205	7,221,900	3,871,868	326,904	174,062	1,323,221	13,451,160
2014	533,205	7,250,055	4,502,336	478,503	204,355	475,841	13,444,295
2013	533,205	7,048,641	5,633,416	474,475	202,976	395,695	14,288,408
2012	515,894	6,766,758	6,144,498	675,122	221,092	534,934	14,858,298

Notes: Member jurisdictions have the option to choose from a menu of services that best meet their individual needs.

(1) Recycling programs include residential and drop off recycling services, which include the recycling of traditional materials such as paper, cardboard and aluminum, plastic and glass bottles, and containers and cartons. The City of Richmond rolled out large recycling carts to about 61,500 equivalent residential units in July 2015. In addition, the City of Hopewell joined the curbside recycling program in July 2014. The CVWMA implemented curbside recycling in the City of Petersburg in March 2013. The CVWMA negotiated an early renewal of the contract for residential collection and processing of recyclable material, which became effective May 1, 2014, resulting in savings to participating localities. In fiscal year 2012 the CVWMA implemented a program which allows citizens to purchase 95-gallon recycling carts online. Currently, nine localities participate in residential recycling and ten participate in drop off recycling. In fiscal year 2019, the Authority renegotiated the contract for residential recycling collection with the vendor now servicing 8 of the 9 jurisdictions participating in curbside recycling. This was due to the significant disruption in the global recycling markets for 2/3 of the volume of material. CVWMA now pays a maximum \$30/ton for each ton of material collected on the curb, in comparison to year's past where nothing was paid for processing and the Authority enjoyed rebates from the sale of recyclables. Hopewell joined this contract effective July 1, 2019 resulting in higher per household costs in addition to processing fees.

(2) The refuse and solid waste programs include municipal solid waste collection and disposal in Ashland, Colonial Heights, Hopewell, Petersburg and certain residential units in Chesterfield; and transfer and disposal from the convenience centers in Chesterfield, Goochland, New Kent and Powhatan. Since July 1, 2012, CVWMA has procured and negotiated new contracts for trash collection in Ashland, Colonial Heights, Hopewell, and Petersburg, resulting in a significant reduction in costs. Additionally, a new procurement in 2012 resulted in significantly reduced rates for hauling and disposal of waste from 9 area convenience centers. In 2016, Chesterfield began providing trash collection to nearly 2,500 tax-relief customers through the Authority.

(3) The yard waste grinding and leaf composting contracts are on an as needed basis with no minimum volume guaranteed. The increase in activity in fiscal years 2020 and 2021 is a result of Covid-19.

(4) Other projects include other waste disposal and recycling programs such as waste tire recycling, appliance and scrap metal recycling and household hazardous waste disposal are provided on an "as needed" basis.

(5) The revenue generated from the sale of recyclables is dependent upon the market at the time of the sale. Markets have fluctuated in the last ten years typically related to the fluctuation in the economy. In FY 2014, the Authority negotiated a renewal of the curbside recycling contract to include a rebate effective May 1, 2014, however due to significant downturns in the market, the rebate was suspended effective April 1, 2018. As a result the CVWMA renegotiated its contract with its largest residential recycling vendor, paying a maximum of \$30/ton in FY 2019. In FY2020, a further reduction in revenue received from the sale of used oil and scrap metal due to COVID-19. In FY2021, the demand for fiber and plastics resulted in increased rebates in the drop-off recycling and residential recycling programs.

