VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2019

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Board of Directors
Virginia Peninsulas Public Service Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Peninsulas Public Service Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Revenues, Expenses, and Changes in Net Position by Program/Service (the "Schedule") is presented for purposes of additional analysis and is not a required part of the basic financial statements. This Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
September 30, 2019

The following Management's Discussion and Analysis ("MD&A") of Virginia Peninsulas Public Service Authority (the "Authority") provides a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2019. This MD&A should be read in conjunction with the basic financial statements and notes thereto, that follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by $6,251,662 (net position). Of this amount, $4,748,888 (unrestricted net position) may be used to meet the Authority's ongoing obligations to its member communities, customers, and creditors. Of the unrestricted net position, the Board has designated $2,506,197 to be set aside for the future replacement of equipment.

- Total net position at June 30, 2019 was $6,251,662 compared to $5,989,402 at June 30, 2018, an increase of $262,260, or 4.38%.

- Total liabilities at June 30, 2019 were $1,562,289 compared to $1,623,449 at June 30, 2018. The $61,160 decrease, or 3.77%, is primarily attributable to the timing of payments to vendors.

- Operating revenue of $6,855,132 exceeded the budgeted amount of $6,848,298 by $6,834, or 0.10%.

- Operating expenses of $6,696,810, compared to budgeted operating expenses of $6,848,299, were $151,489 below budget, or 2.21%. This reduction in expenses was primarily due to decreased costs on special projects and for administrative services.

Overview of the Financial Statements

The Statement of Net Position presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being 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 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Notes to the financial statements are an integral part of the statements and should be read in conjunction with the financial statements and the MD&A.

Financial Analysis

The following table reflects the Authority's condensed summary of the Statement of Net Position at June 30, 2019 and 2018.

Statement of Net Position

	2019	2018
Current and other assets	$ 5,736,742	$ 5,427,523
Capital assets	1,502,774	1,751,463
Noncurrent assets	672,000	527,000
Total Assets	7,911,516	7,705,986
Deferred outflows of resources	63,435	74,865
Total Assets and Deferred Outflows of Resources	7,974,951	7,780,851
Current liabilities	1,350,564	1,499,449
Noncurrent liabilities	211,725	124,000
Total Liabilities	1,562,289	1,623,449
Deferred inflows of resources	161,000	168,000
Total Liabilities and Deferred Inflows of Resources	1,723,289	1,791,449
Net investment in capital assets	1,502,774	1,751,463
Unrestricted	4,748,888	4,237,939
Total Net Position	$ 6,251,662	$ 5,989,402

At the close of the 2019 and 2018 fiscal years, the Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,251,662 and $5,989,402, respectively. The Authority's net position increased $262,260 during fiscal year 2019. Three projects contributed nearly all of the net revenues over expenses for fiscal year 2019 - Administration, Transfer System and Convenience Centers. Interest income exceeded the revenue budget for the Administrative function for fiscal year 2019. Revenue from commercial services for the Transfer System, including container rental and hauling fees, exceeded revenue estimates. Salaries and fringe benefits were lower than budgeted for fiscal year 2019 because the Convenience Center operation was not fully staffed for the entire year.

A portion of the Authority's unrestricted net position has been internally set aside as Board-designated equipment replacement funds that are available for future investments in capital assets, to provide services to our member communities and customers. Additional information can be found in Note 8 to the basic financial statements.

The results of the Authority's operations are reported in the following table. The table presents a condensed summary of this information for the years ended June 30, 2019 and 2018.

Statement of Revenues, Expenses, and Changes in Net Position

	2019	**2018**
Operating revenues	$ 6,855,132	$ 6,824,113
Operating expenses	6,696,810	6,349,749
Operating income	158,322	474,364
Nonoperating revenues	103,938	83,179
Change in net position	262,260	557,543
Net position, beginning of year	5,989,402	5,431,859
Net position, end of year	$ 6,251,662	$ 5,989,402

Operating revenues of the Authority increased $31,019, or 0.45%, as a result of increased revenues from the Transfer System and Compost Facility operations. Operating expenses of the Authority increased $347,061 or 5.47%, primarily due to increases in costs for vehicle and equipment fuel and maintenance and repair and costs for consultants for projects at the Compost Facility and the Middle Peninsula vehicle maintenance facility.

Transfer System

The Authority operates 4 Transfer Stations and 14 Convenience Centers in five counties on the Middle Peninsula. The Transfer System handled 32,257 tons of solid waste in fiscal year 2019, which is an increase of 880 tons, or 2.80%, compared to the previous year waste quantities.

The Transfer System recycled more than 1,100 tons of scrap metal generating $122,000 in revenue. The mixed paper program combined with the drop-off recycling program and the front load cardboard collection recycled an additional 1,200 tons generating $63,000 in revenue. The quantity collected was consistent with fiscal year 2018, but revenue decreased by $50,000 compared to fiscal year 2018 as a result of actions taken by China. Plastic, aluminum, and steel containers accounted for an additional 540 tons of recycled material generating $5,300 in revenues which is a reduction or nearly $6,000 compared to fiscal year 2018. This reduction is also a result of actions taken by China.

