

RIVANNA SOLID WASTE AUTHORITY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**YEARS ENDED
JUNE 30, 2016 AND 2015**

SERVING

**CHARLOTTESVILLE &
ALBEMARLE COUNTY, VIRGINIA**

RIVANNA SOLID WASTE AUTHORITY
CHARLOTTESVILLE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2016 AND 2015

Prepared By:

Department of Finance and Administration

RIVANNA SOLID WASTE AUTHORITY
Comprehensive Annual Financial Report
Fiscal Years Ended June 30, 2016 and 2015

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BOARD MEMBERS

Michael A. Gaffney, Chairman

Thomas Foley, Vice-Chairman

Maurice Jones, Secretary/Treasurer

Judith M. Mueller

Trevor Henry

Kathleen Galvin

Dr. Liz Palmer

EXECUTIVE DIRECTOR

Lonzy E. Wood, III, CPA, Interim

DIRECTOR OF FINANCE/ADMINISTRATION

Lonzy E. Wood, III, CPA

GENERAL COUNSEL

McGuire Woods, LLP
Charlottesville, Virginia

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December 6, 2016

To the Board of Directors
Rivanna Solid Waste Authority
Charlottesville, Virginia

The Comprehensive Annual Financial Report (CAFR) of the Rivanna Solid Waste Authority (Authority) for the fiscal year end June 30, 2016 is submitted herewith. This report has been prepared in conformity with the reporting and accounting standards promulgated by the Government Accounting Standards Board, the Financial Accounting Standards Board, and with the accounting and reporting standards for enterprise funds set out by the Government Finance Officers Association of the United States and Canada, with such modifications as apply to our status as an independently chartered corporation.

Based upon a comprehensive framework of internal control that it has established for this purpose, management assumes responsibility for the completeness and reliability of the information contained in this report. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements, because the cost of each internal control should not outweigh the potential benefit.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

ORGANIZATION AND SERVICES PROVIDED

The Rivanna Solid Waste Authority is a regional non-profit public corporation chartered in 1990 under the Virginia Water and Waste Authorities Act (1950, as amended), that currently provides solid waste disposal and recycling services to the region comprised of the City of Charlottesville (City) and Albemarle County (County). The Authority does not provide collection services, which are managed by the City's Public Service Division and various private haulers who serve customers in both the County and the City. The Authority operates under the terms of a Service Agreement signed October 6, 1990 by the officers of the City Council, the County Board of Supervisors, and the Authority. By this agreement, the Authority is to be the sole provider of any landfills, transfer stations, or other solid waste disposal facilities, including recycling and solid waste energy generation, for all solid waste generated within Charlottesville and Albemarle County. The Authority accepted donation of the assets and liabilities and assumed operational responsibility for the Ivy Sanitary Landfill as of February 1, 1991.

The Authority has determined that it is not part of the reporting entity of either the City of Charlottesville or the County of Albemarle (see Note 1 of the notes to the financial statements). The Board appoints an Executive Director, who manages Authority operations under their direction. The Authority's operations mainly consist of the Ivy Material Utilization Center (IMUC), Municipal Solid Waste (MSW) transfer station, recycling activities and supporting administrative functions.

LOCAL ECONOMIC CONDITIONS

The University of Virginia provides a significant buffer against large swings in the economy of our service area. In addition, the Charlottesville urban area is a major retail trade center for the surrounding region. Housing growth remains steady. Although the majority of such growth occurs in County developments, infilling in Charlottesville continues. Both Charlottesville and Albemarle County enjoy low unemployment rates, steady economic growth and high bond ratings.

A ten-year compilation analysis report dated September 2016 by the Charlottesville Regional Chamber of Commerce examining employment in the Greater Charlottesville Region concluded that total jobs grew by 13.74%, or 14,759 jobs, from 2005 to 2015 to the highest overall employment level to date. The majority of jobs within the Region are located in the City of Charlottesville and Albemarle County. The report noted that private sector employment in the Greater Charlottesville Region increased by 14.46%, compared to 3.58% for the rest of Virginia.

The Charlottesville-Albemarle area attracts many visitors to its historic sites and the wine industry has been popular and has served to help benefit the tourism sector of the regional economy. The travel and tourism industry make a vital contribution to the local economy.

LONG-TERM FINANCIAL PLANNING

The Authority is committed to the environmental remediation of the former Ivy Landfill. This challenge is immense in terms of management and economic resources. The next ten year effort in this area for monitoring and remediation will cost an estimated \$6 to \$7 million, which should level off to less than \$500,000 per year thereafter.

A memorandum of understanding among the City, the County, the University of Virginia (UVA), and the Authority was signed on January 10, 2005 in which the City, County, and UVA agreed to share in funding the costs of environmental remediation at the former Ivy Landfill which includes implementing the Corrective Action Plan. Obviously, the remediation costs greatly outweigh the ability to generate revenues at Rivanna. This agreement clearly indicates that our associated local governments and UVA are committed to financially supporting this long-term effort to protect and correct adverse impacts on the environment.

MAJOR INITIATIVES

Over the next two years, RSWA is to build and operate a new transfer station at the Ivy Material Utilization Center to replace the aging facility currently in operation. The current transfer station has reached the end of its useful life and does not meet current standards. A new transfer station is being designed to accommodate 50 tons per day of MSW and will allow some growth in recycling services offered. See the MD&A for more information.

ACCOUNTING AND BUDGETARY CONTROLS AND FINANCIAL POLICIES

The Authority's accounting records are maintained on the accrual basis of accounting. (See Note 2B of the notes to the financial statements). Internal controls are maintained by segregation of duties and physical and data security systems in all areas of record keeping, billing, cash receipts, disbursements and purchasing authority. All of these control systems are reviewed regularly by staff and are evaluated as part of the annual financial audit (see the Compliance Section of this report).

ACCOUNTING AND BUDGETARY CONTROLS AND FINANCIAL POLICIES (CONTINUED)

The Authority is required by the Service Agreement to adopt an annual fiscal year budget for setting tipping fees as well as for fiscal guidance to staff. Budgets include direct costs and provision for equipment replacement as well as allocations of administrative, maintenance, site improvements funding, recycling, and other expenses. The Authority is in a position to offer only those services that can be supported either through fees charged or through local government contributions. Those contributions are governed by various annual agreements with the City and County. Projections of tonnages and expenses by waste category are used to calculate tipping fee requirements for each waste category (see Table 5). A proposed budget incorporating proposed tipping fees and local government contributions is prepared by the Director of Finance and the Executive Director and submitted to the Board of Directors. A public hearing is held on any proposed tipping fee changes with at least sixty days advance public notice. All budget items lapse at the end of the fiscal year, with the exception of encumbrances and contractual commitments.

Budgetary compliance is monitored and reported to the Board by the Director of Finance and Administration and the Executive Director. Projections of both revenues and expenses are understood to reflect anticipated service levels and to incorporate a variety of economic and demographic forecasts. Variances from budget line items are examined at least monthly to assure a direct relation between costs and actual service levels, emergencies or other contingent conditions.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Rivanna Solid Waste Authority for its Comprehensive Annual Financial Report for the year ended June 30, 2015. This was the twenty second consecutive year that this governmental unit has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

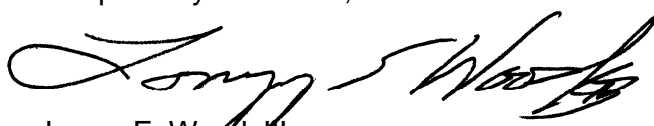
ANNUAL AUDIT

State law and the Service Agreement require an annual audit of the books and records of the Authority. The opinion of our independent certified public accountants is included in the Financial Section. The concurrent reports on compliance are included in the Compliance Section.

ACKNOWLEDGEMENTS

The help of staff and of our certified public accountants is gratefully acknowledged. Such help and the Board of Directors' support and commitment to financial reporting excellence are essential to the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lonzy E. Wood, III", is written over a horizontal line.

Lonzy E. Wood, III
Director of Finance and Administration

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Government Finance Officers Association

