ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2024



Central Virginia Waste Management Authority



Annual Comprehensive Financial Report

July 1, 2023 Through June 30, 2024

Prepared By:

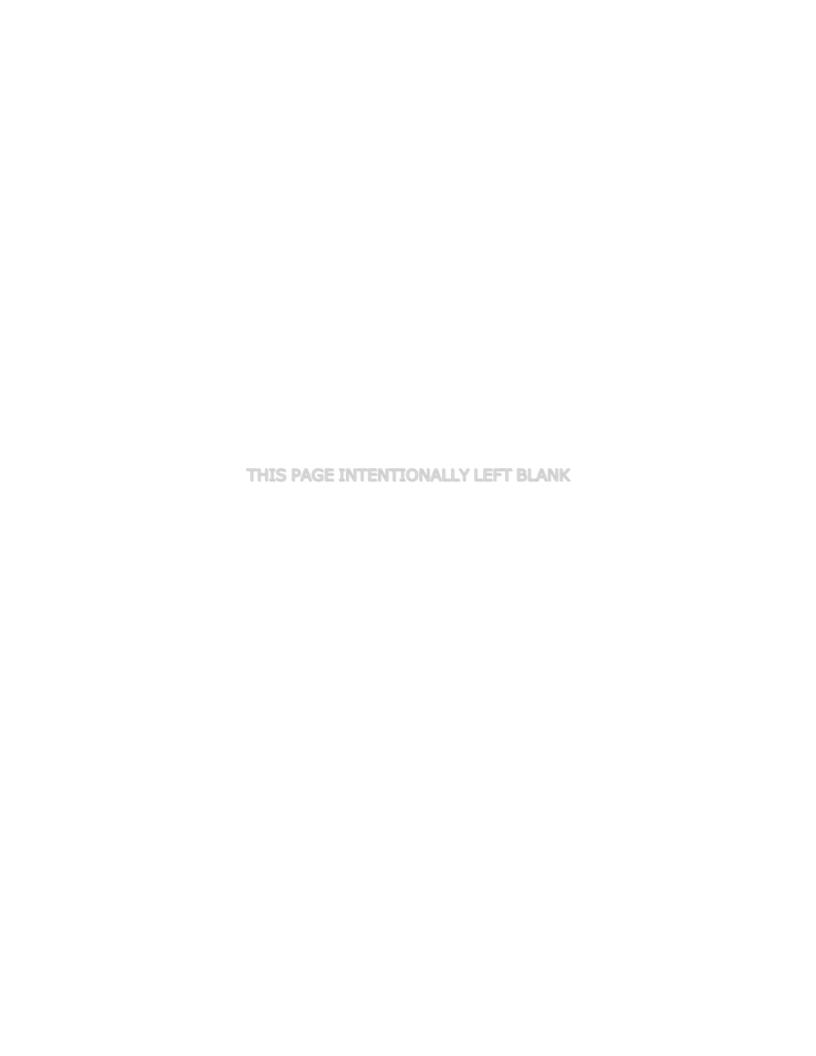
Adam George Accounting and Financial Manager

Kimberly A. Hynes Executive Director

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Introductory Section





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October 23, 2024

Board of Directors Central Virginia Waste Management Authority Richmond, Virginia

Members of the Board, Member Jurisdictions and Citizens of Central Virginia:

The Annual Comprehensive Financial Report ("ACFR") of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the year ended June 30, 2024 is submitted herewith. This report was prepared by the Accounting and Financial Manager and the Executive Director. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the undersigned management of the Authority. The financial statements have been audited by the independent accounting firm of Brown, Edwards & Company L.L.P., whose report is included herein. The ACFR has been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board.

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

The ACFR is presented in four sections: Introductory, Financial, Statistical and Compliance. The *Introductory* Section contains this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, a listing of Authority Board members and administrative staff and the Authority's organizational chart. The *Financial* Section contains the independent auditors' report, management's discussion and analysis, and the financial statements and related notes. The *Statistical* Section includes a number of statistical tables and charts that present financial trends and the fiscal capacity of the Authority. The *Compliance* Section contains the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*

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

ORGANIZATION AND FUNCTION

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

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

ECONOMIC CONDITION AND OUTLOOK

The national economy is strong and continues to grow at a healthy pace. Gross domestic product increased at a rate of 3.0% in the second quarter of 2024, although is expected to slow in 2025. Business investment is predicted to rise 4% this year.

The Consumer Price Index finally fell below 3.0% in July and is expected to continue decreasing. The Federal Reserve cut rates in September 2024 for the first time in four years. Inflation seems to be under control without causing a recession. Oil and fuel prices have declined. However, as conflicts in Ukraine and the Middle East escalate higher oil prices could be in the future as both conflicts are in regions with major petroleum production.

Labor market conditions remain strong. Unemployment in Virginia is 3.5% in August compared to national unemployment of 4.4%, an increase from 2023. Personal income is up 5.4% in Virginia (5.3% US), boosting consumer confidence and contributing to an expected 2.4% increase in consumer spending in 2024, slightly more than last year.

The region is expected to see continued strong growth in population, increasing by nearly 18% over the next 20 years. Much of this growth is projected in the suburban and rural counties, specifically Prince George (30%), New Kent (29%), Chesterfield (22%) and Goochland (21.5%) Counties. The City of Richmond as the urban core continues to grow in population and that steady growth is anticipated to continue, increasing by 14%. Migration from Northern Virginia has contributed to the greatest influx in the area in history, more specifically into rural counties. The region has seen and continues to see significant growth in multi-family dwellings in urban and suburban areas, and less single-family infrastructure. Also, important to note is the growing population over age 65 and the increase development in retirement communities.