Compost Facility

The Authority's Compost Facility, located at 145 Goodwin Neck Road in Yorktown, accepts vegetative waste from the Cities of Hampton and Poquoson and from York County, along with a growing number of commercial customers. Sales of compost and mulch were $477,400, which was $3,000 below the revenue target. Sales were strong despite poor weather during peak sales periods.

A total of 25,948 tons of leaves, grass, and brush were received at the Compost Facility for fiscal year 2019, which was an increase of 3,170 tons, or 13.91%, compared to fiscal year 2018.

Household Chemical Project

The household chemical project provided 16 drop-off collection events for the residents of the City of Hampton, James City County, City of Poquoson, Town of Williamsburg, and York County to properly dispose of commonly used products from homeowners. This project is staffed by employees of the Middle Peninsula Transfer System and technical and disposal services are provided through a contract with Clean Harbors. The program provided disposal for almost 4,300 vehicles in the five communities that are serviced with this project.

Computer Recycling

The Authority provided collection at each of the 16 household chemical collection events. In fiscal year 2019, 45,000 pounds of computers and related equipment for recycling was received from almost 1,600 vehicles. All recyclable materials were delivered to Computer Recycling of Virginia for processing.

Curbside Recycling Project

The Authority provides curbside recycling in James City County, City of Poquoson, City of Williamsburg, and York County. Fiscal year 2019 marked the third full year with curbside recycling services provided to the four cities and counties with roll-out carts. During fiscal year 2019, more than 11,900 tons of material was recycled from approximately 50,000 homes. The program accepts plastic bottles and jugs, other plastic containers, rigid plastics, aluminum and steel cans, cardboard, mixed paper, and glass bottles and jars.

Capital Assets

The following table presents a condensed summary of the Authority's capital assets, net of accumulated depreciation, at June 30, 2019 and 2018.

	2019	2018
Building and improvements	$ 50,713	$ 55,061
Construction in Progress	125,442	71,117
Office equipment	1,705	3,409
Operating equipment	1,006,140	1,116,177
Vehicles	318,774	505,699
	$ 1,502,774	$ 1,751,463

During the year ended June 30, 2019, the Authority paid $54,325 to consultants for design and permitting of the Vehicle Maintenance Building, which is reflected above as Construction in Progress. This increase is offset by the Authority's current year depreciation expense of $308,560. Additional information can be found in Note 4 to the basic financial statements.

Request 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 in writing to the Executive Director, Virginia Peninsulas Public Service Authority, 475 McLaws Circle, Suite 3B, Williamsburg, Virginia 23185.

BASIC FINANCIAL STATEMENTS

VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY
STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS		
Current Assets:		
Cash and cash equivalents	$	792,250
Investments		4,539,432
Accounts receivable:		
Member jurisdictions		208,342
Other		76,616
Prepaids		120,102
Total Current Assets		5,736,742
Noncurrent Assets:		
Capital assets, net		1,502,774
Net pension asset		672,000
Total Noncurrent Assets		2,174,774
Total Assets		7,911,516
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contributions		49,335
Difference between expected and actual experience - OPEB		6,000
Deferred OPEB contributions		8,100
Total Deferred Outflows of Resources		63,435
Total Assets and Deferred Outflows of Resources	$	7,974,951

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

JUNE 30, 2019

LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$	233,221
Compensated absences		158,000
Accrued salaries		79,101
Unearned revenues		880,242
Total Current Liabilities		1,350,564
Noncurrent Liabilities:		
Net OPEB liability		122,000
Compensated absences		89,725
Total Noncurrent Liabilities		211,725
Total Liabilities		1,562,289
DEFERRED INFLOWS OF RESOURCES		
Net difference between projected and actual earnings on pension plan investments		48,000
Net difference between projected and actual earnings on OPEB plan investments		4,000
Changes of assumptions - pension		26,000
Changes of assumptions - OPEB		5,000
Difference between expected and actual experience - pension		73,000
Difference between expected and actual experience - OPEB		2,000
Change in proportionate share - OPEB		3,000
Total Deferred Inflows of Resources		161,000
Total Liabilities and Deferred Inflows of Resources		1,723,289
NET POSITION		
Net investment in capital assets		1,502,774
Unrestricted		4,748,888
Total Net Position		6,251,662
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	7,974,951

VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2019

Operating Revenues:	
Fees from member jurisdictions for:	
Curbside recycling program	$ 1,054,617
Transfer system operations	1,694,751
Landfill disposal	801,571
Compost facility operations	616,389
Material sales	604,653
Computer recycling services	11,895
Groundwater monitoring	102,542
Tire recycling services	5,585
Convenience centers operations	708,248
Household chemical services	299,286
Administrative services	123,500
Project overhead	554,208
Miscellaneous and other fees	277,887
Total Operating Revenues	6,855,132
Operating Expenses:	
Curbside recycling program	1,054,617
Transfer system operations	2,012,210
Landfill disposal	801,570
Compost facility operations	1,167,419
Special projects	121,191
Convenience centers operations	678,517
Household chemical services	315,704
Administrative services	545,582
Total Operating Expenses	6,696,810
Operating Income	158,322
Nonoperating Revenues:	
Investment income	103,938
Total Nonoperating Revenues	103,938
Change in net position	262,260
Net position, beginning of year	5,989,402
Net position, end of year	$ 6,251,662