**Certificate of
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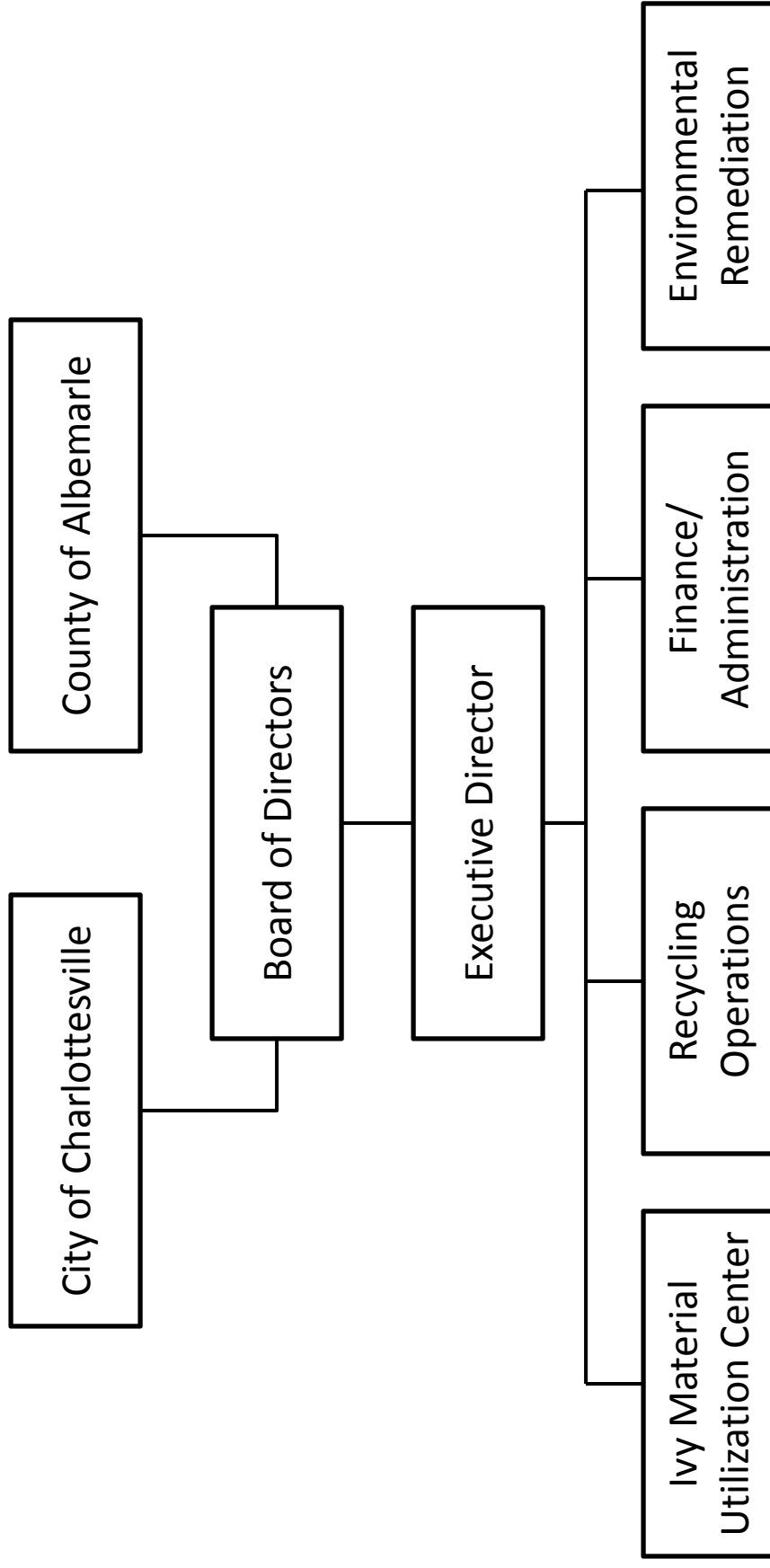
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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Rivanna Solid Waste Authority



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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To the Board of Directors
Rivanna Solid Waste Authority
Charlottesville, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Rivanna Solid Waste Authority, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Rivanna Solid Waste 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 the *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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Rivanna Solid Waste Authority, as of June 30, 2016 and 2015, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2016, the Authority adopted new accounting guidance, GASB Statement Nos. 79 Certain External Investment Pools and Pool Participants and 82 Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 13-19 and 61-64 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 an opinion on the financial statements that collectively comprise Rivanna Solid Waste 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016, 2016, on our consideration of Rivanna Solid Waste 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 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 Rivanna Solid Waste Authority's internal control over financial reporting and compliance.


Charlottesville, Virginia
December 6, 2016

Management's Discussion and Analysis

**To the Board of Directors
Rivanna Solid Waste Authority
Charlottesville, Virginia**

As management of Rivanna Solid Waste Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 5 of this report.

Overview of the Financial Statements

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

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

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

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

The basic enterprise fund financial statements can be found on pages 22 through 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 27 through 58 of this report.

Required supplementary information. This report also includes required supplementary information concerning the Authority's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It is located immediately following the notes to financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the current fiscal year by \$4.4 million (net position), a \$.6 million increase over last year, due to the reduction in accrued closure and post-closure costs.
- Total revenues increased by \$78,000, due to increased charges to the local jurisdictions for governmental contributions to fund operating costs.
- Total expenses decreased by \$127,000 despite increased operating costs due to an adjustment to reduce accrued environmental remediation costs.

Financial Analysis

The Authority's total net position increased by 16% this year, which indicates an improvement in its overall financial position. Net position invested in capital assets at the end of the past 3 years has remained relatively constant, with annual increases of less than 0.5%. The Authority uses these capital assets to provide services to its customers, so these assets are not available for future spending. Unrestricted net position is negative \$1.8 million as of June 30, 2016 and \$2.4 million at the end of the prior 2 years, because estimated landfill closure and post-closure costs for many years to come have been recorded as liabilities, but these costs are funded on a pay-as-you-go basis through financial assurance provided by local government contributions which has not been recorded as a funding source. The \$.5 million increase in unrestricted net position this year is tied to the decrease in accrued closure and post-closure costs resulting from adjustments made to estimated future costs. See Note 8 of the notes to the financial statements for details.

	Net Position		
	2016	2015	2014
Current and other assets	\$ 4,969,865	\$ 4,911,252	\$ 4,844,215
Capital assets	6,268,650	6,246,134	6,232,154
Total assets	<u>\$ 11,238,515</u>	<u>\$ 11,157,386</u>	<u>\$ 11,076,369</u>
Deferred outflow of resources	<u>\$ 40,825</u>	<u>\$ 38,370</u>	<u>\$ -</u>
Noncurrent liabilities	\$ 5,996,616	\$ 6,575,001	\$ 6,553,673
Current liabilities	755,283	645,549	727,881
Total liabilities	<u>\$ 6,751,899</u>	<u>\$ 7,220,550</u>	<u>\$ 7,281,554</u>
Deferred inflows of resources	<u>\$ 96,120</u>	<u>\$ 141,434</u>	<u>\$ -</u>
Net position:			
Investment in capital assets	\$ 6,268,650	\$ 6,246,134	\$ 6,232,154
Unrestricted	(1,834,329)	(2,412,362)	(2,437,339)
Total net position	<u>\$ 4,434,321</u>	<u>\$ 3,833,772</u>	<u>\$ 3,794,815</u>

Financial Analysis: (Continued)

Tipping fee revenues increased 6% this year due to higher volumes of waste received at the transfer station, compared to a 1% decrease in the prior year. Recycling revenues decreased 18% in FY 2015 due to a drop in tonnages and prices. Recycling revenues experienced a 10% increase this year due to receiving higher tonnages of materials despite continued soft market pricing.

Contributions received from the City of Charlottesville, the County of Albemarle, and the University of Virginia to fund remediation costs decreased by \$90,000 this year after a \$7,000 decrease in the previous year. The contributions were based on changes in estimated remediation costs budgeted for each fiscal year reduced by the planned use of \$400,000 of reserves over the two years. The County and City also contributed \$543,000 this year as budgeted to help fund operating expenses, which was \$145,000 more than the amount contributed in the prior year.

Total environmental expenses decreased by \$332,000 this year after decreasing by \$3.2 million in the prior year. Since the initial estimate of liability and related expense was recorded several years ago, the completion of certain landfill closure activities and changing remediation costs associated with the permitted post-closure care can result in reductions in liabilities and credit back to expenses. See the Review of Operations section for more information.

Changes in Net Position			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:			
Operating revenues:			
Tipping fees	\$ 723,803	\$ 685,784	\$ 693,865
Recycling revenues	138,239	126,178	153,443
Other revenues	191,172	257,404	239,958
Nonoperating revenues:			
Government contributions - remediation support	720,151	809,908	817,348
Government contributions - operations support	542,926	398,040	135,286
Grants	28,878	28,562	28,554
Other income	31,800	-	7,200
Interest earned	16,107	8,745	7,766
Total revenues	<u>\$ 2,393,076</u>	<u>\$ 2,314,621</u>	<u>\$ 2,083,420</u>
Expenses:			
Operating expenses:			
Administration	\$ 398,610	\$ 338,200	\$ 385,056
Transfer station	798,313	754,792	694,271
Ivy Material Utilization Center	257,481	205,089	217,787
Ivy environmental	(13,152)	318,515	3,472,632
Recycling programs	296,725	239,660	244,506
Depreciation	54,885	66,639	98,568
Nonoperating expenses:			
Loss on disposal of assets	<u>2,665</u>	<u>-</u>	<u>3,000</u>
Total expenses	<u>\$ 1,795,527</u>	<u>\$ 1,922,895</u>	<u>\$ 5,115,820</u>
Increase (decrease) in net position	\$ 597,549	\$ 391,726	\$ (3,032,400)
Net position, beginning of year, as restated	<u>3,833,772</u>	<u>3,442,046</u>	<u>6,827,215</u>
Net position, end of year	<u>\$ 4,431,321</u>	<u>\$ 3,833,772</u>	<u>\$ 3,794,815</u>

Capital Asset and Debt Administration

Capital Assets - The Authority's investment in capital assets net of accumulated depreciation is \$6.2 million at June 30, 2016. Vehicles and equipment costing \$80,000 were purchased during each of the past two years, and depreciation of \$55,000 and \$67,000 was recorded in fiscal year 2016 and 2015 respectively. Below is a comparison of the items that make up net capital assets at the end of the past three fiscal years.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land, land improvements and landfill site	\$ 5,943,439	\$ 5,943,439	\$ 5,943,439
Construction in progress	4,817	-	-
Buildings and fixtures	125,676	140,676	155,677
Vehicles and equipment	<u>194,718</u>	<u>162,019</u>	<u>133,038</u>
Total capital assets, net	\$ <u>6,268,650</u>	\$ <u>6,246,134</u>	\$ <u>6,232,154</u>

Additional information about the Authority's capital assets may be found in Notes 4 and 5 of the notes to the financial statements.