In central Virginia, landfill capacity is diminishing. Through three amendments to the regional Solid Waste Management Plan this year, approximately 17.6 million tons of what was available disposal capacity has disappeared. Siting new landfills has become increasingly difficult. Trucking waste further for disposal coupled with decreased competition will drive up costs for waste disposal. It is imperative that we seek alternatives to reduce and better manage our waste to become less reliant on landfill disposal in the future.

The Bipartisan Infrastructure Law provides \$275 million for grants authorized under the Save Our Seas 2.0 Act, the largest investment in recycling in 30 years. The Solid Waste Infrastructure for Recycling program provides grants to implement the National Recycling Strategy to improve post-consumer materials management and infrastructure, support improvements to local post-consumer materials management and recycling programs and assist local waste management authorities in making improvements to local waste management systems. Approximately \$190 million has been awarded by the Environmental Protection Agency (EPA) to date and another \$58 million in grant opportunities was recently released. This will help spur economic development, invest in new technologies and create jobs that will contribute to sustainable materials management and a more circular economy and CVWMA hopes to be a recipient.

MAJOR INITIATIVES

The time is now to create a more sustainable waste management system that contributes to the economy and lessens our reliance on landfill disposal. Increasing recycling and composting as well as researching alternatives to landfilling non-recyclable waste are top priorities for the CVWMA Board of Directors and the region. The CVWMA Strategic Plan focuses on the Sustainable Materials Management Hierarchy (SMMH), which is an expansion of the traditional reuse, reuse, recycle, energy recovery and landfill hierarchy established by the US EPA and adopted by the Virginia Department of Environmental Quality (DEQ). The SMMH is a systematic approach to using and reusing material over their entire life cycle, emphasizes using less and acknowledges that no single management strategy is suitable for all materials and waste streams.

Five goals were developed and the Board and Staff continue to work on initiatives to achieve those five goals: 1) Increasing recycling rate to 80% (DEQ Recycling Rate Report), while exploring and implementing alternative options to landfilling non-recyclable waste; 2) Ensure positive customer experience by providing 24/7 access to customer service; 3) Provide and expand educational services based on the Sustainable Materials Management Hierarchy (SMMH) to meet the needs of schools, local governments and citizens in all localities; 4) Increase access to recycling in multi-family units; and 5) Spur regional economic development opportunities to support the SMMH through education and research.

The CVWMA is focused on increasing access to recycling services, specifically traditional household recyclables (paper, cans and bottles). The residential recycling program is our largest and most visible program and provides easy access for residents to get involved in recycling. The program is provided to 200,000 single



family households in 8 jurisdictions. The CVWMA rolled out nearly 95,000 recycling carts in Henrico, Goochland and Hanover. By giving residents the tools and information they needed, participation in the program has jumped almost 20% adding 4,000 more tons recycled than before. In addition, the carts were made from 35% post-consumer recycled plastic, 10% from our very own residential and drop off recycling programs and a portion of the other 25% recycled plastic came from Henrico County's old, recycled trash carts! We are truly closing the loop by recycling our own material back into the products we buy. The new recycling carts have increased access and convenience for many to begin recycling and increased the opportunity for those already recycling to recycle more.

The Authority, for the first time, is the owner of the carts in the residential recycling and trash collection programs. Until now, the Authority has relied on the contractors to provide the carts. The Authority purchasing the carts is a benefit to the localities from a cost standpoint as well as inventory and uniformity on the curb.

The CVWMA is initiating a mattress recycling program in the region. Mattresses have been problematic from a collection and disposal standpoint. The Authority entered into a new contract to break down mattresses and recycle the contents (foam, metal, wood). The City of Richmond kicked off the program with an event to collect mattresses from residents of the City. The Authority will expand this to other localities and work toward permanent collection sites around the region.

Strong public-private partnerships are the backbone of the CVWMA. As much of the waste and recycling in the region is controlled by private entities, it is imperative we partner with and attract private sector companies to create and build robust recycling programs, promote waste reduction, reuse and a more sustainable materials management plan that benefits our communities. The regional approach to solid waste management provides solutions to recycling and waste management challenges and opportunities that cross jurisdictional boundaries. It is becoming increasingly important that we band together to establish solutions for the benefit of the region.

FINANCIAL CONTROLS

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

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records

for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments made by management.

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

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

INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Brown, Edwards & Company, L.L.P. was selected by the Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2024. The independent auditors' report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Virginia Waste Management Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the twenty seventh consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

Kimberly A. Hynes CPA Executive Director

Kimberlyastynes

Adam George Accounting and Financial Manager



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Virginia Waste Management Authority

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

2023-2024 Board of Directors

Robert L. Dunn, County of Chesterfield

Chair

Miles Jones, City of Richmond Vice-Chair

John Mitchell, County of Henrico **Treasurer**

Stephen Chidsey, Town of Ashland
Nathanial Richardson, County of Charles City
Clay Bowles, County of Chesterfield
Doug Smith, City of Colonial Heights
Wendy Grady, County of Goochland
Randy Hardman, County of Hanover
Jeff Stoneman, County of Hanover
Marcia E. Kelley, County of Henrico

Cary Drane, County of Chesterfield **Secretary**

Vacant **Director**

Marilee Tretina, County of Henrico
Monique Robertson, City of Hopewell
Jordan Stewart, County of New Kent
Jerry Byerly, City of Petersburg
Bob Powers, County of Powhatan
Dean Simmons, County of Prince George
Elizabeth Hall, City of Richmond
Carly Glenn, City of Richmond