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

VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:	
Receipts from customers and users	$ 7,083,267
Payments to suppliers for goods and services	(4,149,026)
Payments to employees	(2,600,455)
Net cash provided by operating activities	333,786
Cash flows from capital and related financing activities:	
Purchase of capital asset	(59,871)
Net cash used in financing activities	(59,871)
Cash flows from investing activities:	
Purchase of investments	(478,938)
Sale of investments	96,688
Investment income	103,938
Net cash used in investing activities	(278,312)
Net decrease in cash and cash equivalents	(4,397)
Cash and cash equivalents, beginning of year	796,647
Cash and cash equivalents, end of year	$ 792,250
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 158,322
Adjustments:	
Depreciation	308,560
Change in:	
Accounts receivable	175,081
Prepaids	(106,447)
Net pension asset	(145,000)
Net other postemployment liability	(2,000)
Net pension asset related deferrals	(57,370)
Net other postemployment liability related deferrals	61,800
Accounts payable and accrued liabilities	(122,841)
Compensated absences	4,671
Accrued salaries	5,956
Unearned revenues	53,054
Net cash provided by operating activities	$ 333,786

Note 1—Organization and nature of business

Virginia Peninsulas Public Service Authority (the "Authority") was created pursuant to the Virginia Water and Sewer Authorities Act, Chapter 28, Title 15.1, Code of Virginia (1950), as amended (the "Act"). The Authority is governed by a board consisting of 10 members, appointed by the governing body of his or her political subdivision. The political subdivisions, which are members of the Authority, are the Cities of Hampton, Poquoson, and Williamsburg and the Counties of Essex, James City, King and Queen, King William, Mathews, Middlesex, and York.

The Authority was formed to develop regional refuse collection, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, constructing and/or operating, and maintaining a regional residential, commercial, and industrial garbage and refuse collection and disposal system or systems, and to develop and maintain a regional information base pertaining to solid waste issues, all pursuant to the provisions of the Act. Specific projects will be identified by the Authority and implemented through the agreements with and among the member jurisdictions. Each member jurisdiction has the option of participating in a particular project of the Authority, and only the jurisdictions participating in such project shall be obligated to fund it.

Note 2—Summary of significant accounting policies

Financial Reporting Entity – These financial statements present the financial position and activities of Virginia Peninsulas Public Service Authority. The Authority's services are classified as business-type activities (Proprietary Fund). Therefore, the measurement focus is upon the determination of operating income, changes in net position, and cash flows. Generally accepted accounting principles applicable to the Authority are those similar to those used in the private sector.

Credit Risk and Concentrations – Financial instruments which potentially subject the Authority to concentration of credit risk consist principally of cash and cash equivalents, investments and accounts receivable from member jurisdictions. The Authority places its cash and cash equivalents and investments with two high credit quality institutions and limits the amount of credit exposure to any one of those financial institutions. At June 30, 2019, there was approximately $785,000 of the Authority's cash and cash equivalents in excess of the insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), on deposit in the Authority's bank accounts. These funds, and the Authority's investments, however, were properly collateralized in accordance with the Virginia Security for Public Deposits Act.

A substantial portion of the Authority's 2019 revenues and receivables was derived from contracts with the political subdivisions, which are members of the Authority. Therefore, the Authority is vulnerable to the economic and political conditions within the market in which it operates. With respect to accounts receivable from member jurisdictions, the Authority's members are cities and counties throughout the middle and south peninsulas of Virginia. Historically, all receivables have been collected. At June 30, 2019, the Authority had a concentration with three member jurisdictions that made up approximately 55% of all accounts receivable. Also, at June 30, 2019, the Authority had a concentration with three vendors that made up approximately 63% of all accounts payable.

Basis of Accounting – The Authority's operations are accounted for as a proprietary fund, using the economic resources measurement focus. The financial statements are presented on the accrual basis of accounting, and under this accounting method, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Proprietary funds distinguish 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2—Summary of significant accounting policies (continued)

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

Cash and Cash Equivalents – The Authority considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Investments – Investments are valued at the amortized cost method, which due to their nature and duration approximates fair value.

Allowance for Doubtful Accounts – The Authority evaluates its accounts receivable individually. A charge to income to absorb possible credit losses is provided when, in the opinion of management, it is appropriate. No allowance for doubtful accounts existed at June 30, 2019.

Prepaids – Prepaids are current assets that are created by paying for an expense that will not be incurred until a future period. These expenses include but are not limited to the prepayment of insurance and other operating expenses.

Capital Assets – Capital assets are recorded at historical cost. Capital acquisitions and improvements exceeding $5,000 are capitalized. Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. The cost of assets sold, retired, or otherwise disposed of and the related accumulated depreciation is eliminated from the account and any resulting gain or loss is included in other income on the Statement of Revenues, Expenses, and Changes in Net Position. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are as follows:

	Years
Building and improvements	5 - 20
Office equipment	5 - 7
Operating equipment	5 - 20
Vehicles	5 - 7

Deferred Outflows of Resources – Represent a consumption of net position that applies to a future period and will not be recognized as an expense until then. The Authority's deferred outflows of resources consists of pension contributions and group life insurance contributions made to the respective plans that were made subsequent to the measurement of the net pension asset and net other postemployment benefits ("OPEB") liability and before the end of the reporting period. The Authority's deferred outflows of resources also includes amounts remaining to be recognized as a reduction of OPEB expense as a result of changes to the net OPEB liability for the difference between expected and actual experience. Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be amortized in the following year. Changes in deferred outflows of resources, other than subsequent contributions, are amortized over the remaining service life of all plan participants.