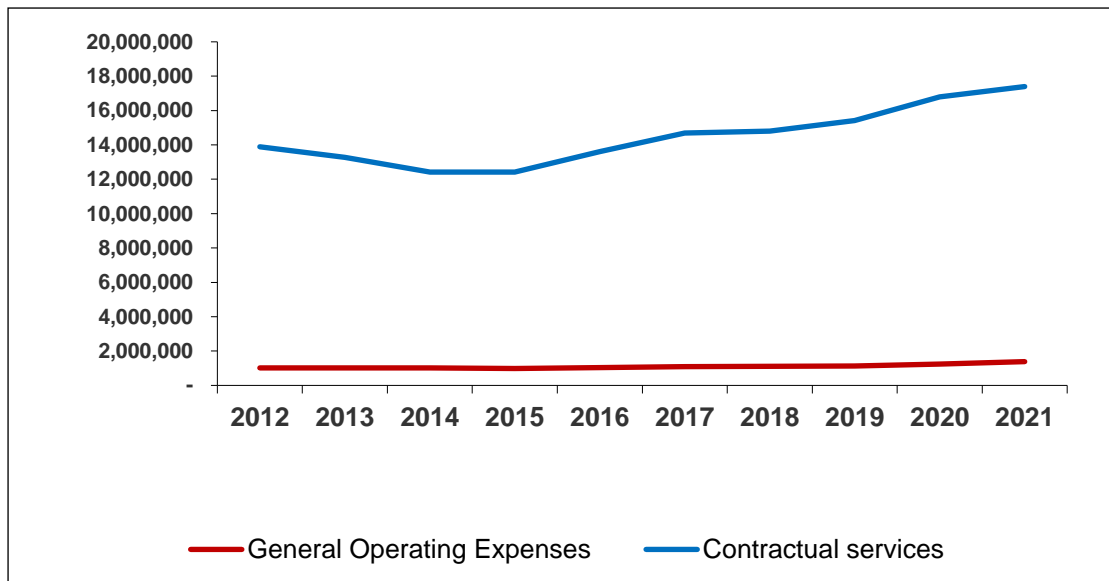
CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Expenses – Last Ten Fiscal Years

	<i>Administrative /Operating</i>	<i>Salaries And Benefits</i>	<i>Professional Service Fees</i>	<i>Depreciation</i>	<i>Project Contractual Services</i>	<i>Material Sales Rebates*</i>	<i>Total Operating Expenses</i>
2021	\$ 267,181	\$ 939,550	\$ 164,848	\$ 12,583	\$ 16,401,262	\$ 996,169	\$ 18,781,593
2020	259,382	855,018	113,395	17,614	16,173,543	623,028	18,041,980
2019	288,088	755,092	71,426	24,847	14,562,931	845,640	16,548,024
2018	270,770	728,456	71,422	21,664	13,201,409	1,598,671	15,830,244
2017	300,345	720,328	61,356	15,961	13,041,006	1,653,430	15,792,426
2016	258,964	688,984	80,241	12,186	12,307,502	1,307,691	14,655,568
2015	241,959	667,420	61,985	12,301	11,130,568	1,288,696	13,402,929
2014	234,949	707,418	65,959	5,288	11,985,140	442,588	13,441,342
2013	225,782	714,568	67,346	10,606	12,923,072	350,357	14,291,731
2012	257,528	679,827	63,857	19,288	13,391,649	500,927	14,913,076

Notes:

In FY 2013 the Authority completed the phase-in of the VRS employee contribution of 5%, which resulted in pay increases of 5%. Three full-time employees retired from the Authority in calendar year 2013. General operating expenses, including salaries, benefits and professional fees have remained relatively constant in relation to program costs over the last ten years. In FY 21, retirement costs through the Virginia Retirement System increased significantly. A rebate of \$669,367 was received in FY 2015 as a result of an early renewal of the residential recycling contract provided to 255,000 households and that rebate was suspended in April 1, 2018 due to significant downturns in the recycling markets. During and as a result of Covid, recycling markets for fiber, metal and plastics have improved significantly, where the Authority is receiving a rebate versus paying to process the material. In FY 2016, the Authority hired Zellos to consult and assist with the implementation of the Authority’s Strategic Plan. In late 2015, the Authority increased the Recycling Education and Outreach Specialist from part-time to a full-time position under the Public Affairs program. In FY2019, the Authority hired a consultant to provide a pay, classification and benefits study for full-time staff positions and the results were fully implemented in March 2019. In FY2020, the CVWMA hired a recycling and solid waste management consultant to evaluate the regional residential recycling program and in FY2021, hired a consultant to facilitate and draft a strategic plan for the Authority.