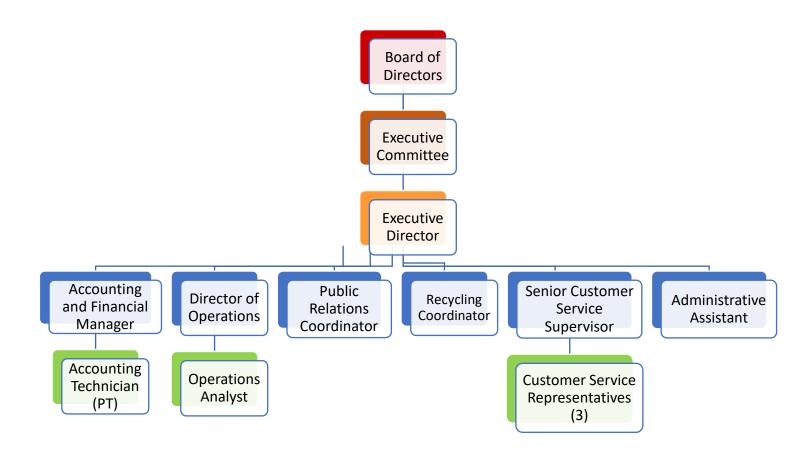
Administrative Staff

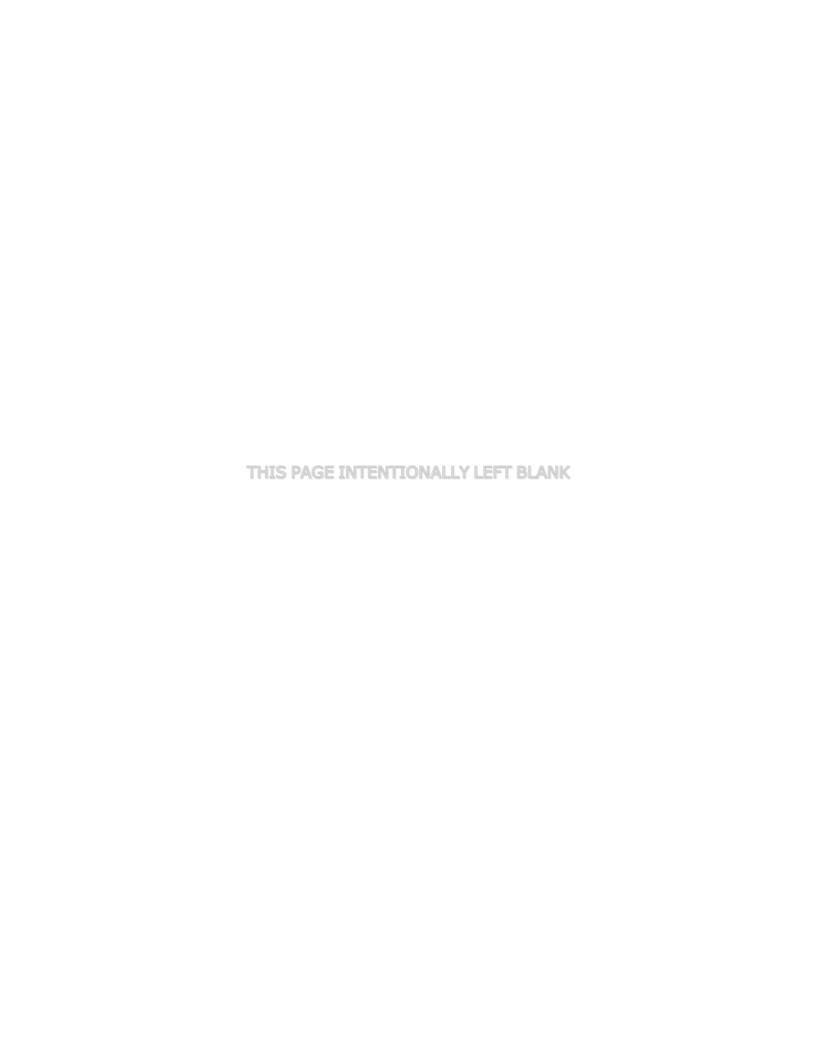
Kimberly A. Hynes, Executive Director

Adam George, Accounting and Financial Manager
Richard M. Nolan, Director of Operations
Julie Buchanan, Public Relations Coordinator
Reginald D. Thompson, Operations Analyst
Adam Girard, Recycling Coordinator
Stephanie N. Breaker, Senior Customer Service Supervisor
Angela Burley, Customer Service Representative
Stephanie Anderson, Customer Service Representative
Latanya McBride, Administrative Assistant
Barbara Trimmer, Accounting Technician, part-time