Note 2—Summary of significant accounting policies (continued)

Deferred Inflows of Resources – Represent an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The Authority's deferred inflow of resources represents amounts remaining to be recognized as a reduction of pension and OPEB expense as a result of changes to the net pension asset and net OPEB liability for the difference between expected and actual experience and changes in actuarial assumptions. These amounts are required to be recognized in the computation of pension and OPEB expense using a systematic and rational method over a closed period equal to the remaining service lives of all employees that are provided benefits through the plan. The Authority's deferred inflows of resources also includes the change in proportionate share of the net OPEB liability and the net difference between projected and actual earnings on pension and OPEB plan investments. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

Compensated Absences – Authority employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated up to 25% of accumulated sick pay and 100% of accumulated vacation pay at their then current rates of pay. The cost of accumulated accrued compensated absences including associated benefits, both current and noncurrent portions, is accounted for as a liability on the Statement of Net Position.

Use of Restricted/Unrestricted Net Position – When an expense is incurred for purposes for which both restricted an unrestricted net position is available, the Authority's policy is to apply restricted net position first.

Note 3—Cash and cash equivalents and investments

The Authority's cash and investments at June 30, 2019 consisted of:

Deposits:	
Demand deposits	$ 791,700
Cash on hand	550
	792,250
Investments:	
Commonwealth's Local Government Investment Pool ("LGIP") - rated AAAm by *Standard & Poor's*	4,539,432
Total deposits and investments	$ 5,331,682

Deposits with banks are covered by the FDIC and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's LGIP. LGIP is managed in accordance with the "2a7 like pool" risk limiting requirements of U.S. GAAP with the portfolio securities valued by the amortized cost method. The fair value of the Authority's position in the LGIP is the same as the pool shares and is measured in accordance with U.S. GAAP at amortized cost.

Note 4—Capital assets

Capital assets activity consisted of the following:

	Balance, July 1, 2018	Additions	Reductions	Balance, June 30, 2019
Capital assets not being depreciated:				
Construction in progress	$ 71,117	$ 54,325	$ -	$ 125,442
Total capital assets not depreciated	71,117	54,325	-	125,442
Capital assets being depreciated:				
Building and improvements	2,622,131	-	-	2,622,131
Office equipment	8,587	-	-	8,587
Operating equipment	4,556,410	5,546	-	4,561,956
Vehicles	1,814,672	-	-	1,814,672
Total capital assets being depreciated	9,001,800	5,546	-	9,007,346
Less accumulated depreciation:				
Building and improvements	2,567,070	4,348	-	2,571,418
Office equipment	5,178	1,704	-	6,882
Operating equipment	3,386,279	169,537	-	3,555,816
Vehicles	1,362,927	132,971	-	1,495,898
Total accumulated depreciation	7,321,454	308,560	-	7,630,014
Total capital assets being depreciated, net	1,680,346	(303,014)	-	1,377,332
Capital assets - net	$ 1,751,463	$ (248,689)	$ -	$ 1,502,774

Depreciation expense was charged as follows:

Operating activities:	
Administrative services	$ 1,704
Compost facility operations	116,585
Convenience centers operations	31,440
Transfer stations operations	158,831
Total depreciation expense	$ 308,560

Note 5—Compensated absences

Following is a schedule of changes in compensated absences during 2019:

	Balance, July 1, 2018	Net Changes	Balance, June 30, 2019
Compensated absences	$ 243,054	$ 4,671	$ 247,725

Note 6—Unearned revenues

Unearned revenues consists of prepayments of fees by participating jurisdictions as follows:

Landfill disposal fees	$ 564,702
Recycling fees	253,360
Household chemical disposal fees	62,180
Total unearned revenue	$ 880,242

Note 7—Operating leases

The Authority leases land and the use of a weigh scale under a ground lease agreement with York County for operation of a yard waste composting facility. The lease expires on July 1, 2023. The lease provides for an annual rent increase in an amount equal to the previous lease year's annual rent, multiplied by a percentage equal to the average percentage change from the prior year in the assessed value of all real property located in York County as determined by the York County Real Estate Assessment Department. Due to the volatility of this calculation, only the base amount of the lease is disclosed below. Under the terms of related facility operating agreements, the three jurisdictions participating in the facility are required to pay all operating costs of the facility, including land rent and financing costs, in the form of tipping fees.

The Authority also leases office space in Williamsburg, Virginia through June 30, 2023. Rent expense each year will increase by 2% of the previous year's rent.

Under the terms of the operating leases, future minimum rent payments are as follows:

2020	$ 154,340
2021	155,125
2022	155,926
2023	156,743
	$ 622,134

Land and weigh scale rent expense for 2019 was $115,883 and is included in compost facility operations as host fees. Office rent expense for 2019 was $38,495 and is included in administrative services as rent and utilities.