Long-Term Debt - The Authority has a \$6.1 million obligation to close the transfer station and landfill site and to perform post-closure monitoring. This liability decreased \$0.5 million due to remediation work being done and adjustments being made to estimates of future costs. More detailed information on the Authority's long-term liabilities is presented in Notes 8 and 10 of the notes to the financial statements.

To meet the new reporting standards set forth by the Governmental Accounting Standards Board (GASB), the Authority recognized for the first time in FY 2015 the net pension obligation of \$242,000 as a long-term liability. This requirement is a result of GASB Statement No. 68 Accounting and Reporting for Pensions. That liability dropped 41% this year to \$143,000 as of June 30, 2016. This liability represents the Authority's share of the Virginia Retirement System (VRS)'s actuarially determined total pension liability less plan assets or net position to pay for that liability. The actuary also determines the contribution rates needed in the future that the Authority pays directly to VRS to gradually fund this obligation. The contribution rate for the past two years was 9.76% of compensation and the contributions were paid into VRS along with the 5% employee contributions to meet this future obligation. More detailed information regarding the Authority's pension plan and the net pension liability is presented in Note 7 of the notes to the financial statements.

Review of Operations

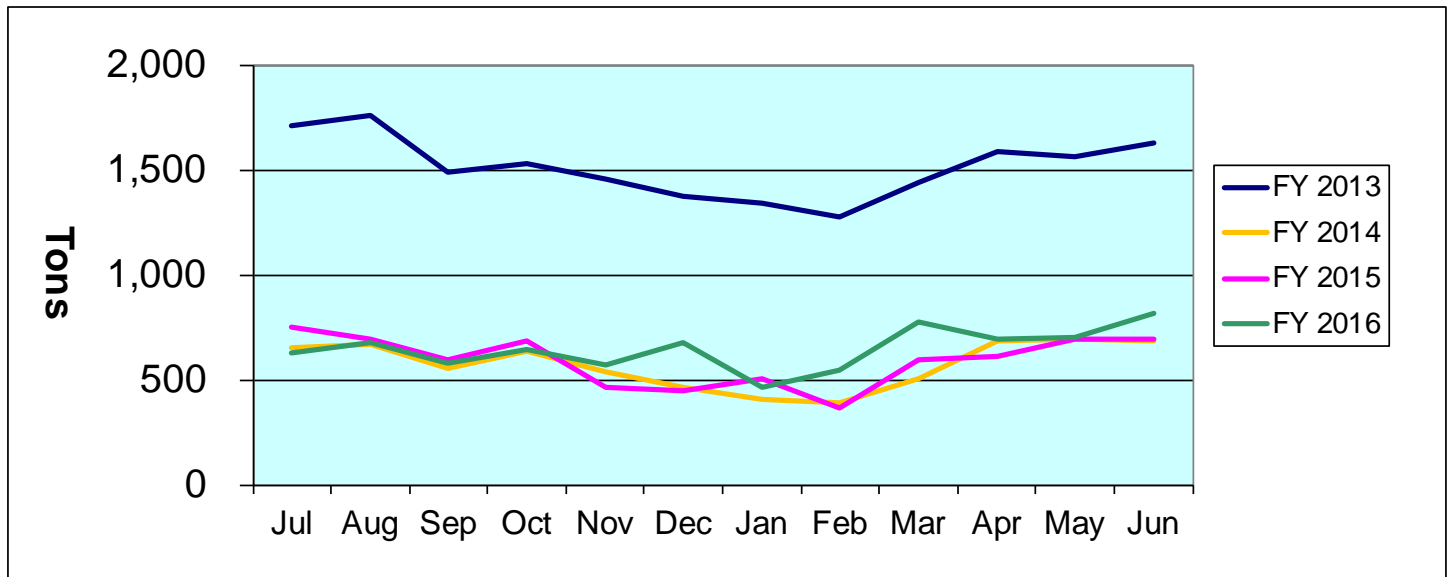
General: The Authority's contract with Waste Management to exclusively use the Ivy Transfer Station within the Rivanna service area expired several years ago. With this contractual change, the Authority saw a 60% decrease in the MSW tonnages received that year. Because of the special pricing per ton, this represented only a 20% decrease in total transfer station revenues generated. The contractual change allowed more flexibility in the hours of operation at the Ivy facility. Hours of operation were reduced by closing on all Mondays and recognizing all employee holidays. There is very little change to report in operations for FY 2016. There was one new service offered by the Authority on a trial basis this year. The McIntire Recycling Center began accepting household organic material which a local vendor picks up weekly and transports to a licensed composter. This program was offered on a trial basis to citizens that use the McIntire Center to see how much interest there is in this service and to see if the volume of waste received is manageable considering the resources available to the Authority.

Review of Operations: (Continued)

Ivy Material Utilization Center (IMUC): Waste items are received at the IMUC, where most of the items are processed for sale or reuse, such as metals, tires, grindable vegetative material, and pallets. Clean fill, which is inert material, is accepted as well. Tipping fees from these items generated \$178,000 in gross revenues for the Authority this year. This was a \$5,700 decrease from the previous year mainly due to a decrease in vegetative materials being received. The resale of items such as scrap metal and mulch resulted in revenues of \$57,000, and hauling fees decreased by 33% to \$60,000 this year. The IMUC continues to have the semiannual household hazardous waste (HHW) events for collection of paint, batteries, and other HHW, which is a very popular program. The public drop-off recycling center and a "blue bag" drop-off center for Albemarle County haulers that collect waste paper remained at the center this year. IMUC operating costs increased 26% this year after decreasing 6% in the prior year. The increase was due to several retirements and leave payouts.

Municipal Solid Waste Transfer Station: The Authority owns and operates a MSW transfer station at the IMUC that accepts MSW and small loads of construction debris from residential and commercial haulers. The waste is loaded into trailers, and a contractor hauls and disposes of the waste at a contracted facility in Amelia County. Tipping fees generated by this operation were \$546,000 this year, which was a 9% increase from the prior year. The increase was directly related an increase of tonnages received. See the chart below.

Ivy Transfer Station MSW Tonnages FY 2013-2016

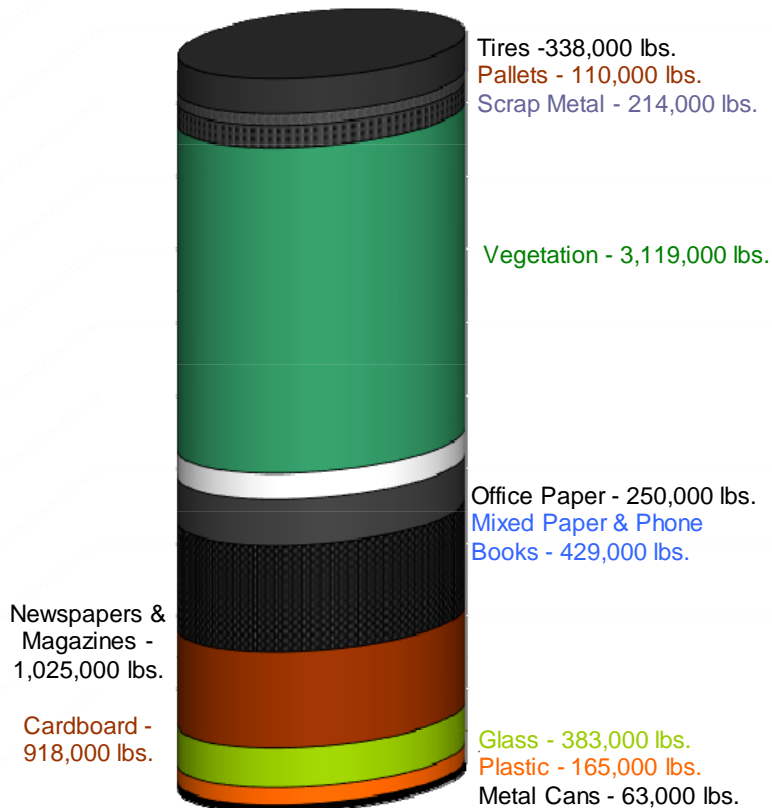


The preceding graph shows the monthly tonnage activity at the Ivy MSW transfer station compared to past fiscal years. Transfer Station waste tonnages received this year increased by 664 tons. Most of that increase occurred in the spring of 2016. As the economy improves, increases in small loads of construction debris would affect the tonnages in the construction season.

Review of Operations: (Continued)

RSWA FY 2016 Recycling & Reuse

McIntire Recycling Center, Paper Sort Facility, and Ivy Material Utilization Center



7,014,000 Pounds of Waste Diverted for Reuse or Recycling

Recycling: The Authority assumed operational responsibility as of February 1992 for the McIntire Road Recycling Center (a drop-off facility located in the City). This center collects many of the traditional items (paper, glass, plastic, and cans) for recycling and other non-traditional items, like used books, phone books, and Christmas trees.

The Paper Sort Facility functions as a transfer station where the Authority receives newspaper, magazines, cardboard, and file stock (fiber products), and plastic from the McIntire recycling center, other smaller collection sites in the County, and private haulers. The baler is used to ready the cardboard, boxboard, and plastic for transportation. Contracts are in place to sell and transport these products to mills and processors, and many of our contractors consider our recycled material to be high quality with little contamination. The recycling operation generated revenues of \$138,000 in FY 2016, which was an increase of about \$12,000 from the previous year due to slightly higher tonnages of cardboard received. On average market prices for materials we sell were lower for the year but the increased tonnages more than made up for the price decreases. This graphic shows the amounts of all materials that were diverted from the waste stream by both the recycling operations and the operations at Ivy in FY 2016. For more information, see Table 4 in the Statistical Section.