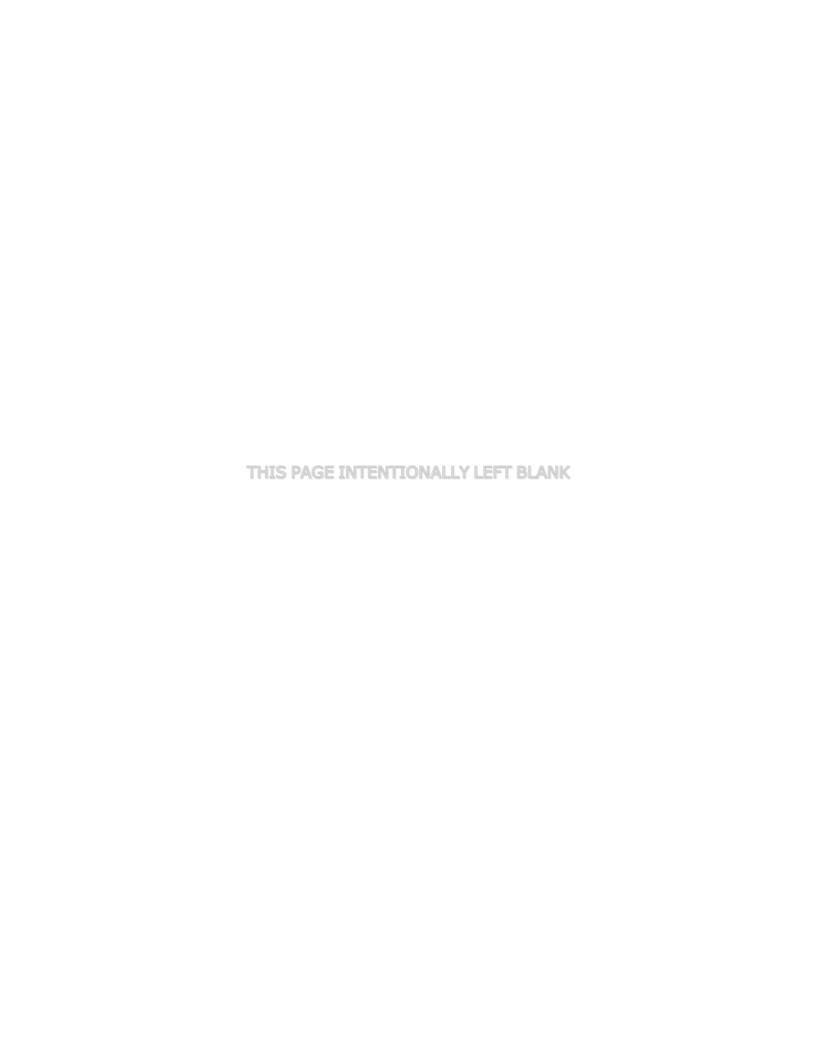
CVWMA General Counsel James Snyder McCandlish Holton PC







Financial Section





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds of the Central Virginia Waste Management Authority, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Authority's 2023 financial statements, and our report dated October 19, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein for the year ending June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, 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.

CERTIFIED PUBLIC ACCOUNTANTS

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

Harrisonburg, Virginia October 23, 2024 THIS PAGE INTENTIONALLY LEFT BLANK

Management's Discussion And Analysis

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CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY Management's Discussion and Analysis

Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the fiscal year ended June 30, 2024. This information should be read in conjunction with the letter of transmittal and the financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by \$2,056,320 at the close of the 2024 fiscal year. Total net position increased by 10.23%. Operating revenues increased by 13.4%, or \$2,722,660, to \$23,038,298. Operating expenses increased 11.9% or \$2,421,788.

The Authority's capital assets consist of computer equipment, office furniture, vehicles. leasehold improvements, trash carts (new in 2022), recycling carts (new in 2023) and lease assets. Net capital assets increased \$967,985. In 2024. The Authority entered in a lease to purchase agreement for 9,000 trash carts for the City of Hopewell's residential trash collection program and also entered into a new office lease resulting in the significant increase in capital assets and lease liability. In addition, the CVWMA borrowed \$4,280,000 to pay for the 95,000 recycling carts in 2023. This is being repaid from revenue generated from the Residential Recycling Service Agreement with the participating jurisdictions. More detailed capital asset and liability activity can be found in Note III. Capital Assets, Note IV. Lease Liabilities and Note V. Loan Payable.

Overview of the Financial Statements

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

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

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

The tables presented herein provide a summary of the CVWMA's financial position and operations for FY2024 and FY2023.

Condensed Statements of Net Position

			Change	•
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
Assets:				
Current	\$ 6,011,006	\$ 6,527,180	\$ (516,174)	-7.91%
Capital assets, net	7,500,387	6,532,402	967,985	14.82%
Total assets	13,511,393	13,059,582	451,811	3.46%
Deferred Outflows of Resources	82,763	66,228	16,535	24.97%
Liabilities:				
Current	6,839,029	10,563,506	(3,724,477)	-35.26%
Long Term	4,615,009	598,305	4,016,704	671.35%
Total liabilities	11,454,038	11,161,811	292,227	2.62%
Deferred Inflows of Resources	83,798	98,601	(14,803)	-15.01%
Net position:				
Net investment in capital assets	2,001,935	219,449	1,782,486	812.26%
Unrestricted	54,385	1,645,949	(1,591,564)	-96.70%
Total net position	\$ 2,056,320	\$ 1,865,398	\$ 190,922	10.23%

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY Management's Discussion and Analysis

Condensed Statements of Revenues, Expenses and Changes in Net Position For The Years Ended June 30, 2024 and 2023