Note 8—Board-designated equipment reserve

During 2019, the Board designated an additional $285,000 of unrestricted net position for use in vehicle and equipment replacement for the Authority. Interest earned on the underlying investment was $56,274 and is included in additions to the reserve. Such funds are invested as described in Note 3. Activity in the Board-designated equipment reserve fund is summarized as follows:

	Balance, July 1, 2018	Additions	Reductions	Balance, June 30, 2019
Administrative services	$ 44,440	$ 1,083	$ -	$ 45,523
Compost facility operations	1,280,426	152,788	-	1,433,214
Convenience centers operations	373,163	34,426	-	407,589
Transfer station operations	245,763	147,816	-	393,579
Vehicle maintenance facility fund	317,370	5,611	(96,689)	226,292
	$ 2,261,162	$ 341,724	$ (96,689)	$ 2,506,197

Note 9—Contingent liability

The Virginia Department of Environmental Quality (the "Department") has determined that the Authority must comply with the requirements pursuant to the Virginia Financial Assurance Regulations for Solid Waste Disposal, Transfer, and Treatment Facilities (the "Regulation"). Under the Regulation, owners or operators of compost facilities must provide and maintain a financial mechanism or combination of mechanisms demonstrating financial assurance for the closure costs, if applicable, the post closure care and corrective action costs associated with these facilities. The intent of the Regulation is to ensure that in the event such facilities are abandoned, the costs associated with closure, post closure, or corrective action are borne by the operator abandoning the facility and not the Commonwealth of Virginia. The Department requires the operator to submit a detailed written cost estimate, in current dollars, of the costs of closing the facility in accordance with the requirements. At June 30, 2019, the Authority has estimated these costs to be $40,846. Funding of these costs will come from current year operating revenues.

Note 10—Pension plan and group life insurance other postemployment benefits

The Authority participates in an agent multiple employer pension plan ("Plan") and a cost-sharing multiple employer Group Life Insurance Program ("Program") offered by the Virginia Retirement System ("VRS").

VRS 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, or by writing to VRS' Chief Financial Office at P.O. Box 2500, Richmond, Virginia 23218-2500.

The actuarial assumptions and long term expected rate of return are the same for the pension plan and the group life insurance other postemployment benefits plan. As such, the presentation of the actuarial assumptions and long term expected rate of return are combined below. Specific information for the Pension plan and OPEB plan will be presented after this section.

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

Actuarial Assumptions – The total asset or liability for the Plan and Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

	General Employees
Investment rate of return*	7.00%
Projected salary increases	3.50% - 5.35%
Includes inflation at	2.50%
Mortality rates: percentage of deaths to be service related (Pension only)	25%
Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.
Post-retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.
Post-disablement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2016. The following are the changes to the actuarial assumptions as a result of the experience study.	Updated mortality table Decrease in rates of service retirement and increased final retirement age Adjusted withdrawal and disability rates to better fit experience Increased rates for the Line of Duty Disability

* 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 U.S. GAAP purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% 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 7.00% to simplify preparation of pension and OPEB liabilities.

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

Long-Term Expected Rate of Return – The long-term expected rate of return on pension and OPEB plan investments was determined using a log-normal distribution analysis in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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:

Assets Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
	Expected arithmetic nominal return*		7.30%

The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the plan, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median of return of 6.83%, including expected inflation of 2.50%.

Pension plan

Plan Description – All full-time, salaried permanent employees of participating employers are automatically covered by the VRS Retirement Plan upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, based on specific criteria 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.

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

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About VRS Plan 1 VRS 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.	**About VRS Plan 2** VRS 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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, 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. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the	**Eligible Members** Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.	eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.	must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as VRS Plan 1.	**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.
Creditable Service Credible 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 credible 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.	**Creditable Service** Same as VRS Plan 1.	**Creditable Service** **<u>Defined Benefit Component</u>:** Under the defined benefit component of the plan, credible 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 credible 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.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		Defined Contributions Component: Under the defined contribution component, credible service is used to determine vesting for the employer contribution portion of the plan.
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. Members are always 100% vested in the contributions that they make.	**Vesting** Same as VRS Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS 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. **Defined Contributions Component:** Defined contribution vesting refers to minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of plan. Members are always 100% vested in contributions they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions.

VRS PLAN 1	**VRS PLAN 2**	**HYBRID RETIREMENT PLAN**
		• 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. 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** See definition under VRS Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under VRS Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation 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 VRS Plan 2. It is used in the retirement formula for the plan defined benefit component.
Service Retirement Multiplier 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 1.7%.	**Service Retirement Multiplier** Same as Plan1 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.	**Service Retirement Multiplier** **Defined Benefit Component:** The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Defined Contribution Component:** Not applicable.
Normal Retirement Age VRS: Age 65.	**Normal Retirement Age VRS:** Normal Social Security retirement age.	**Normal Retirement Age VRS:** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

VRS PLAN 1	**VRS PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Unreduced Retirement Eligibility VRS: Age 65 at least 5 years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	**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.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **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. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** As early as age 60 with at least five years (60 months) of creditable service. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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%.	**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%.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as VRS Plan 2. **Defined Contribution Component:** Not applicable.
Eligibility: 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. 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.	**Eligibility:** Same as VRS Plan 1.	**Eligibility:** Same as VRS Plan 1.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability 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 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.	**Exceptions to COLA Effective Dates:** Same as VRS Plan 1**.**	**Exceptions to COLA Effective Dates:** Same as VRS Plan 1 and VRS Plan 2.
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. Most State employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**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. Most State employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
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.	**Purchase of Prior Service** Same as VRS Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component</u>:** Same as VRS Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. **<u>Defined Contribution Component</u>:** Not applicable.