Administration: By mutual agreement of the respective Boards of Directors, the Authority shares administrative staff and office space with the Rivanna Water and Sewer Authority and pays an allocated share of joint expenses. Administrative procedures were implemented to ensure proper segregation of funds, purchasing activity, personnel and similar matters. The Solid Waste Authority paid the Water Authority \$299,000, for this joint administrative service this year. Total administrative expenses have been constant for the past three years.

Environmental Remediation: The Authority has long-term obligations for the remediation of the Ivy Landfill. In the late 1990s it was confirmed that groundwater contamination had occurred at Ivy, contained within the boundary of the landfill property but beyond the footprint of the landfill cells. A remediation program was developed that began with a "pump and treat" system on the west side and replaced in 2006 by a broader site-wide enhanced bioremediation program. Enhanced Bioremediation included the injection of carefully selected substrate material into the groundwater to enhance the natural chemical reduction of the contamination to clean groundwater.

Review of Operations: (Continued)

Currently, the Authority continues to implement its proactive strategy to meet the ongoing obligations and regulatory requirements at the Ivy Landfill. Through an extensive program of groundwater monitoring and remediation activities, historical contamination has been constrained onsite and continues to be closely monitored to observe the efficacy of the program and protection of human and ecological health. Air quality continues to be managed by operation of a site-wide, active gas collection system and continued system evaluation.

Long-Term Trends

During the year, the Albemarle County Board of Supervisors studied various possibilities of building a new transfer facility at the closed Ivy Landfill to meet the needs of small haulers and residential waste disposal. This was prompted by a regulatory determination on the existing transfer station facility. The Virginia Department of Environmental Quality (DEQ), which is the regulatory authority/agency that permits the current facility to operate, gave notice to the Authority last year that the current configuration of the existing facility did not meet permitting requirements. The DEQ gave the Authority and the County a deadline of December 31, 2015 to formulate an action plan to reconfigure the current site, build a new site at Ivy or release the permit and become a convenience center that does not require a permit. The results of the study performed by the County concluded with the Board of Supervisors approving the conceptual plans to build a new facility on a vacant parcel of land on the closed landfill site.

A schedule was then presented to and approved by the DEQ that set key milestones. Construction of the new transfer facility would start by September of 2017 for a substantial completion in October of 2018. The new facility would begin operations December 2018. The existing facility would be decommissioned and properly closed through a Certificate of Closure by May of 2019. The new facility is being designed to accommodate 50 tons of MSW waste per day and will meet the current permit requirements. Remediation management of the Ivy site is ongoing for the next decade in terms of closure and over two decades on post-closure care. The Board has indicated that these remediation efforts will continue to be the primary mission of the Authority.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at 695 Moores Creek Lane, Charlottesville, Virginia 22902-9016.

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Basic Financial Statements

Statement of Net Position
At June 30, 2016 and 2015

	At June 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 2 & 3)	\$ 4,712,950	\$ 4,675,142
Accounts receivable	82,500	60,544
Prepaid items	3,223	5,900
Total current assets	\$ 4,798,673	\$ 4,741,586
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents (Notes 2 & 3)	\$ 171,192	\$ 169,666
Total restricted assets	\$ 171,192	\$ 169,666
Capital assets (Note 4):		
Land and improvements	\$ 5,943,439	\$ 5,943,439
Buildings and fixtures	633,248	633,248
Landfill site	5,665,500	5,665,500
Ivy landfill equipment	1,335,028	1,645,302
Vehicles	522,761	522,761
Office equipment	16,736	16,736
Paper facility equipment	316,862	270,771
Accumulated depreciation (Note 4)	(8,169,741)	(8,451,623)
Subtotal	\$ 6,263,833	\$ 6,246,134
Construction in progress (Note 5)	4,817	-
Total net capital assets	\$ 6,268,650	\$ 6,246,134
Total noncurrent assets	\$ 6,439,842	\$ 6,415,800
Total assets	\$ 11,238,515	\$ 11,157,386
DEFERRED OUTFLOW OF RESOURCES		
Post measurement date employer pension contributions	\$ 40,825	\$ 38,370

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

Statement of Net Position (continued)

At June 30, 2016 and 2015

	At June 30,	
	2016	2015
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 214,956	\$ 260,413
Accrued landfill corrective action and post-closure costs	475,182	357,136
Other long-term obligation (Note 14)	37,145	-
Compensated absences - current portion (Note 10)	28,000	28,000
Total current liabilities	\$ 755,283	\$ 645,549
Noncurrent liabilities:		
Payable from restricted assets:		
Accrued transfer station closure costs (Note 8)	\$ 171,192	\$ 169,666
Accrued corrective action costs (Note 8)	2,894,206	3,214,223
Accrued post-closure monitoring costs (Note 8)	2,611,268	2,892,435
Other long-term obligation (Note 14)	131,392	-
Net OPEB obligation (Note 11)	26,912	40,912
Net pension liability (Note 7)	142,617	242,163
Compensated absences (net of current portion) (Note 10)	19,029	15,602
Total noncurrent liabilities	\$ 5,996,616	\$ 6,575,001
Total liabilities	\$ 6,751,899	\$ 7,220,550
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience	\$ 33,419	\$ -
Net difference of actual and expected pension plan earnings	62,701	141,434
Total deferred inflows of resources	\$ 96,120	\$ 141,434
NET POSITION		
Net position:		
Investment in capital assets	\$ 6,268,650	\$ 6,246,134
Unrestricted	(1,837,329)	(2,412,362)
Total net position	\$ 4,431,321	\$ 3,833,772

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

Statement of Revenues, Expenses and Changes in Net Position
 Years Ended June 30, 2016 and 2015

	Year Ended June 30,	
	2016	2015
Operating revenues:		
Tipping fees	\$ 723,803	\$ 685,784
Recycling revenues	138,239	126,178
Other revenues	191,172	257,404
Total operating revenues	\$ 1,053,214	\$ 1,069,366
Operating expenses:		
Administration	\$ 398,610	\$ 338,200
Transfer station	798,313	754,792
Ivy Material Utilization Center	257,481	205,089
Ivy environmental	(13,152)	318,515
Recycling programs	296,725	239,660
Depreciation	54,885	66,639
Total operating expenses	\$ 1,792,862	\$ 1,922,895
Operating income (loss)	\$ (739,648)	\$ (853,529)
Nonoperating revenues (expenses):		
Interest earned	\$ 16,107	\$ 8,745
Local government contributions - remediation support	720,151	809,908
Local government contributions - operations support	542,926	398,040
Other income	31,800	-
Grants	28,878	28,562
Gain (loss) on disposal of assets	(2,665)	-
Total nonoperating revenues (expenses)	\$ 1,337,197	\$ 1,245,255
Change in net position	\$ 597,549	\$ 391,726
Net position, beginning of year, restated	3,833,772	3,442,046
Net position, end of year	\$ 4,431,321	\$ 3,833,772

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

Statement of Cash Flows

Years Ended June 30, 2016 and 2015

	Year Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,033,935	\$ 1,090,254
Payments to suppliers	(1,467,010)	(1,562,352)
Payments to and on behalf of employees	(787,387)	(604,613)
Net cash provided by (used for) operating activities	\$ (1,220,462)	\$ (1,076,711)
Cash flows from noncapital financing activities:		
Contributions from local governments	\$ 1,263,077	\$ 1,207,948
Grant income	28,878	28,562
Other income	31,800	-
Net cash provided by (used for) noncapital financing activities	\$ 1,323,755	\$ 1,236,510
Cash flows from capital and related financing activities:		
Additions to capital assets	\$ (85,066)	\$ (80,619)
Proceeds from the disposal of capital assets	5,000	-
Net cash provided by (used for) capital and related financing activities	\$ (80,066)	\$ (80,619)
Cash flows from investing activities:		
Interest received	\$ 16,107	\$ 8,745
Net cash provided by (used for) investing activities	\$ 16,107	\$ 8,745
Increase (decrease) in cash and cash equivalents	\$ 39,334	\$ 87,925
Cash and cash equivalents at beginning of year (including \$169,666 and \$167,158, respectively reported in restricted accounts)	4,844,808	4,756,883
Cash and cash equivalents at end of year (including \$171,192 and \$169,666 respectively reported in restricted accounts)	\$ 4,884,142	\$ 4,844,808
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (739,648)	\$ (853,529)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	54,885	66,639
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable and prepaid items	(19,279)	20,888
Increase (decrease) in accounts payable and accrued expenses	(45,457)	(58,088)
Increase (decrease) in net OPEB obligation	(14,000)	(14,000)
Increase (decrease) in other long-term obligations - VERIP	168,537	
Increase (decrease) in compensated absences	3,427	4,437
Increase (decrease) in net pension liability	(99,546)	(155,092)
(Increase) decrease in deferred outflows of resources - pension	(2,455)	6,116
Increase (decrease) in deferred inflows of resources - pension	(45,314)	141,434
Increase (decrease) in accrued landfill and transfer station obligations	(481,612)	(235,516)
Net cash provided by (used for) operating activities	\$ (1,220,462)	\$ (1,076,711)

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

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RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015

NOTE 1—FORMATION OF THE RIVANNA SOLID WASTE AUTHORITY:

The Rivanna Solid Waste Authority is a jointly governed organization formed by the City of Charlottesville and the County of Albemarle pursuant to the Virginia Water and Waste Authorities Act (Code of Virginia, 1950 as amended). The Authority was formed to develop regional garbage and refuse disposal, as such terms are defined in Section 15.2-5101 of the Act, including development of systems and facilities for recycling, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and/or operating and maintaining regional solid waste disposal areas, systems and facilities, all pursuant to the provisions of the Act. The Authority began operations on February 1, 1991.