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Nonoperating Revenues – Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Grants and Sponsorships</i>	<i>Interest Income</i>	<i>Miscellaneous</i>	<i>Total Nonoperating Revenues</i>
2021	\$ 10,000	\$ 11,907	\$ -	\$ 21,907
2020	10,000	29,773	-	39,773
2019	10,000	60,067	-	70,067
2018	15,000	47,995	6	63,001
2017	10,000	29,453	7,829	47,282
2016	24,500	21,120	-	45,620
2015	10,000	21,812	-	31,812
2014	10,000	4,702	300	15,002
2013	10,000	6,075	545	16,620
2012	27,500	14,370	-	41,870

Notes:

The Authority has negotiated with TFC Recycling to contribute \$10,000 annually to promote residential recycling through sponsorship of the annual collection schedule. In 2018, CVWMA received monies from the National Carton Council in the amount of \$5,000 to promote the recycling of cartons. Seven sponsors contributed \$14,500 toward the CVWMA's 25th Anniversary events in 2015. The Authority sold two vehicles in FY2017, netting \$7,829 in revenue.

In 2015, the Authority implemented another payment option for vendors, which has resulted in earning a rebate on the payment to vendors via a purchasing card. The Authority also received a sponsorship from Sonoco Recycling for the 2012 Curbside Recycling Calendar in the amount of \$7,500.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

**Residential Recycling and Municipal Solid Waste Rates
Last Ten Fiscal Years**

Residential Recycling – Rates per household per month

	<u>Bi-Weekly Collection</u>	<u>Bi-Weekly Collection w/ cart</u>	<u>Weekly Collection</u>	<u>Public Information</u>	<u>Customer Service</u>
2021	\$ 1.980	\$ 1.980-3.110	-	\$.068	\$.072
2020	1.950	1.950-3.060	-	.067	.071
2019	1.910	1.650-3.000	-	.066	.070
2018	1.860	1.600-2.930	-	.065	.069
2017	1.840	1.540-2.930	-	.064	.068
2016	1.800	1.490-2.860	-	.063	.067
2015	1.800	1.470-2.420	-	.063	.067
2014	1.800	2.420	-	.063	.066
2013	1.815	2.872	2.872	.062	.065
2012	1.767	-	2.797	.060	.063

Notes:

The curbside recycling program collection rates vary based on the participating jurisdictions level of service desired. In 2015, the City of Hopewell added residential recycling to its menu of services. In Fiscal Year 2013, both Ashland and Colonial Heights converted from a weekly collection program to bi-weekly with 95-gallon carts and the City of Richmond converted from bins to carts in 62,000 homes in 2016. Therefore, no jurisdiction is providing weekly collection anymore. The current contract became effective July 1, 2009 and an early renewal was negotiated effective May 1, 2014 resulting in reduced per household fees and rebate on each ton collected at the curb from one vendor. A fee is charged participating localities for public education and the CVWMA uses those funds to promote the program regionally. A separate fee is charged for customer service provided by the Authority.

The current municipal solid waste contracts include the Cities of Colonial Heights, Hopewell and Petersburg, the Town of Ashland and the County of Chesterfield. The rates include collection and disposal except in the City of Petersburg where disposal is free based on a host agreement between the City and the privately-owned landfill