Employees Covered by Benefit Terms - As of June 30, 2017, the most recent actuarial valuation, the following employees of the Authority were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	16
Inactive members:	
Vested	10
Non-vested	23
Active elsewhere in VRS	5
Total inactive members	38
Active members	45
Total covered employees	99

Contributions – The contribution requirement for active employees is governed by Section 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.

The Authority's contractually required contribution rate for the year ended June 30, 2019 was 3.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 $49,335 for the year ended June 30, 2019.

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

Net Pension Asset – The Authority's net pension asset, measured as of June 30, 2018, was $672,004 as of June 30, 2019. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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 VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in fiscal year 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset – The following table represent the changes in net pension asset through the plan's measurement date of June 30, 2018 for the Authority.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance, July 1, 2017	$ 4,379,791	$ 4,907,028	$ (527,237)
Changes for the year:			
Service cost	155,676	-	155,676
Interest	303,022	-	303,022
Difference between expected and actual experience	(105,466)	-	(105,466)
Contributions - employer	-	63,571	(63,571)
Contributions - employee	-	72,365	(72,365)
Net investment income	-	365,457	(365,457)
Benefit payments, including refunds of employee contributions	(101,811)	(101,811)	-
Administrative expense	-	(3,065)	3,065
Other changes	-	(329)	329
Net changes	251,421	396,188	(144,767)
Balance, June 30, 2018*	$ 4,631,212	$ 5,303,216	$ (672,004)

**Figures have been rounded on the Statement of Net Position*

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate – The following table presents the net pension asset of the Authority, calculated using the Plan's current discount rate, as well as what the respective Plan's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension asset	$ (86,538)	$ (672,004)	$ (1,165,918)

Pension Expense and Deferred Outflows/(Inflows) of Resources – Pension expense recognized for the year ended June 30, 2019, and the reported deferred outflows and inflows of resources related to pensions at June 30, 2019, were as follows:

Pension expense	$ (87,485)
Deferred inflows:	
Difference between expected and actual experience	$ (73,000)
Net difference between projected and actual earnings on pension plan investments	$ (48,000)
Changes of assumptions	$ (26,000)
Deferred outflows:	
Employer contributions subsequent to the measurement date	$ 49,335

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2020	$ (57,000)
2021	(36,000)
2022	(51,000)
2023	(3,000)
	$ (147,000)

Payables to the Pension Plan – At June 30, 2019, the Authority had no outstanding payables for required contributions to the pension for the year ended June 30, 2019.

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

Net Group life insurance other postemployment benefits

Plan Description – All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program ("Program") upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest. This Program is administered by the Virginia Retirement System (the "System"), along with pensions and OPEB plans, for public employer groups in the Commonwealth of Virginia. The Program was established July 1, 1960, for State employees, teachers, and employees of political subdivisions that elect the program.

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Benefit Amounts
The benefits payable under the Program have several components.

- **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** - The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Safety belt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in benefit Amounts
The benefit amounts provided to members covered under the Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)
For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,279.

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

Contributions – The contribution requirements for the Program are governed by Section 51.1-506 and Section 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Program from the Authority were $8,100 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program OPEB – At June 30, 2019, the Authority reported a liability of $122,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.00799% as compared to 0.00824% at June 30, 2017.

Net GLI OPEB Liability – The net OPEB liability (NOL) for the Program represents the program's total OPEB liability determined in accordance with U.S. GAAP, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employer's Net GLI OPEB Liability	$ 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of U.S. GAAP in the System's notes to the financial statements and required supplementary information.

For the year ended June 30, 2019, the Authority recognized GLI OPEB expense of $2,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 10—Pension plan and group life insurance other postemployment benefits (continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

Deferred inflows:		
Difference between expected and actual experience	$	(2,000)
Net difference between projected and actual earnings on OPEB plan investments	$	(4,000)
Change of assumptions	$	(5,000)
Change in proportionate share	$	(3,000)
Deferred outflows:		
Difference between expected and actual experience	$	6,000
Employer contributions subsequent to the measurement date	$	8,100

Deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions made subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Years Ending June 30,		Amount
2020	$	(3,000)
2021		(3,000)
2022		(2,000)
	$	(8,000)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate – The following table presents the Net GLI OPEB liability of the Authority, calculated using the Program's current discount rate, as well as what the respective Program's Net GLI OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net GLI OPEB liability	$ 159,000	$ 122,000	$ 92,000

Payables to the VRS Group Life Insurance OPEB Plan – At June 30, 2019, the Authority had no outstanding payables for required contributions to the OPEB for the year ended June 30, 2019.