Financial Reporting Entity

The Rivanna Solid Waste Authority provides the services mentioned above to the citizens of its participating governments, City of Charlottesville and County of Albemarle. However, these participating governments do not have a financial interest in or responsibility to the Authority.

The Authority's governing body is comprised of three members appointed by the City, three members appointed by the County, and one member who is jointly appointed by the City and County. Therefore, none of the participants appoints a voting majority of board members.

The Authority is perpetual. No participating government has access to its resources or surpluses, nor is any participant liable for the Authority's debts or deficits. The Authority also has the ability to finance its capital projects through user charges or the sale of revenue bonds.

Based on the above representations, the Rivanna Solid Waste Authority has been determined to be a jointly governed organization of the City of Charlottesville and County of Albemarle. The Authority is not a component unit of either of the participating governments.

For purposes of reporting entity disclosure, it should be noted that a separate entity, the Rivanna Water & Sewer Authority, provides wholesale water and sewer services to the City of Charlottesville and the Albemarle County Service Authority. Although certain administrative employees provide services to both Authorities, each Authority is operationally and legally independent.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basic Financial Statements

As a requirement of GASB Statement 34, the financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

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

- Management's discussion and analysis

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

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

A. Basic Financial Statements (Continued)

- Enterprise fund financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Required Supplementary Information
 - Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 - Schedule of Employer Contributions
 - Notes to Required Supplementary Information
 - Schedule of OPEB Funding Progress

B. Basis of Accounting

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

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

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

D. Restricted Assets

Certain cash accounts held by the Authority are set aside for landfill and transfer station closure and landfill post-closure monitoring costs. The accounts are properly classified as restricted assets on the balance sheet. Regulations require the Authority to maintain the restricted accounts for the landfill and transfer station closure and landfill post-closure monitoring costs.

E. Capital Assets

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

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

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

E. Capital Assets (Continued)

The City of Charlottesville and the County of Albemarle contributed certain landfill assets to the Authority. These assets are all reported at their market value on the date donated. Landfill vehicles and equipment are valued based upon estimates by Authority personnel. Landfill cells and the landfill site were valued by the Authority's consulting engineer. The engineer also estimated the accrued landfill closure and related expenses. The remaining land area at the landfill site is reported at its value as a landfill site. If the Authority determines that the Ivy site will no longer be used for future waste disposal, the value will be adjusted to its fair value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous fiscal year.

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity.

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Fixtures	15
Vehicles	5 to 10
Office equipment	5
Landfill equipment	5 to 15

Total depreciation for the periods ended June 30, 2016 and 2015 was \$54,885 and \$66,639, respectively.

F. Other Significant Accounting Policies

- Accounts receivable are stated at book value utilizing the direct write-off method for immaterial uncollectible accounts.

G. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools) are measured at amortized cost. All other investments are reported at fair value.

H. Inventory

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

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

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

I. Use of Estimates

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

J. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, reduced by accumulated depreciation and by any outstanding debt, and deferred outflows of resources and increased by deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

K. Reclassification

Certain amounts in previously issued financial statements have been restated to conform to current year classifications.

L. Closure and Post-Closure Obligations

The Authority records all estimated closure costs for existing cells as a liability. Upon final closure of the landfill site, the Authority is then responsible, under current Federal regulations, for maintaining the closed site for the following thirty years.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

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

N. Net Position Flow Assumption

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

O. Pensions

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

P. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The Authority implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the Authority's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 3.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

The Authority early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

The Authority does not have a formal investment policy that addresses credit risk or interest rate risk.

Credit Risk of Debt Securities

The Authority’s rated debt investments as of June 30, 2016 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

<u>Authority's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAA</u>
Local Government Investment Pool	\$ <u>3,525,246</u>
Total	\$ <u><u>3,525,246</u></u>

Interest Rate Risk

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ <u>3,525,246</u>	\$ <u>3,525,246</u>
Total	\$ <u><u>3,525,246</u></u>	\$ <u><u>3,525,246</u></u>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provision of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 4—CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2016 follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated:				
Land and Improvements	\$ 5,943,439	\$ -	\$ -	\$ 5,943,439
Construction in progress	-	4,817	-	4,817
Total capital assets not being depreciated	\$ 5,943,439	\$ 4,817	\$ -	\$ 5,948,256
Other Capital Assets:				
Buildings & fixtures	\$ 633,248	\$ -	\$ -	\$ 633,248
Accumulated depreciation	(492,572)	(15,000)	-	(507,572)
Landfill site	5,665,500	-	-	5,665,500
Accumulated depreciation	(5,665,500)	-	-	(5,665,500)
Ivy Landfill equipment	1,645,302	27,500	337,774	1,335,028
Accumulated depreciation	(1,567,601)	(24,724)	(331,773)	(1,260,552)
Vehicles	522,761	-	-	522,761
Accumulated depreciation	(454,574)	(7,179)	-	(461,753)
Office equipment	16,736	-	-	16,736
Accumulated depreciation	(16,736)	-	-	(16,736)
Paper facility equipment	270,771	52,750	6,659	316,862
Accumulated depreciation	(254,640)	(7,982)	(4,994)	(257,628)
Other capital assets, net	\$ 302,695	\$ 25,365	\$ 7,666	\$ 320,394
Capital assets, net	\$ 6,246,134	\$ 30,182	\$ 7,666	\$ 6,268,650

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

A summary of changes in capital assets for the year ended June 30, 2015 follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land and Improvements	\$ 5,943,439	\$ -	\$ -	\$ 5,943,439
Total capital assets not being depreciated	\$ 5,943,439	\$ -	\$ -	\$ 5,943,439
Other Capital Assets:				
Buildings & fixtures	\$ 633,248	\$ -	\$ -	\$ 633,248
Accumulated depreciation	(477,571)	(15,001)	-	(492,572)
Landfill site	5,665,500	-	-	5,665,500
Accumulated depreciation	(5,665,500)	-	-	(5,665,500)
Ivy Landfill equipment	1,643,458	8,844	7,000	1,645,302
Accumulated depreciation	(1,539,984)	(34,617)	(7,000)	(1,567,601)
Vehicles	450,986	71,775	-	522,761
Accumulated depreciation	(450,985)	(3,589)	-	(454,574)
Office equipment	16,736	-	-	16,736
Accumulated depreciation	(16,736)	-	-	(16,736)
Paper facility equipment	270,771	-	-	270,771
Accumulated depreciation	(241,208)	(13,432)	-	(254,640)
Other capital assets, net	\$ 288,715	\$ 13,980	\$ -	\$ 302,695
Capital assets, net	\$ 6,232,154	\$ 13,980	\$ -	\$ 6,246,134

NOTE 5—CONSTRUCTION IN PROGRESS:

As of June 30, 2016 and 2015 the Authority had \$4,817 and \$0 construction in progress, respectively.

NOTE 6—COMPENSATED ABSENCES:

Authority regular employees earn vacation leave each month at a scheduled rate in accordance with the years of service and sick leave at the rate of eight hours per month. Accumulated unpaid vacation amounts are accrued when incurred. At June 30, 2016 and 2015, the liability for accrued vacation leave was \$47,029 and \$43,602, respectively.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN:

Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit (Cont.)	Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	13
Inactive members:	
Vested inactive members	1
Non-vested inactive members	10
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	16
Active members	<u>8</u>
Total covered employees	<u><u>37</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Authority's contractually required contribution rate for the year ended June 30, 2016 was 9.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$40,825 and \$38,370 for the years ended June 30, 2016 and June 30, 2015, respectively.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Rivanna Solid Waste Authority Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 2,526,757	\$ 2,284,594	\$ 242,163
Changes for the year:			
Service cost	\$ 44,891	\$ -	\$ 44,891
Interest	172,433	-	172,433
Differences between expected and actual experience	(157,193)	-	(157,193)
Contributions - employer	-	38,370	(38,370)
Contributions - employee	-	19,552	(19,552)
Net investment income	-	103,238	(103,238)
Benefit payments, including refunds of employee contributions	(126,868)	(126,868)	-
Administrative expenses	-	(1,462)	1,462
Other changes	-	(21)	21
Net changes	\$ (66,737)	\$ 32,809	\$ (99,546)
Balances at June 30, 2015	\$ 2,460,020	\$ 2,317,403	\$ 142,617

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 7.00%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Rivanna Solid Waste Authority			
Net Pension Liability	\$ 396,444	\$ 142,617	\$ (74,803)

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

For the year ended June 30, 2016, the Authority recognized pension expense of (\$106,490). At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,419
Net difference between projected and actual earnings on pension plan investments	-	62,701
Employer contributions subsequent to the measurement date	40,825	-
Total	\$ 40,825	\$ 96,120

\$40,825 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2017	\$ (57,933)
2018	(24,514)
2019	(24,516)
2020	10,843
Thereafter	-

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 8—CLOSURE AND POST-CLOSURE CARE COSTS:

State and federal laws and regulations require the Authority to place a final cover on its Ivy landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although the landfill has stopped operating as a landfill, the Authority must recognize the estimated costs of closure corrective action and post-closure care as a liability on the financial statements. As work is completed, the liability recognized by the Virginia Department of Environmental Quality is reduced. The Authority is implementing a corrective action plan to correct detected environmental issues at the landfill. The amount recorded as accrued corrective action costs is \$3,215,783 at June 30, 2016. The \$2,764,872 reported as post-closure monitoring liability at June 30, 2016 represents the cumulative amount reported to date based on the use of 100% of the currently permitted cells at the landfill. In addition to the costs reported for the Ivy landfill site, the Authority has accrued closure costs for the Ivy transfer station in the amount of \$171,193. Total closure corrective action and post-closure care costs and post-closure monitoring costs accrued at June 30, 2016 are \$6,151,848. The Authority will recognize any remaining costs of closure corrective action and post-closure care and post-closure monitoring as the closure is completed. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to meet certain financial assurance requirements. The Authority has opted to meet these requirements through agreements with the participating localities, County of Albemarle and City of Charlottesville. The agreement provides guarantees by the County of Albemarle in the amount of \$3,823,115 and the City of Charlottesville in the amount of \$2,104,195 for a total guarantee of \$5,927,310. The Authority expects that future inflation costs will be paid from interest earned on the annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or other sources. Additionally, the Authority has set aside a cash account restricted for payment of the transfer station closure costs in the amount of \$171,192.