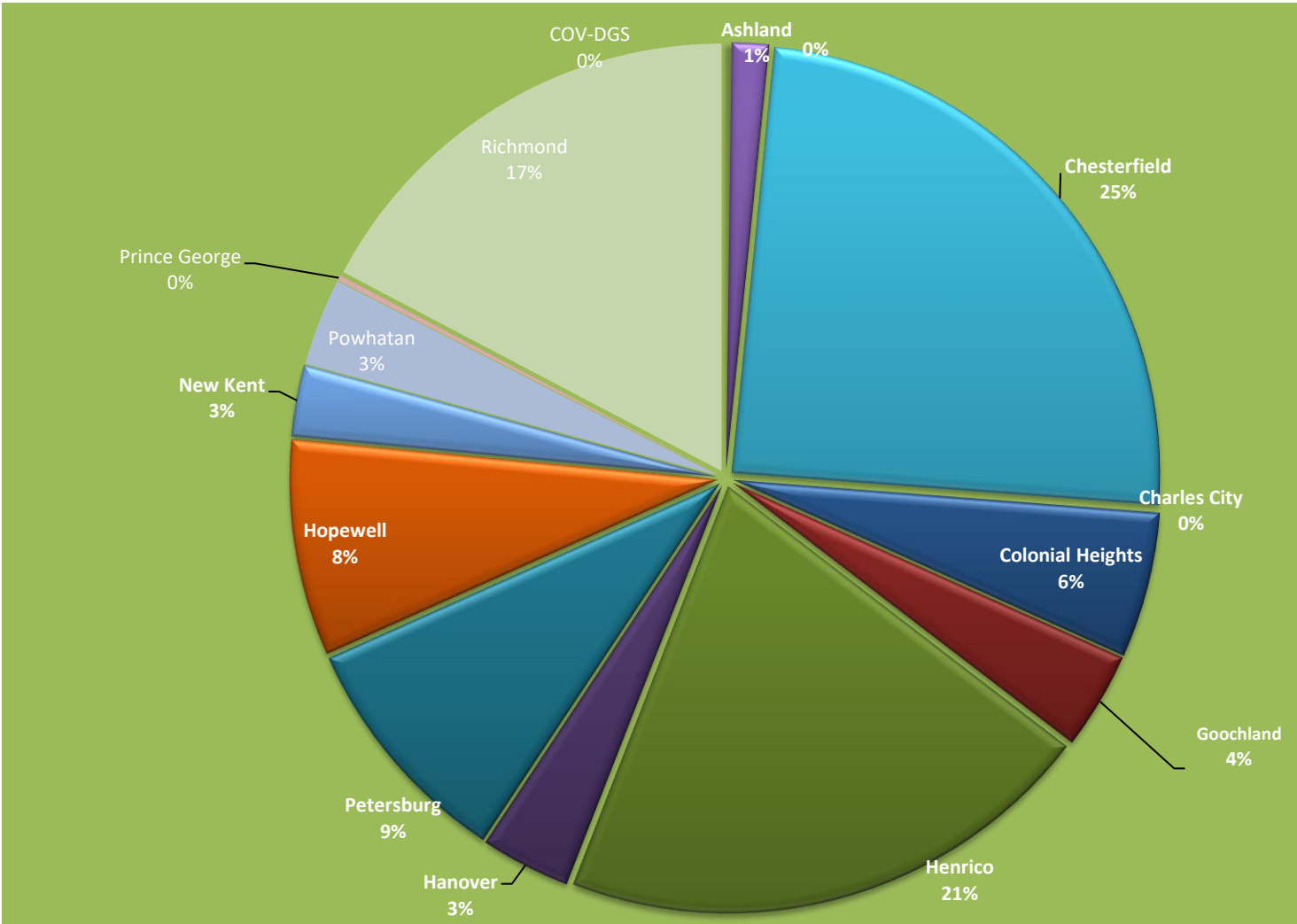
The Authority also has contracts for waste disposal from area convenience centers. The tipping fees (per ton disposal fees) were reduced in fiscal year 2014 with the procurement of new contracts for Chesterfield, Goochland, New Kent and Powhatan.

	<u>Municipal Solid Waste Collection per household Per month</u>	<u>Tipping Fees Range Dollars Per Ton</u>
2021	\$7.63 - \$10.87	\$19.09 - \$21.45
2020	\$7.46 - \$10.87	\$18.55 - \$20.45
2019	\$7.00 - \$10.35	\$17.85 - \$20.07
2018	\$7.00 - \$10.35	\$17.24 - \$19.39
2017	\$7.00 - \$10.35	\$17.29 - \$19.01
2016	\$5.02 - \$10.35	\$16.90 - \$22.50
2015	\$5.02 - \$10.35	\$16.00 - \$22.50
2014	\$5.02 - \$15.40	\$16.00 - \$22.50
2013	\$5.02 - \$15.19	\$28.05 - \$38.30
2012	\$9.51 - \$14.93	\$29.34 - \$37.66

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Revenue by Locality – Current Year and Nine Years Ago