			Chan	ge
	<u>2024</u>	<u>2023</u>	Amount	<u></u> %
Operating revenues:				
Local government assessments	\$ 598,419	\$ 594,228	\$ 4,191	0.7%
Recycling	12,315,187	10,391,494	1,923,693	18.5%
Refuse and solid waste	7,326,123	6,357,495	968,628	15.2%
Composting and yard waste	1,156,557	1,076,922	79,635	7.4%
Other project revenue and fees	333,215	312,343	20,872	6.7%
Material sales rebate	1,308,797	1,583,156	(274,359)	-17.3%
Total operating revenues	23,038,298	20,315,638	2,722,660	13.4%
Operating expenses:				
Administrative/operating	231,574	274,512	(42,938)	-15.6%
Salaries and benefits	965,909	849,791	116,118	13.7%
Professional service fees	101,562	106,579	(5,017)	-4.7%
Depreciation and amortization	745,496	162,635	582,861	358.4%
Program contractual services	19,607,371	17,478,263	2,129,108	12.2%
Material sales rebate	 1,192,449	1,550,793	(358,344)	-23.1%
Total operating expenses	 22,844,361	20,422,573	2,421,788	11.9%
Operating income (loss)	193,937	(106,935)	300,872	-281.4%
Non-operating revenues (expenses):				
Grants, sponsorships and miscellaneous	-	1,455,230	(1,455,230)	-100.0%
Gain (loss) on fixed assets	-	(1,254)	1,254	100.0%
Miscellaneous income	1,860	-	1,860	100.0%
Interest income	38,786	22,008	16,778	76.2%
Interest expense and fiscal changes	 (43,661)	 (41,236)	(2,425)	5.9%
Non-operating revenues (expenses)	 (3,015)	1,434,748	(1,437,763)	-100.2%
Change in net position	190,922	1,327,813	(1,136,891)	-85.6%
Beginning net position	1,865,398	537,585	1,327,813	247.0%
Ending net position	\$ 2,056,320	\$ 1,865,398	\$ 190,922	10.2%

Net Position increased by \$190,922 in Fiscal Year 2024. Recycling markets continue to be strong. Most of the revenue received from the sale of recyclable materials is provided back to the participating localities based on volume. CVWMA keeps a portion of the recycling revenue in the Drop Off Fund, which in 2024 yielded \$75,000 compared to \$35,000 the previous year. In addition, the residential recycling contract also stipulates a revenue share with the contractor based on market prices, which resulted in an additional \$41,665 of revenue that the CVWMA retains. The impact of the most recent valuation of pension and other post-employment benefits resulted in a gain of \$81,864 compared to loss of \$2,158 in 2023.

Overall operating revenues have increased nearly 13.4% in FY 2024 over FY 2023. July 1, 2023 marked the start of new contracts in two of the CVWMA's large programs, Residential Recycling and Waste Transfer and

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY Management's Discussion and Analysis

Disposal. Costs increased significantly in these programs, resulting in increased contractual expenses and revenues from the participating jurisdictions. Chesterfield County no longer participates in the CVWMA residential recycling program services, however, continues to utilize education and outreach services. This resulted in a reduction of program revenues for the Authority of about \$2.5 million. Despite this reduction, costs under the new contract increased significantly for the remaining jurisdictions. In addition, costs in the new Waste Transfer and Disposal Contract increased about 33% over previous years.

Similarly, to revenue, the Authority's operating expenses increased 11.9% due to increased costs under new contracts. Additionally, depreciation and amortization increased significantly due to the depreciation of the new recycling carts purchased at the end of 2023. Approximately 93% of total revenues are passed through to member localities based on their participation in various programs. Net Position increased to 8.3% of the total 2024 budget. The Authority continues to remain in a strong financial position.

Economic Factors and the FY 2024 Budget

The Authority and the region are at a pivotal point in creating and expanding recycling opportunities and exploring emerging technologies that provide alternatives to landfilling non-recyclable waste. It has become increasingly important to lessen the reliance on landfills for disposal of non-recyclable waste for two reasons: 1) to better manage waste in a more sustainable manner and 2) to stabilize costs, especially for municipalities that are tasked with managing waste.

Member local governments benefit from an economies of scale approach to solid waste planning and providing robust programs to citizens that positively impact the environment while balancing costs. Many operational programs and services cross jurisdictional boundaries, thus providing services regionally takes the burden off of localities for developing and maintaining their own solid waste plans, meeting the state's recycling goals and providing cost effective, volume-based programs that benefit multiple localities. The Authority manages about 30 recycling and solid waste contracts that benefit all 13 jurisdictions in some way. About 95% of our revenues are passed through from localities based on participation in CVWMA programs. Since the Authority is funded by solely local government, the financial stability of our member jurisdictions is vital to CVWMA's financial health.

Public-private partnerships have proven valuable to member localities and CVWMA continues to do what it does best in negotiating cost effective contracts that best fit the needs of the diverse communities we serve. Cost is important, but customer service, performance of our contractors and education and outreach are just as important, and the Authority is selective in choosing companies that provide the best value products and services.

The Authority strives to ensure economic resiliencies, not just for the Authority, but member localities too. Recycling markets, particularly for steel, mixed paper, cardboard and plastics remain very strong in 2024 and into fiscal year 2025. Several CVWMA contracts generate revenue from the sale of recyclable materials. CVWMA provided nearly \$1.2 million back to localities in fiscal year 2024 to offset operational costs; over \$18 million has been provided back to participating jurisdictions since inception. CVWMA retains a small portion of the material sales rebate to balance the budget. The CVWMA continues to be highly regarded for providing cost effective recycling and solid waste initiatives to our member governments and this benefit is proven during volatile economic times.

The Authority's budget has grown by 40% to \$24.7 million in the last 5 years. This is a result of an increased level of service provided to participating jurisdictions, and increased costs of programs as a result of procurement and inflation. CVWMA maintains a strong and healthy net position and thus has successfully avoided raising assessments to member localities.

Contacting CVWMA's Financial Management

This financial analysis is designed to provide a general overview of CVWMA's finances to all interested parties. If you have questions about this report, or need additional financial information, contact the CVWMA's Executive Director at Central Virginia Waste Management Authority, 2100 W. Laburnum Avenue; Suite 105, Richmond, Virginia 23227 or by telephone at 804-340-0900.