Note 11—Deferred compensation plan

The Authority offers a deferred compensation plan covering substantially all full-time employees. The purpose of the plan is to provide retirement income and other deferred benefits to employees in accordance with the provisions of Section 457 of the Internal Revenue Code. The Authority contributed $5,506 to the plan in 2019.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY

SCHEDULES OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS AND EMPLOYER CONTRIBUTIONS (UNAUDITED) - VIRGINIA RETIREMENT SYSTEM

JUNE 30, 2019

Schedules of Changes in Net Pension Asset and Related Ratios

	*June 30, 2019	*June 30, 2018	*June 30, 2017	*June 30, 2016	*June 30, 2015
Total Pension Liability					
Service cost	$ 155,676	$ 160,423	$ 159,710	$ 167,557	$ 172,445
Interest	303,022	287,235	267,669	250,316	226,970
Change of Assumptions	-	(14,029)	-	-	-
Difference between expected and actual experience	(105,466)	(85,810)	(39,883)	(95,373)	-
Benefit payments, including refunds of member contributions	(101,811)	(142,760)	(73,212)	(76,000)	(55,777)
Net change in total pension liability	251,421	205,059	314,284	246,500	343,638
Plan total pension liability - beginning	4,379,791	4,174,732	3,860,448	3,613,948	3,270,310
Plan total pension liability - ending	4,631,212	4,379,791	4,174,732	3,860,448	3,613,948
Plan Fiduciary Net Pension					
Contributions - employer	63,571	65,631	93,258	90,274	118,560
Contributions - employee	72,365	74,196	72,078	69,839	74,872
Net investment income	365,457	537,556	77,521	184,457	531,210
Benefit payments, including refunds of member contributions	(101,811)	(142,760)	(73,212)	(76,000)	(55,777)
Administrative expense	(3,065)	(3,050)	(2,549)	(2,406)	(2,718)
Other changes	(329)	(480)	(32)	(40)	28
Net change in plan fiduciary net position	396,188	531,093	167,064	266,124	666,175
Plan fiduciary net position - beginning	4,907,028	4,375,935	4,208,871	3,942,747	3,276,572
Plan fiduciary net position - ending	5,303,216	4,907,028	4,375,935	4,208,871	3,942,747
Plan net pension asset - ending	$ (672,004)	$ (527,237)	$ (201,203)	$ (348,423)	$ (328,799)
Covered payroll	$ 1,520,390	$ 1,519,405	$ 1,464,479	$ 1,419,616	$ 1,501,319
Plan net position asset as a percentage of covered payroll	(44.20%)	(34.70%)	(13.74%)	(24.54%)	(21.90%)

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Schedules of Employer Contributions

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 49,335	$ 63,571	$ 65,631	$ 93,258	$ 90,274
Contribution in relation to Contractually required contribution	49,335	63,571	65,631	93,258	90,274
Contribution excess	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 1,585,148	$ 1,520,390	$ 1,519,405	$ 1,464,479	$ 1,419,616
Contributions as a percentage of employer's covered payroll	3.11%	4.18%	4.32%	6.37%	6.36%

Notes to Schedule:

Contractually required contributions are developed using the entry age normal actuarial cost method. There have been no changes to the benefit provisions since the prior actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Amortization period	27, 20, 19, and 18 years
Asset valuation method	5-year smoothed market
Inflation rate	2.50%
Projected salary increases	3.5% - 5.35% per annum, compounded annually
Investment rate of return	7.0% per annum, compounded annually

Note: GAAP requires 10-year trend information. As fiscal year 2015 was the year of implementation, additional years will be displayed as the information becomes available.

**The measurement date is the previous fiscal year.*

VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM AND EMPLOYER CONTRIBUTIONS (UNAUDITED) - VIRGINIA RETIREMENT SYSTEM

JUNE 30, 2019

Schedules of Employer's Share of Net OPEB Liability Group Life Insurance Program

	*June 30, 2019	*June 30, 2018
Employer's Proportion of the Net GLI OPEB Liability	0.00799%	0.00824%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 122,000	$ 124,000
Employer's Covered Payroll	$ 1,519,405	$ 1,464,479
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.03%	8.47%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

Notes to Schedule:

Schedule is intended to show information for 10 years. As fiscal year 2018 was the year of implementation, additional years will be displayed as the information becomes available.

**The measurement date is the previous fiscal year.*

Schedules of Employer Contributions

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
6/30/2019	$ 8,243	$ 8,100	$ 143	$ 1,585,149	0.51%
6/30/2018	7,901	7,900	1	1,519,405	0.52%
6/30/2017	7,615	7,900	(285)	1,464,479	0.54%
6/30/2016	6,814	7,043	(229)	1,419,616	0.50%
6/30/2015	6,534	6,822	(288)	1,361,220	0.50%
6/30/2014	7,113	7,206	(93)	1,481,896	0.49%
6/30/2013	7,221	7,702	(481)	1,504,276	0.51%
6/30/2012	3,819	3,835	(16)	1,363,936	0.28%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age normal actuarial cost method.

Schedule is intended to show information for 10 years. Information prior to June 30, 2012 is not available; however, additional years will be included as they become available.