Locality	2021 Operating Revenues	2021 Percent of Revenue	Locality	2012 Operating Revenues	2012 Percent of Revenue
County of Chesterfield	\$ 4,224,175	24.6%	County of Chesterfield	\$ 2,910,354	28.3%
County of Henrico	3,528,996	20.5%	County of Henrico	1,498,025	14.6%
City of Richmond	2,971,971	17.3%	City of Richmond	1,362,563	13.3%
City of Petersburg	1,553,279	9.0%	City of Colonial Heights	967,063	9.4%
City of Hopewell	1,408,787	8.2%	City of Hopewell	806,539	7.9%
City of Colonial Heights	949,647	5.5%	City of Petersburg	639,964	6.2%
County of Goochland	638,603	3.7%	County of Powhatan	521,661	5.1%
County of Hanover	578,773	3.4%	County of New Kent	509,939	5.0%
County of Powhatan	560,020	3.3%	County of Goochland	419,198	4.1%
County of New Kent	465,438	2.7%	County of Prince George	298,693	2.9%
Town of Ashland	249,984	1.4%	Town of Ashland	205,913	2.0%
Commonwealth VA-DGS	30,713	0.2%	County of Hanover	123,399	1.2%
County of Prince George	26,922	0.2%	County of Charles City	3,517	0.0%
County of Charles City	3,368	0.0%	Commonwealth VA-DGS	0	0.0%
Totals	<u>\$17,190,676</u>	<u>100.0%</u>		<u>\$ 10,266,828</u>	<u>100.0%</u>



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

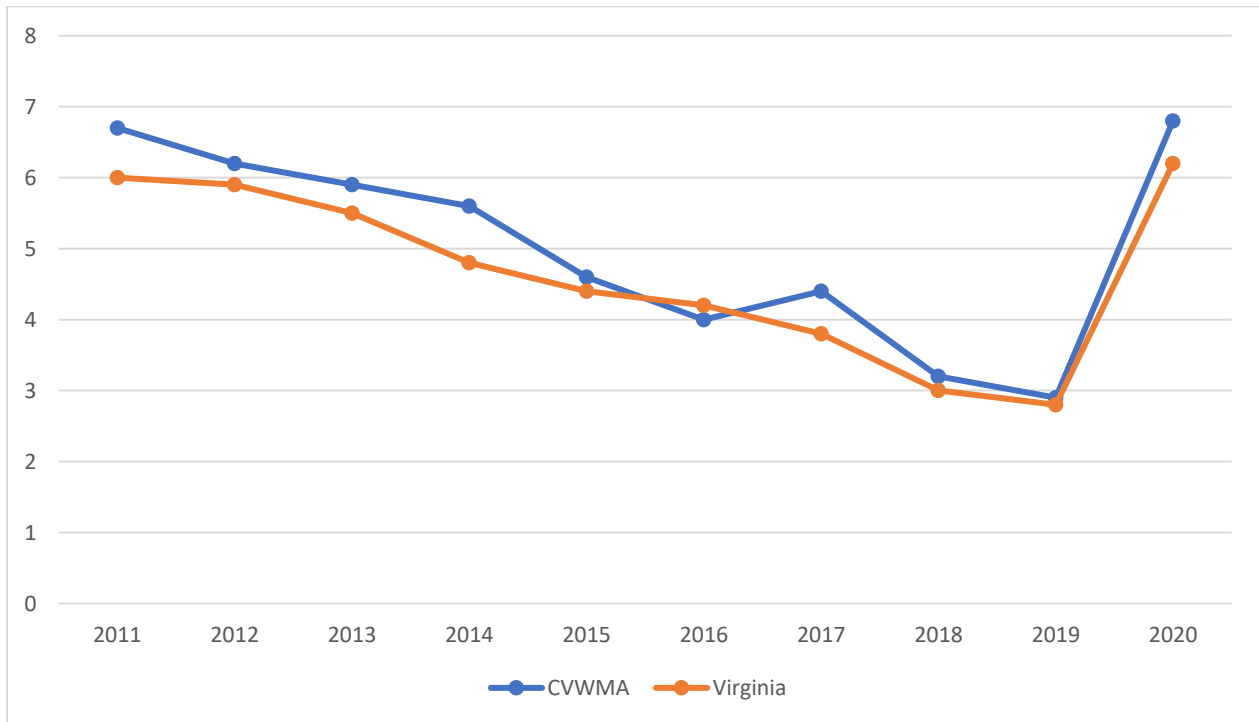
Demographic and Economic Statistics – Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Average Income</u>	<u>Unemployment Rate</u>	
			<u>CVWMA</u>	<u>Virginia</u>
2020	1,218,399	\$ 64,695	6.8%	6.2%
2019	1,206,641	57,018	2.9%	2.8%
2018	1,199,092	59,010	3.2%	3.0%
2017	1,183,241	57,772	4.4%	3.8%
2016	1,170,128	53,723	4.0%	4.2%
2015	1,164,023	52,136	4.6%	4.4%
2014	1,151,077	50,405	5.6%	4.8%
2013	1,142,254	46,730	5.9%	5.5%
2012	1,132,928	45,339	6.2%	5.9%
2011	1,112,543	43,468	6.7%	6.0%