STATEMENT OF NET POSITION JUNE 30, 2024 With Comparative Totals at June 30, 2023

	General			Municipal	Waste			
	Operating	Curbside	Drop-Off	Solid	Transfer &	Special	Total	
	<u>Fund</u>	Recycling	Recycling	<u>Waste</u>	<u>Disposal</u>	Wastes	<u>2024</u>	2023
Assets:	· <u> </u>			·	<u> </u>			
Cash and cash								
equivalents	\$ 325,406	\$ 834,890	\$ 292,337	\$ 268,687	\$ 296,489	\$ 20,281	\$ 2,038,090	\$2,041,017
Accounts receivable	533,470	1,983,192	197,975	734,080	244,521	267,196	3,960,434	4,474,826
Prepaid expenses	4,975	6,858	81	568	-	- ,	12,482	11,337
Total current assets	863,851	2,824,940	490,393	1,003,335	541,010	287,477	6,011,006	6,527,180
Capital Assets:								
Capital assets, net of depreciation	90,228	5,304,871	1,689	99,327	_	_	5,496,115	5,772,707
Lease assets, net of amortization	475,721	394,161	14,527	1,119,863	_	_	2,004,272	759,695
Capital assets, net	565.949	5,699,032	16,216	1,219,190			7.500.387	6,532,402
Capital assets, het	303,949	3,099,032	10,210	1,219,190	_	-	7,300,387	0,332,402
Total assets	1,429,800	8,523,972	506,609	2,222,525	541,010	287,477	13,511,393	13,059,582
Deferred Outflows of Resources:								
Pension related deferred outflows	32,539	26,092	921	1,842	_	_	61,394	50,387
OPEB related deferred outflows	11,837	8,588	304	640	_	_	21,369	15,841
Total deferred outflows of resources	44,376	34,680	1,225	2,482			82,763	66,228
Total actorica dathows of resources	44,070	<u> </u>	1,220	2,402			02,700	00,220
Liabilities:								
Accounts payable	212,770	1,587,782	233,766	858,228	367,438	254,992	3,514,976	8,021,909
Other accrued liabilities	53,732	30,802	232	464	-	13,066	98,296	89,124
Lease liability - current	40,720	29,623	1,255	351,318	-	-	422,916	260,614
Loan payrable - current	-	590,272	-	-	-	-	590,272	-
Unearned revenues	606,580	1,033,908		377,460	194,621		2,212,569	2,191,859
Total current liabilities	913,802	3,272,387	235,253	1,587,470	562,059	268,058	6,839,029	10,563,506
Long-term Liabilities:								
Lease liability	450,066	376,990	13,803	545,475	_	_	1,386,334	418,034
Loan payable		3,098,930	10,000	0-10,-170	_	_	3,098,930	- 10,00-
Net OPEB liability	39,130	27,489	972	2,090	_	_	69,681	66,701
Net pension liability	31,834	25,527	901	1,802	_	_	60,064	113,570
Total long-term liabilities	521,030	3,528,936	15,676	549,367			4,615,009	598,305
-								
Deferred Inflows of Resources:								
Pension related deferred inflows	35,708	28,634	1,011	2,020	-	-	67,373	83,589
OPEB related deferred inflows	9,071	6,627	234	493	-	-	16,425	15,012
Total deferred inflows of resources	44,779	35,261	1,245	2,513	-		83,798	98,601
Net Position (Deficit)								
Net investment in capital assets	75,163	1,603,217	1,158	322,397	_	_	2,001,935	219,449
Unrestricted	(80,598)	118,851	254,502	(236,740)	(21,049)	19,419	54,385	1,645,949
Total net position (deficit)	\$ (5,435)	\$ 1,722,068	\$ 255,660	\$ 85,657	\$ (21,049)	\$ 19,419	\$ 2,056,320	\$1,865,398

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2024 With Comparative Totals for the Year Ended June 30, 2023

	General Operating <u>Fund</u>	Residential <u>Recycling</u>	Drop- Off <u>Recycling</u>	Municipal Solid <u>Waste</u>	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	Total <u>2024</u>	<u>2023</u>
Operating revenues:								
Local government								
assessments	\$ 598,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598,419	\$ 594,228
Recycling	-	10,691,079	1,624,108	-	-	-	12,315,187	10,391,494
Refuse and solid waste	-	-	-	5,256,571	2,069,552	-	7,326,123	6,357,495
Composting and yard waste	-	-	-	-	-	1,156,557	1,156,557	1,076,922
Other project revenues	-	-	-	-	-	333,215	333,215	312,343
Material sales rebates		41,665	390,601			876,531	1,308,797	1,583,156
Total operating revenues	598,419	10,732,744	2,014,709	5,256,571	2,069,552	2,366,303	23,038,298	20,315,638
Operating expenses:								
Administrative/operating	29,441	191,256	2,609	8,268	_	_	231,574	274,512
Salaries and benefits	471,671	453,980	12,823	27,435	_	_	965,909	849,791
Professional service fees	43,387	48,063	3,812	6,300	_	_	101,562	106,579
Depreciation and amortization	54,780	618,400	1,358	70,958	_	_	745,496	162,635
Project contractual services	-	9,296,750	1,624,110	5,128,573	2,069,276	1,488,662	19,607,371	17,478,263
Material sales rebate	-	-	315,713	-	-,,	876,736	1,192,449	1,550,793
Total operating expenses	599,279	10,608,449	1,960,425	5,241,534	2,069,276	2,365,398	22,844,361	20,422,573
Operating income (loss)	(860)	124,295	54,284	15,037	276	905	193,937	(106,935)
Non-operating revenues (expenses):								
Grants and sponsorships	-	-	-	-	-	-	-	1,455,230
Gain (loss) on fixed assets	-	-	-	-	-	-	-	(1,254)
Interest income	23,384	8,557	2,567	4,278	-	-	38,786	22,008
Interest expense and fiscal charges	(6,147)	(20,950)	(181)	(16,383)	-	-	(43,661)	(41,236)
Miscellaneous Inccome	1,860						1,860	
Non-operating revenues (expenses)	19,097	(12,393)	2,386	(12,105)			(3,015)	1,434,748
Interfund Transfers	56,670		(56,670)					
Change in Net Position	74,907	111,902	-	2,932	276	905	190,922	1,327,813
Net position (deficit) - beginning of year	(80,342)	1,610,166	255,660	82,725	(21,325)	18,514	1,865,398	537,585
Net position (deficit) - end of year	\$ (5,435)	\$ 1,722,068	\$ 255,660	\$ 85,657	\$ (21,049)	\$ 19,419	\$ 2,056,320	\$1,865,398