On behalf of the Authority, the City of Charlottesville and the County of Albemarle demonstrate financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with section 9VAC-20-70 of the Virginia Administrative Code.

NOTE 9—RISK MANAGEMENT:

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

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 10—SUMMARY OF LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligations transactions for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Landfill closure/corrective action/ postclosure costs	\$ 6,633,460	\$ 54,873	\$ 536,485	\$ 6,151,848	\$ 475,182
Net pension liability	242,163	218,807	318,353	142,617	-
Net OPEB obligation	40,912	1,000	15,000	26,912	-
VERIP liability	-	168,537	-	168,537	37,145
Compensated absences	43,602	34,396	30,969	47,029	28,000
Totals	\$ 6,960,137	\$ 477,613	\$ 900,807	\$ 6,536,943	\$ 540,327

The following is a summary of long-term obligations transactions for the year ended June 30, 2015:

	(Restated) Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Landfill closure/corrective action/ postclosure costs	\$ 6,868,975	\$ 60,436	\$ 295,951	\$ 6,633,460	\$ 357,136
Net pension liability	397,255	224,857	379,949	242,163	-
Net OPEB obligation	54,912	1,000	15,000	40,912	-
Compensated absences	39,165	33,232	28,795	43,602	28,000
Totals	\$ 7,360,307	\$ 319,525	\$ 719,695	\$ 6,960,137	\$ 385,136

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE:

Background

In fiscal year 2010 the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how governmental reporting entities should account for and report their costs related to postemployment healthcare and non-pension benefits, such as the Authority's retiree health benefit. Historically, the Authority's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the Authority accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the Authority. This funding methodology mirrors the funding approach used for pension benefits.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

Plan Description

In addition to the pension benefits described in Note 7, the Authority previously provided post-retirement healthcare benefits for employees who were eligible under a single-employer defined benefit plan. The plan and benefits have been terminated except for a closed group of retirees, who will continue to receive benefits under the previous plan policy. The Authority permitted retirees to participate and purchase medical benefits under the Authority's existing plan for current employees. Retirees were responsible for the entire cost of the benefits. Benefits were available for a period of five years or until age 65, whichever came first. The OPEB Plan does not issue separate audited financial statements.

Eligible, employees must have met the age and service criteria for unreduced retirement benefits from VRS and been covered by the Authority's group health plan for active employees at retirement or been eligible for reduced retirement benefits at age 50 and employed by the Authority in a benefits-eligible position for 10 years.

Funding Policy

The retirees pay and participate in the same plan for medical benefits as current employees creating an implicit rate subsidy liability for the Authority. The Authority determines how the liability will be funded each year, whether it will partially or fully fund the liability. Eligibility under the plan ceases when retirees reach the age of 65. Participating dependents are also entitled to continue coverage under the plan after the death of the retiree.

Annual Required Contribution (ARC)

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. Based on an actuarial valuation dated July 1, 2013, the estimated pay-as-you-go cost for OPEB benefits is \$1,000 for fiscal year 2016. The Authority has paid an estimated \$15,000 towards this obligation during the fiscal year. The Authority is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of three years.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retirees by the Authority. The following table depicts the components of the Authority's annual OPEB cost for the year, the estimated annual contributions to the plan and changes in the Authority's net OPEB obligation.

Annual required contribution	\$	42,000
Interest on net OPEB obligation		2,000
Adjustment to annual required contribution		<u>(43,000)</u>
Annual OPEB cost (expense)	\$	1,000
Contributions made		<u>(15,000)</u>
Increase in net OPEB obligation	\$	(14,000)
Net OPEB obligation, beginning of year		<u>40,912</u>
Net OPEB obligation, end of year	\$	<u><u>26,912</u></u>

For fiscal year 2016, the Authority's cash payment of \$15,000 was \$14,000 more than the OPEB cost. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$ 1,000	1500%	\$ 26,912
June 30, 2015	1,000	1500%	40,912
June 30, 2014	2,000	750%	54,912

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	66,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability	\$	<u>66,000</u>
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)	\$	n/a
UAAL as a percentage of covered payroll		n/a

The required schedule of funding progress for the other postemployment benefits plan, presented as Required Supplementary Information immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 11—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members at that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve 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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Cost Method

The projected unit credit cost method was used to determine the plan's funding liabilities with costs pro-rated to the date of benefit commencement. The valuation of the liabilities is based on a closed group, of retirees only. Under the projected unit credit cost method, the liability is projected from the date of the actuarial valuation to the expected end date of benefits. The liability is computed by measuring each unit benefit during the period of obligation.

Assumptions

Interest/Discount rate (unfunded)	4.00%
Inflation rate	2.80%
Amortization period	3 years - level percentage of projected payroll on a closed basis
Healthcare cost trend rate	6.4% - 4.30%
Payroll growth rate	3.00%

NOTE 12—RELATED PARTIES:

Rivanna Solid Waste Authority (RSWA) and Rivanna Water and Sewer Authority (RWSA) share office space and administrative staff. Procedures are in place to ensure proper segregation of funds, purchasing activity, personnel and similar matters. RSWA pays RWSA monthly for its share of joint administrative expenses, which totaled \$299,000 in FY 2016 and \$265,000 in FY 2015 and for leachate acceptance and treatment of \$1,974 in FY 2016 and \$2,394 in FY 2015. Rivanna Solid Waste Authority billed Rivanna Water & Sewer Authority \$60,875 for hauling and tipping fees in FY 2016 and \$89,751 in the previous year. RSWA owed RWSA \$19,187 and \$22,502 at June 30, 2016 and 2015, respectively.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 13–ADOPTION OF ACCOUNTING PRINCIPLES:

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68:

The Authority implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

Net Position as reported at June 30, 2014	\$ 3,794,815
Implementation of GASB 68	<u>(352,769)</u>
Net Position as restated at June 30, 2014	\$ <u>3,442,046</u>

NOTE 14–VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM:

Rivanna Solid Waste Authority has a Voluntary Early Retirement Incentive Program (VERIP) which provides for monthly payments to eligible employees for a period of up to five years after early retirement or until age 65, whichever comes first. Participants in the VERIP must be regular full-time employees eligible for early or full retirement under the provisions of the Virginia Retirement System (VRS) who have been employed by the Authority for 10 of the last 13 years prior to retirement. Employees retiring under the disability provisions of VRS and/or Social Security are not eligible for the VERIP. VERIP participants receive a stipend equal to the difference between (1) the annual VRS retirement benefit amount as reduced for early VRS retirement if appropriate and (2) the recomputed annual VRS benefit with the addition of the lesser of five more years of service or the number of additional years needed to reach age 65. The stipend is paid on a monthly basis. The participant may also receive a monthly payment equal to the amount of the health insurance premium that was being paid for by the Authority on the employee's behalf upon termination, for as long as the employee is covered by VERIP benefits. Applications for the VERIP must be submitted to the Executive Director for approval. The Authority's estimated VERIP liability as of June 30, 2016 was \$168,537. The amount payable within the next year is \$37,145.

RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements
As of June 30, 2016 and 2015 (Continued)

NOTE 15—UPCOMING FINANCIAL REPORTING PRONOUNCEMENTS:

The primary objective of statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

The primary objective of statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

The primary objective of statement No. 81, *Irrevocable Split-Interest Agreements* is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

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

Required Supplementary Information

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RIVANNA SOLID WASTE AUTHORITY

Schedule of Components of and Changes in Net Pension Liability and Related Ratios For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 44,891	\$ 57,148
Interest	172,433	165,972
Differences between expected and actual experience	(157,193)	-
Benefit payments, including refunds of employee contributions	(126,868)	(134,796)
Net change in total pension liability	\$ (66,737)	\$ 88,324
Total pension liability - beginning	2,526,757	2,438,433
Total pension liability - ending (a)	\$ 2,460,020	\$ 2,526,757
Plan fiduciary net position		
Contributions - employer	\$ 38,370	\$ 44,486
Contributions - employee	19,552	18,368
Net investment income	103,238	317,095
Benefit payments, including refunds of employee contributions	(126,868)	(134,796)
Administrative expense	(1,462)	(1,754)
Other	(21)	17
Net change in plan fiduciary net position	\$ 32,809	\$ 243,416
Plan fiduciary net position - beginning	2,284,594	2,041,178
Plan fiduciary net position - ending (b)	\$ 2,317,403	\$ 2,284,594
Authority's net pension liability - ending (a) - (b)	\$ 142,617	\$ 242,163
Plan fiduciary net position as a percentage of the total pension liability	94.20%	90.42%
Covered payroll	\$ 395,326	\$ 367,351
Authority's net pension liability as a percentage of covered payroll	36.08%	65.92%

This schedule is intended to report information for 10 years. Fiscal year 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

RIVANNA SOLID WASTE AUTHORITY

Schedule of Employer Contributions For the Year Ended June 30, 2016

Fiscal Year	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2016	\$ 40,825	\$ 40,825	\$ -	\$ 422,207	9.67%
2015	38,370	38,370	-	395,326	9.71%
2014	44,486	44,486	-	367,351	12.11%
2013	66,260	66,260	-	547,151	12.11%
2012	57,640	57,640	-	506,945	11.37%
2011	56,790	56,790	-	499,468	11.37%
2010	58,158	58,158	-	592,844	9.81%
2009	60,170	60,170	-	613,355	9.81%
2008	80,235	80,235	-	589,097	13.62%
2007	75,826	75,826	-	556,725	13.62%

RIVANNA SOLID WASTE AUTHORITY

Notes to Required Supplementary Information For the Year Ended June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

RIVANNA SOLID WASTE AUTHORITY

Schedule of OPEB Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/10 \$	-	\$ 280,255	\$ 280,255	0.00%	\$ 619,441	45.24%
07/01/13	-	66,000	66,000	0.00%	n/a	n/a
07/01/14	-	53,000	53,000	0.00%	n/a	n/a
07/01/15	-	40,000	40,000	0.00%	n/a	n/a

The amounts reported on the schedule for the valuation dates of 7/1/14 and 7/1/15 are prepared from a roll forward of the complete valuation prepared as of 7/1/13.

Statistical Section

Contents

Tables

Financial Trends

This table contains trend information to help the reader understand how the the Authority's financial performance has changed over time.

1

Revenue, Expenses, Rates and Tonnage Information

These tables contain information to help the reader assess the factors affecting the Authority's change in revenues and it's ability to generate revenues as well as operating expenses the Authority generates.

2-6

Debt Capacity

This table presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue debt in the future.

7

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time.

8-9

Operating Information

These tables contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the activities it performs.

10-11

Other Information

12

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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RIVANNA SOLID WASTE AUTHORITY

Table 1

Net Position by Component
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 6,268,650	\$ 6,246,134	\$ 6,232,154	\$ 6,333,722	\$ 6,488,690	\$ 6,566,617	\$ 6,720,624	\$ 7,092,475	\$ 6,944,530	\$ 7,074,036
Unrestricted	(1,837,329)	(2,412,362)	(2,437,339)	493,493	144,228	1,308,953	1,345,007	(234,255)	(720,509)	(1,403,882)
Total net position	\$ 4,431,321	\$ 3,833,772	\$ 3,794,815	\$ 6,827,215	\$ 6,632,918	\$ 7,875,570	\$ 8,065,631	\$ 6,858,220	\$ 6,224,021	\$ 5,670,154

RIVANNA SOLID WASTE AUTHORITY

Table 2

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating revenues:										
Tipping fees	\$ 723,803	\$ 685,784	\$ 693,865	\$ 915,834	\$ 862,422	\$ 1,040,183	\$ 1,900,713	\$ 2,813,022	\$ 3,570,946	\$ 3,935,122
Recycling revenues	138,239	126,178	153,443	174,674	236,130	272,016	283,130	285,201	470,098	372,770
Less: Allowance for doubtful accounts		-	-	-	-	-	-	-	-	(1,383,332)
Other revenue	191,172	257,404	239,958	231,447	214,836	165,626	140,112	88,707	95,840	629,765
Total operating revenues	\$ 1,053,214	\$ 1,069,366	\$ 1,087,266	\$ 1,321,955	\$ 1,313,388	\$ 1,477,825	\$ 2,323,955	\$ 3,186,930	\$ 4,136,884	\$ 3,554,325
Operating expenses:										
Administration	\$ 398,610	\$ 338,200	\$ 385,056	\$ 345,206	\$ 344,974	\$ 352,179	\$ 1,149,318	\$ 581,007	\$ 800,288	\$ 515,708
Transfer station	798,313	754,792	694,271	894,903	875,498	859,182	1,458,446	2,249,955	2,459,504	2,558,860
Ivy Material Utilization Center	257,481	205,089	217,787	299,122	258,343	273,268	305,547	340,882	376,063	411,977
Ivy environmental ***	(13,152)	318,515	3,472,632	528,473	1,680,530	826,564	(155,371)	1,504,531	2,166,892	(954,320)
Recycling programs	296,725	239,660	244,506	250,385	253,873	290,298	400,034	618,223	656,369	606,922
Depreciation	54,885	66,639	98,568	154,968	148,071	175,814	199,117	191,320	209,996	207,974
Total operating expenses	\$ 1,792,862	\$ 1,922,895	\$ 5,112,820	\$ 2,473,057	\$ 3,561,289	\$ 2,777,305	\$ 3,357,091	\$ 5,485,918	\$ 6,669,112	\$ 3,347,121
Operating income (loss)	\$ (739,648)	\$ (853,529)	\$ (4,025,554)	\$ (1,151,102)	\$ (2,247,901)	\$ (1,299,480)	\$ (1,033,136)	\$ (2,298,988)	\$ (2,532,228)	\$ 207,204
Nonoperating revenues (expenses):										
Interest earned	\$ 16,107	\$ 8,745	\$ 7,766	\$ 10,963	\$ 11,590	\$ 12,438	\$ 18,028	\$ 107,753	\$ 239,879	\$ 209,063
Local government contributions - remediation support	720,151	809,908	817,348	770,722	755,253	875,480	409,624	1,729,082	3,031,949	1,818,772
Local government contributions - operations support	542,926	398,040	135,286	517,344	203,978	192,372	905,087	1,084,673	-	-
Settlement income	-	-	-	-	10,997	-	900,000	-	-	-
Grants	28,878	28,562	28,554	32,370	23,431	26,714	23,408	29,087	31,012	25,118
Other income	31,800	-	7,200	14,000	-	7,130	-	-	-	-
Gain (loss) on disposal of assets	(2,665)	-	(3,000)	-	-	1,527	2,081	11,855	(176,080)	(755)
Interest expense	-	-	-	-	-	(6,242)	(17,681)	(29,263)	(40,665)	(52,142)
Total nonoperating revenues (expenses)	\$ 1,337,197	\$ 1,245,255	\$ 993,154	\$ 1,345,399	\$ 1,005,249	\$ 1,109,419	\$ 2,240,547	\$ 2,933,187	\$ 3,086,095	\$ 2,000,056
Change in net position	\$ 597,549	\$ 391,726	\$ (3,032,400)	\$ 194,297	\$ (1,242,652)	\$ (190,061)	\$ 1,207,411	\$ 634,199	\$ 553,867	\$ 2,207,260

*** Ivy Environmental expenses include landfill closure and post-closure costs.

RIVANNA SOLID WASTE AUTHORITY

Table 3

Annual Tonnnages of Selected Categories of Waste Received
Last Ten Fiscal Years

Years Ended June 30,	Municipal Solid Waste	White Goods	Tires	Clean Fill	Sludge	Grindable Vegetative Material
2007	74,008	325	224	15,311	1,145	4,303
2008	69,252	260	129	11,329	1,264	3,949
2009	56,536	188	142	8,004	1,165	2,714
2010	42,163	153	154	5,760	1,091	2,756
2011	26,735	120	151	10,763	1,231	2,912
2012	21,448	87	158	6,648	878	1,877
2013	18,124	76	131	10,489	0	3,714
2014	6,864	73	92	9,087	0	2,016
2015	7,097	80	133	5,952	0	1,874
2016	7,761	107	169	5,889	0	1,560

RIVANNA SOLID WASTE AUTHORITY

Table 4

Waste Tonnages Diverted for Reuse or Recycling
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Cardboard (corrugated)	459	278	279	358	359	482	482	769	865	818
Newspaper, magazines, catalogs	512	524	640	782	765	858	1,150	1,590	1,945	2,323
Mixed paper and phone books	214	212	265	214	258	228	412	702	732	763
File stock (office paper)	125	125	164	192	172	220	288	345	323	429
Glass ***	191	219	249	398	357	413	684	895	825	685
Metal cans	32	30	34	47	55	41	100	111	93	89
Plastic	82	95	98	69	82	81	160	135	170	170
White goods (scrap metal)	107	80	73	76	87	120	153	188	260	325
Vegetation	1,560	1,874	2,016	3,714	1,877	2,912	2,756	2,714	3,949	4,303
Pallets	55	79	71	81	88	89	114	153	194	154
Tires	169	133	92	131	158	151	154	142	129	224
	<u>3,506</u>	<u>3,649</u>	<u>3,981</u>	<u>6,062</u>	<u>4,258</u>	<u>5,595</u>	<u>6,453</u>	<u>7,744</u>	<u>9,485</u>	<u>10,283</u>

Note:

*** Glass includes glass crushed and reused on roads at Ivy MUC for FY 2012 and prior years.

RIVANNA SOLID WASTE AUTHORITY

Table 5

Tipping Fees Per Ton By Waste Category
Last Ten Fiscal Years

Waste Category	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Municipal:										
Ivy Transfer Station	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00
BFI Transfer Station	N/A	N/A	N/A	N/A	N/A	N/A	62.00	62.00	62.00	62.00
Vegetative	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	46.00	46.00
Tires:										
Whole Tires	190.00	190.00	190.00	190.00	190.00	190.00	173.10	173.10	166.00	166.00
White Goods:										
Non-Freon	105.00	105.00	105.00	105.00	105.00	105.00	104.30	104.30	100.00	100.00
Clean-Fill	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.50	7.50
Sludge	N/A	N/A	N/A	N/A	8.00	8.00	7.30	7.30	7.00	7.00
Pallets	48.00	48.00	48.00	48.00	48.00	48.00	46.00	46.00	46.00	46.00

RIVANNA SOLID WASTE AUTHORITY

Table 6

Top Ten Customers		
Current Year and Nine Years Ago		
Fiscal Year 2016 (Current Year):		
	Operating Revenues	
	Amount	% of Total
Sonoco Recycling	\$ 116,082	11%
Rivanna Water & Sewer Auth.	60,875	6%
Albemarle County	50,221	5%
Gerdau-Chapparral, Inc.	31,120	3%
VA DEQ	28,878	3%
Real Property, Inc.	14,204	1%
VDOT	13,486	1%
Innovative Const. Concepts	10,154	1%
Ace Contracting, Inc.	7,445	1%
Arnold Excavation & Hauling	7,275	1%
Subtotal (top ten customers)	\$ 339,740	32%
Other customers	713,474	68%
Total	\$ 1,053,214	100%
Fiscal Year 2007 (Nine Years Ago):		
	Operating Revenues	
	Amount	% of Total
City of Charlottesville	\$ 1,078,199	30%
Waste Management of VA-Blue Ridge	798,503	22%
Weyerhaeuser	344,127	10%
Dixon's Trash Disposal	116,534	3%
Albemarle Recycling & Container	113,275	3%
W A Lynch Roofing Co, Inc.	82,733	2%
Barnett's Trash Service	78,443	2%
Martin Horn, Inc.	75,756	2%
McCauley's Disposal Service, Inc.	73,321	2%
Faulconer Construction Co, Inc.	71,356	2%
Subtotal (top ten customers)	\$ 2,832,247	80%
Other customers	722,078	20%
Total	\$ 3,554,325	100%

RIVANNA SOLID WASTE AUTHORITY

Table 7

Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bank notes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,827	\$ 413,655	\$ 620,483	\$ 827,310
Total outstanding debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,827	\$ 413,655	\$ 620,483	\$ 827,310
Debt per capita	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.47	\$ 2.97	\$ 4.54	\$ 6.13

Note: Debt per capita was calculated based on population figures for the calendar year ending within the fiscal year obtained from U.S. Department of Commerce - Bureau of Economic Analysis for the City of Charlottesville and County of Albemarle.

RIVANNA SOLID WASTE AUTHORITY

Table 8

Demographic Data for the Service Area
City of Charlottesville & Albemarle County, Virginia
Last Ten Calendar Years

Calendar Year	Population (2)	Personal Income (thousands of \$) (2)	Per Capita Personal Income (\$) (2)	Unemployment Rate (1)
2006	134,918	6,386,472	47,336	2.7%
2007	136,547	6,823,322	4,997	2.5%
2008	139,211	7,038,250	50,558	3.4%
2009	141,125	6,742,806	47,779	5.8%
2010	142,760	7,014,795	49,137	6.5%
2011	144,437	7,609,998	52,687	5.9%
2012	146,551	8,350,340	56,979	5.5%
2013	148,107	8,420,079	56,851	5.0%
2014	150,082	8,795,194	58,603	4.5%
2015	not available	not available	not available	3.6%

- (1) Virginia Employment Commission - Virginia Workforce Connection - for Charlottesville Metropolitan Service Area
(2) U.S. Department of Commerce - Bureau of Economic Analysis - for City of Charlottesville and Albemarle County

RIVANNA SOLID WASTE AUTHORITY

Table 9

Principal Employers in the Charlottesville Area
Current Year and Nine Years Ago

Employer	Fourth Quarter of 2015		Fourth Quarter of 2006	
	Number of Employees	Rank	Number of Employees	Rank
University of Virginia/ Blue Ridge Hospital	1,000 & over	1	1,000 & over	1
University of Virginia Medical Center	1,000 & over	2	1,000 & over	2
County of Albemarle	1,000 & over	3	1,000 & over	3
Sentara Health Care	1,000 & over	4		
Martha Jefferson Hospital			1,000 & over	4
UVA Health Services Foundation	1,000 & over	5	1,000 & over	7
City of Charlottesville	1,000 & over	6	1,000 & over	5
State Farm Mutual Automobile Insurance	1,000 & over	7	1,000 & over	6
Charlottesville City School Board	500-999	8	500-999	8
U.S. Department of Defense	500-999	9		
Fluvanna County Public School Board	500-999	10		
Northrop Grumman Corporation			500-999	9
Aramark Campus			500-999	10

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages
- for Charlottesville Metropolitan Service Area (MSA)

Each employer's percentage of total employment is not available.

RIVANNA SOLID WASTE AUTHORITY

Table 10

Number of Positions by Activity
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Number of budgeted full-time equivalent positions:										
Ivy Operations and Environmental	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
MSW Transfer Operations Allocated										
Between Transfer and Ivy Operations	3.2	3.2	3.2	7.5	7.5	6.0	9.5	9.5	9.5	8.5
CDL Drivers	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Recycling	-	-	-	-	-	2.1	3.1	4.6	4.6	5.2
Dedicated Administrative Position	-	-	-	-	-	-	-	1.0	1.0	1.0
Joint Administrative Staff	3.5	2.6	2.6	2.6	2.8	2.8	4.9	4.9	4.9	4.9
Total	12.7	11.8	11.8	16.1	16.3	15.9	22.5	25.0	25.0	25.6

Rivanna Water & Sewer Authority shares its administration staff with Rivanna Solid Waste Authority.
The number noted above is the number of full time employee equivalents allocated to Rivanna Solid Waste Authority.

RIVANNA SOLID WASTE AUTHORITY

Table 11

Operating and Capital Indicators
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Waste facilities:										
Rivanna-owned MSW/CDD transfer stations:										
Number of owned MSW/CDD transfer stations	1	1	1	1	1	1	1	1	1	1
Total MSW/CDD tonnage received	7,761	7,097	6,864	18,124	21,448	26,735	30,311	34,134	39,817	39,419
Number of transactions	26,599	25,158	25,089	30,265	31,744	36,664	38,684	40,622	45,148	46,083
Average daily tonnage received	31	28	27	59	69	87	98	110	129	128
Design capacity in tons per day	150	150	150	150	150	150	150	150	150	150
Contracted MSW/CDD transfer stations:										
Number of contracted MSW/CDD transfer stations	0	0	0	0	0	0	1	1	1	1
Total MSW/CDD tonnage received	N/A	N/A	N/A	N/A	N/A	N/A	11,852	22,402	29,436	34,589
Number of transactions	N/A	N/A	N/A	N/A	N/A	N/A	2,220	5,880	8,946	8,844
Average daily tonnage received	N/A	N/A	N/A	N/A	N/A	N/A	38	72	95	112
Design capacity (Note 1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All other waste (Ivy MUC):										
All other waste tonnage received (Ivy MUC)	7,780	8,117	11,340	14,491	10,094	15,670	10,723	13,260	17,951	22,150
Number of transactions	5,600	5,333	5,822	8,671	6,480	8,251	8,946	8,281	10,365	10,939
Recycling facilities:										
Number of recycling centers	2	2	2	2	2	2	2	2	2	2
Number of newspaper-only drop off sites	3	3	3	3	3	2	2	2	2	2
Tons of recyclable materials received	1,615	1,483	1,729	2,060	2,048	2,323	3,073	4,547	4,953	5,277

Note 1:
Design capacity of the contracted MSW/CDD transfer station is not applicable, because it accepted waste from sources other than Rivanna.

RIVANNA SOLID WASTE AUTHORITY

Table 12

Schedule of Insurance in Force
June 30, 2016

<u>Type Of Coverage/Company Name</u>	<u>Coverage Limits</u>	<u>Annual Premium</u>
<u>Commercial Property</u> Virginia Association of Counties 07/01/15-07/01/16	\$ 6,907,314 Property Value and Business Income/ Extra Expense	\$ 8,934
<u>Worker's Compensation</u> Virginia Municipal Group Self Insurance Association 07/01/15-07/01/16	\$ 1,000,000 Each Occurrence	\$ 26,273
<u>Comprehensive Automobile</u> Virginia Association of Counties 07/01/15-07/01/16	\$ 10,000,000 Liability Each Occurrence Comprehensive & Collision	\$ 6,472
<u>Crime Policy</u> Virginia Association of Counties 07/01/15-07/01/16	\$ 500,000	\$ 1,315
<u>General Liability</u> Virginia Association of Counties 07/01/15-07/01/16	\$ 10,000,000 Each Occurrence	\$ 6,829
<u>Public Officials Liability</u> Virginia Association of Counties 07/01/15-07/01/16	\$ 5,000,000 Each Occurrence	\$ 3,405

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

**To the Board of Directors
Rivanna Solid Waste Authority
Charlottesville, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Rivanna Solid Waste Authority as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Rivanna Solid Waste Authority's basic financial statements and have issued our report thereon dated December 6, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rivanna Solid Waste Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rivanna Solid Waste Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Rivanna Solid Waste Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Co. Associates
Charlottesville, Virginia
December 6, 2016