Source of Data: Weldon Cooper Center for Public Service, University of Virginia, Bureau of Economic Analysis, and Virginia Employment Commission.

The data above represents the Central Virginia Waste Management Authority Service Area which includes the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; the Town of Ashland; and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George.

Unemployment Rate Comparison



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Central Virginia Principal Employers

Current Year and Nine Years Ago

<i>Employer **</i>	<i>Calendar Year 2020*</i>	<i>Calendar Year 2011*</i>
	<u>Rank</u>	<u>Rank</u>
Virginia Commonwealth University	1	1
MCV Hospitals/VCU Health Systems	2	5
Capital One Bank	3	4
Chesterfield County School Board	4	3
Henrico County School Board	5	2
Bon Secours Richmond Health Systems	6	7
HCA Virginia Health Systems	7	n/a
Amazon Fulfillment Services Inc.	8	n/a
County of Henrico	9	n/a
Wal Mart	10	8
U. S. Department of Defense	n/a	6
Richmond City Public Schools	n/a	9
City of Richmond	n/a	10

* Virginia Employment Commission - *Economic Information & Analytics*

** The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347. All employers have over 1,000 individuals employed.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Material Collected – Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Tons Recycled*</i>	<i>Tons of Municipal Solid Waste</i>	<i>Cubic Yards of Yard Waste</i>	<i>Gallons of Paint Collected</i>	<i>Gallons of Used Oil Collected</i>	<i>Tons of Batteries Recycled</i>	<i>Propane Tanks Recycled</i>	<i>Tons of Tires Recycled</i>	<i>Tons of Electronics Recycled</i>	<i>Tons of Textiles</i>
2021	51,191	89,076	141,267	17,490	160,996	85.8	779	445	112	696
2020	49,174	84,970	113,883	18,370	160,482	85.9	2,650	324	155	824
2019	48,059	79,887	105,184	15,985	172,825	75.3	2,296	893	169	774
2018	48,238	76,512	86,796	14,355	166,390	67.6	2,342	939	154	786
2017	49,138	71,899	115,284	12,540	179,319	60.3	1,994	702	229	946
2016	46,347	68,097	167,360	11,440	176,887	55.0	1,411	707	274	1,012
2015	45,049	65,059	180,092	10,560	112,143	35.2	1,408	724	185	1,033
2014	40,007	65,095	269,604	9,075	105,713	29.5	1,082	766	405	814
2013	42,943	61,923	234,460	8,745	114,804	30.4	1,105	787	410	548
2012	41,936	72,272	363,219	12,045	112,230	42.2	1,141	736	406	423

* Includes paper, metals, plastic and glass.