OTHER SUPPLEMENTARY INFORMATION

VIRGINIA PENINSULAS PUBLIC SERVICE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM/SERVICE

YEAR ENDED JUNE 30,2019

	Curbside Recycling Program	Drop-off Recycling Program	Transfer System Operations	Landfill Disposal	Compost Facility Operations	Special Projects	Convenience Centers Operations	Household Chemical Services	Commercial Waste Collection	Vehicle Maintenance Facility	Administrative Services	General Fund	Total
Operating Revenues:													
Fees from member jurisdictions for:													
Curbside recycling program	$ 1,054,617	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,054,617
Transfer system operations	-	-	1,694,751	-	-	-	-	-	-	-	-	-	1,694,751
Landfill disposal	-	-	-	801,571	-	-	-	-	-	-	-	-	801,571
Compost facility operations	-	-	-	-	616,389	-	-	-	-	-	-	-	616,389
Material sales	-	-	127,233	-	477,420	-	-	-	-	-	-	-	604,653
Computer recycling services	-	-	-	-	-	11,895	-	-	-	-	-	-	11,895
Groundwater monitoring	-	-	-	-	-	102,542	-	-	-	-	-	-	102,542
Tire recycling services	-	-	-	-	-	5,585	-	-	-	-	-	-	5,585
Convenience centers operations	-	-	-	-	-	-	708,248	-	-	-	-	-	708,248
Household chemical services	-	-	-	-	-	-	-	299,286	-	-	-	-	299,286
Administrative services	-	-	-	-	-	-	-	-	-	-	123,500	-	123,500
Project overhead	-	-	-	-	-	-	-	-	-	-	554,208	-	554,208
Miscellaneous and other fees	-	-	173,913	-	103,974	-	-	-	-	-	-	-	277,887
Total Operating Revenues	1,054,617	-	1,995,897	801,571	1,197,783	120,022	708,248	299,286	-	-	677,708	-	6,855,132
Operating Expenses:													
Advertising	1,551	-	2,132	-	1,482	1,134	1,916	3,402	-	-	1,049	-	12,666
Contracted services	977,673	-	21,666	754,996	5,689	100,348	-	235,233	-	-	-	-	2,095,605
Depreciation	-	-	158,831	-	116,585	-	31,440	-	-	-	1,704	-	308,560
Equipment and vehicle	-	-	193,715	-	124,099	8,000	5,640	11,072	-	-	1,331	-	343,857
Host fees	-	-	-	-	157,401	-	-	-	-	-	-	-	157,401
Insurance	-	-	20,681	-	17,766	-	5,767	1,390	-	-	8,039	-	53,643
Miscellaneous	-	-	3,962	-	10,969	-	581	-	-	103	13,393	-	29,008
Office	-	-	2,329	-	1,244	-	700	413	-	-	9,936	-	14,622
Professional services	-	-	-	-	66,857	-	-	-	-	-	49,173	-	116,030
Project overhead	73,694	-	210,024	46,574	128,429	11,709	76,998	23,553	-	-	-	-	570,981
Rent and utilities	-	-	28,472	-	9,431	-	20,293	1,280	-	-	41,902	-	101,378
Repairs and maintenance	-	-	181,501	-	115,103	-	7,949	20	-	-	268	-	304,841
Returned funds	-	-	6,753	-	-	-	-	-	-	-	-	-	6,753
Recycling - oil and antifreeze	-	-	2,584	-	-	-	2,063	-	-	-	-	-	4,647
Salaries and benefits	-	-	1,146,839	-	374,725	-	511,391	38,712	-	-	396,845	-	2,468,512
Telephone	-	-	13,548	-	4,695	-	7,031	-	-	-	13,328	-	38,602
Travel	-	-	1,093	-	967	-	397	-	-	-	5,542	-	7,999
Uniforms and supplies	1,699	-	18,080	-	31,874	-	6,351	629	-	-	3,072	-	61,705
Total Operating Expenses	1,054,617	-	2,012,210	801,570	1,167,316	121,191	678,517	315,704	-	103	545,582	-	6,696,810
Operating Income	-	-	(16,313)	1	30,467	(1,169)	29,731	(16,418)	-	(103)	132,126	-	158,322
Nonoperating Revenues:													
Interest income	-	-	7,816	-	39,989	-	9,426	-	-	5,611	41,096	-	103,938
Total Nonoperating Revenues	-	-	7,816	-	39,989	-	9,426	-	-	5,611	41,096	-	103,938
Change in net position	-	-	(8,497)	1	70,456	(1,169)	39,157	(16,418)	-	5,508	173,222	-	262,260
Net position (deficit), beginning of year	(46,288)	226,258	556,318	80,576	3,078,909	(21)	864,866	183,157	5,285	113,938	1,038,228	(111,824)	5,989,402
Net position (deficit), end of year	$ (46,288)	$ 226,258	$ 547,821	$ 80,577	$ 3,149,365	$ (1,190)	$ 904,023	$ 166,739	$ 5,285	$ 119,446	$ 1,211,450	$ (111,824)	$ 6,251,662

COMPLIANCE SECTION

Report of Independent Auditor 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*

The Board of Directors
Virginia Peninsulas Public Service Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Virginia Peninsulas Public Service Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated September 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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* or the *Specifications for Audits of Authorities, Boards, and Commissions.*

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.

Cherry Bekaert LLP

Virginia Beach, Virginia
September 30, 2019