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Customers by Type – Last Ten Fiscal Years

Residential Recycling

<i>Fiscal Year</i>	<i>Ashland</i>	<i>Chesterfield</i>	<i>Colonial Heights</i>	<i>Goochland</i>	<i>Hanover</i>	<i>Henrico</i>	<i>Hopewell</i>	<i>Petersburg</i>	<i>Richmond</i>	<i>Total</i>
2021	1,706	94,352	6,701	1,758	3,723	85,007	8,448	11,036	61,558	274,289
2020	1,706	94,930	6,701	1,592	3,723	85,007	8,644	11,025	61,558	274,886
2019	1,465	94,930	6,701	1,637	3,705	85,007	8,644	11,064	61,588	274,741
2018	1,465	94,930	6,701	1,495	3,705	84,909	8,644	11,021	61,521	274,434
2017	1,465	95,007	6,701	1,336	3,553	84,909	8,644	11,064	61,487	274,166
2016	1,465	95,693	6,701	1,242	3,257	84,909	8,644	11,064	61,487	274,462
2015	1,465	97,600	6,635	1,238	2,837	84,909	8,649	11,199	61,487	276,019
2014	1,465	97,585	6,701	1,238	2,837	84,909	-	11,203	61,487	267,425
2013	1,465	97,585	6,701	1,238	2,837	84,528	-	10,998	61,428	266,780
2012	1,465	97,566	6,360	1,146	2,837	84,361	-	-	61,159	254,894

Municipal Solid Waste Collection

<i>Fiscal Year</i>	<i>Ashland</i>	<i>Chesterfield</i>	<i>Colonial Heights</i>	<i>Hopewell</i>	<i>Petersburg</i>	<i>Total</i>
2021	1,770	1,613	6,922	8,548	11,036	29,889
2020	1,706	1,698	6,882	8,545	11,033	29,864
2019	1,706	1,819	6,815	8,678	11,025	30,043
2018	1,465	1,999	6,751	8,644	11,021	29,908
2017	1,465	2,115	6,701	8,644	11,064	29,954
2016	1,465	2,301	6,632	8,648	11,064	30,110
2015	1,465	-	6,635	8,647	11,199	27,946
2014	1,465	-	6,701	8,644	11,203	28,013
2013	1,465	-	6,701	8,644	10,998	27,808
2012	1,465	-	6,250	8,644	11,810	28,169

Notes:

Each member locality has the option to choose from a menu of programs that best meet their needs. The above represents the jurisdictions that participate or have participated in the residential recycling and municipal solid waste programs. The other Authority programs are available to all residents of the jurisdiction(s) that participate in those programs.

The City of Petersburg joined the municipal solid waste collection program July 1, 2002 and the residential recycling program in March 2013.

The City of Hopewell implemented residential recycling in July 2014.

The County of Chesterfield implemented the municipal solid waste collection for their tax-relief citizens in August 2015.

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Employees by Function – Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30,									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Program Management and Operations	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Public Information and Education	2.0	1.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Finance and Administration	3.0	3.0	3.0	3.0	3.0	3.0	2.5	3.0	3.5	3.5
Call Center Operations	<u>3.0</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.0</u>	<u>3.5</u>	<u>3.5</u>
Total Employees	<u>10.5</u>	<u>10.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>10.5</u>	<u>10.0</u>	<u>11.0</u>	<u>11.0</u>

CVWMA provides recycling and solid waste management programs to its member localities through the use of contracts with the private sector.

Source of Data: CVWMA Administrative Office

Compliance

Section



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

To the Audit Committee and Board of Directors
Central Virginia Waste Management Authority
Richmond, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 each major fund of the Central Virginia Waste Management Authority (the “Authority”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001, which we consider to be a significant deficiency.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.**

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
September 7, 2021

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2021

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants shown below:

STATE COMPLIANCE MATTERS

Code of Virginia:

Cash and Investment Laws

Debt Provisions

Local Retirement Systems

Procurement Laws

Uniform Disposition of Unclaimed Property Act

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2021

A. FINDING – FINANCIAL STATEMENT AUDIT

2021-001: Bank Reconciliations (Significant Deficiency)

Condition:

As part of our audit we proposed one significant adjustment related to cash and accounts payable related to an improper reconciling item on the bank reconciliation.

Recommendation:

We suggest management continue to perform detailed review of all reconciliations. Additionally, the adjustment that was made as a result of our current year audit should be reviewed during the next year as a reminder of matters needing accounting attention in preparing for the 2022 audit.

Views of Responsible Officials:

The auditee agrees with the finding and recommendation.

B. FINDINGS – COMMONWEALTH OF VIRGINIA

None