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2024 With Comparative Totals for the Year Ended June 30, 2023

	General Operating <u>Fund</u>	Residential Recycling	Drop- Off <u>Recycling</u>	Municipal Solid <u>Waste</u>	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities								
Receipts from local governments	\$ 564,224	\$11,264,132	\$ 1,614,860	\$5,406,756	\$2,031,430	\$1,349,308	\$ 22,230,710	\$18,401,061
Payments to contractors	ψ 00-1,22-1 -	(13,997,798)	(1,416,676)	(5,112,035)	(1,961,315)	(1,455,123)	(23,942,947)	(17,672,733)
Payments to suppliers	(93,430)	(240,920)	(6,353)	(14,694)	(1,001,010)	(48)	(355,445)	(259,629)
Payments to employees	(523,119)	(471,446)	(14,068)	(29,921)			(1,038,554)	(843,279)
Notice to the territory of the second	(50.005)	(0.440.000)	477 700	050.400	70.115	(405.000)	(0.400.000)	(074 500)
Net cash provided by (used in) operating activiites	(52,325)	(3,446,032)	177,763	250,106	70,115	(105,863)	(3,106,236)	(374,580)
Cash Flows From Noncapital Financing Activities:								
Interfund transfers	56,670	-	(56,670)	-	-	-	-	-
Grants, sponsorships, and miscellaneous	1,860						1,860	10,000
Net cash provided by (used in) noncapital financing activitie	s 58,530	-	(56,670)	-	_	-	1,860	10,000
Onch Floure From Comital and Bolists d Financian Astinitian								
Cash Flows From Capital and Related Financing Activities:		4,279,474					4,279,474	
Loan proceeds	-	(590,272)	-	-	-	-	(590,272)	-
Principal payments on loan Principal payments on leases	(44,986)	(38,812)	(1,323)	(175,493)	-	-	(260,614)	(245,076)
Interest payments on leases	(6,147)	(20,950)	(181)	(16,383)	_	_	(43,661)	(41,236)
Acquisitions of capital assets	(80,258)	(213,393)	(1,704)	(26,909)	_	_	(322,264)	(97,431)
·								
Net cash provided by (used in) capital financing activities	(131,391)	3,416,047	(3,208)	(218,785)			3,062,663	(383,743)
Cash Flows From Investing Activities:								
Interest received	23,384	8,557	2,567	4,278			38,786	22,008
Net Increase (decrease) in cash and cash equivalents	(101,802)	(21,428)	120,452	35,599	70,115	(105,863)	(2,927)	(726,315)
Cash and cash equivalents at June 30, 2023	427,208	856,318	171,885	233,088	226,374	126,144	2,041,017	2,767,332
Cash and cash equivalents at June 30, 2024	\$ 325,406	\$ 834,890	\$ 292,337	\$ 268,687	\$ 296,489	\$ 20,281	\$ 2,038,090	\$ 2,041,017
Cash and cash equivalents at June 30, 2024	\$ 325,406 General Operating Fund	\$ 834,890 Residential Recycling	\$ 292,337 Drop- Off Recycling	\$ 268,687 Municipal Solid Waste	\$ 296,489 Waste Transfer & Disposal	\$ 20,281 Special Wastes	\$ 2,038,090 <u>2024</u>	\$ 2,041,017 <u>2023</u>
	General Operating <u>Fund</u>	Residential Recycling	Drop- Off Recycling	Municipal Solid <u>Waste</u>	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	2024	2023
Cash and cash equivalents at June 30, 2024 Net operating income (loss)	General Operating	Residential	Drop- Off	Municipal Solid	Waste Transfer &	Special	2024	
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in)	General Operating <u>Fund</u>	Residential Recycling	Drop- Off Recycling	Municipal Solid <u>Waste</u>	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	2024	2023
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:	General Operating <u>Fund</u> \$ (860)	Residential Recycling \$ 124,295	Drop- Off <u>Recycling</u> \$ 54,284	Municipal Solid <u>Waste</u> \$ 15,037	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	<u>2024</u> \$ 193,937	<u>2023</u> \$ (106,935)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization	General Operating <u>Fund</u> \$ (860)	Residential Recycling \$ 124,295	Drop-Off Recycling \$ 54,284	Municipal Solid Waste \$ 15,037	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	2024	2023
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:	General Operating <u>Fund</u> \$ (860)	Residential Recycling \$ 124,295	Drop- Off <u>Recycling</u> \$ 54,284	Municipal Solid <u>Waste</u> \$ 15,037	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	2024 \$ 193,937 745,496	2023 \$ (106,935) 162,635
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions	General Operating <u>Fund</u> \$ (860) 54,780 (52,326)	Residential Recycling \$ 124,295 618,400 (24,769)	Drop- Off <u>Recycling</u> \$ 54,284 1,358 (1,211)	Municipal Solid Waste \$ 15,037	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	2024 \$ 193,937 745,496 (80,729)	2023 \$ (106,935) 162,635 (77)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions	General Operating <u>Fund</u> \$ (860) 54,780 (52,326)	Residential Recycling \$ 124,295 618,400 (24,769)	Drop- Off <u>Recycling</u> \$ 54,284 1,358 (1,211)	Municipal Solid Waste \$ 15,037	Waste Transfer & <u>Disposal</u>	Special <u>Wastes</u>	2024 \$ 193,937 745,496 (80,729)	2023 \$ (106,935) 162,635 (77)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets:	General Operating <u>Fund</u> \$ (860) \$ 54,780 (52,326) (2,709)	Residential Recycling \$ 124,295 618,400 (24,769) 1,632	Drop- Off <u>Recycling</u> \$ 54,284 1,358 (1,211) (24)	Municipal Solid <u>Waste</u> \$ 15,037 70,958 (2,423) (35)	Waste Transfer & Disposal \$ 276	Special <u>Wastes</u> \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136)	2023 \$ (106,935) 162,635 (77) (2,082)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities:	General Operating <u>Fund</u> \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601)	Drop- Off <u>Recycling</u> \$ 54,284 1,358 (1,211) (24) (9,248) 68	Municipal Solid <u>Waste</u> \$ 15,037 70,958 (2,423) (35) 235,461 (126)	Waste Transfer & Disposal \$ 276	\$ 905 \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145)	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities: Accounts payable	General Operating <u>Fund</u> \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116)	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714)	Drop- Off <u>Recycling</u> \$ 54,284 1,358 (1,211) (24) (9,248)	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538	Waste Transfer & Disposal \$ 276	Special <u>Wastes</u> \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933)	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities: Accounts payable Unearned revenue	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276)	Waste Transfer & Disposal \$ 276	\$ 905 \$ 905 - (140,464) - 33,744	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities: Accounts payable	General Operating <u>Fund</u> \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116)	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714)	Drop- Off <u>Recycling</u> \$ 54,284 1,358 (1,211) (24) (9,248) 68	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538	Waste Transfer & Disposal \$ 276	\$ pecial Wastes \$ 905 - (140,464) - 33,744	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933)	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets:	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276)	Waste Transfer & Disposal \$ 276	\$ 905 \$ 905 - (140,464) - 33,744	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets:	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933 5,671	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276) (28)	Waste Transfer & Disposal \$ 276	\$ 905 \$ 905 - (140,464) - 33,744	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710 9,172	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets:	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161 3,587	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546 - (10)	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276)	Waste Transfer & Disposal \$ 276	Special Wastes \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057 8,673
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities: Accounts payable Unearned revenue Other accrued liabilities Net cash provided by (used in) operating activities	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161 3,587	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933 5,671	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546 - (10)	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276) (28)	Waste Transfer & Disposal \$ 276	Special Wastes \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710 9,172	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057 8,673
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities: Accounts payable Unearned revenue Other accrued liabilities Net cash provided by (used in) operating activities	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161 3,587 \$ (52,325)	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933 5,671 \$ (3,446,032)	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546 - (10) \$ 177,763	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276) (28) \$ 250,106	Waste Transfer & Disposal \$ 276	Special Wastes \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710 9,172 \$ (3,106,236)	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057 8,673 \$ (374,580)
Net operating income (loss) Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities: Depreciation and amortization Pension expense net of employer contributions OPEB expense net of employer contributions (Increase)/decrease in Assets: Accounts receivable Prepaid expenses Increase/(decrease) in Liabilities: Accounts payable Unearned revenue Other accrued liabilities Net cash provided by (used in) operating activities	General Operating Fund \$ (860) \$ 54,780 (52,326) (2,709) (42,356) 514 (21,116) 8,161 3,587	Residential Recycling \$ 124,295 618,400 (24,769) 1,632 509,121 (1,601) (4,742,714) 63,933 5,671	Drop-Off Recycling \$ 54,284 1,358 (1,211) (24) (9,248) 68 132,546 - (10)	Municipal Solid Waste \$ 15,037 70,958 (2,423) (35) 235,461 (126) 16,538 (85,276) (28)	Waste Transfer & Disposal \$ 276	Special Wastes \$ 905	2024 \$ 193,937 745,496 (80,729) (1,136) 514,392 (1,145) (4,506,933) 20,710 9,172	2023 \$ (106,935) 162,635 (77) (2,082) (631,014) 9,889 (129,726) 314,057 8,673

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- **A. Reporting Entity -** The Authority is a primary government with no component units. The members of the Authority are the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; the Town of Ashland; and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George. The Authority is governed by a Board of Directors consisting of one or more representatives appointed by each of the member cities, town and counties. The Authority is a jointly governed organization of the thirteen member jurisdictions listed herein, however it is not a component unit of any of the participating governments. The participating governments do have a financial interest in and responsibility to the Authority.
- **B.** Basis of Presentation The Authority administers six enterprise funds: the General Operating Fund, the Residential Recycling, the Drop-Off Recycling, the Municipal Solid Waste, the Waste Transfer and Disposal, and Special Wastes Funds are considered major funds.
- **C.** Basis of Accounting The accounting records for the Authority are maintained on the accrual basis with revenue recorded when earned and expenses recorded when incurred. The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB) for enterprise funds of governmental units.
- **D. Estimates -** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- **E. Cash and Cash Equivalents -** Cash and cash equivalents are defined as being cash and short-term interest-bearing investments consisting of certificates of deposit, repurchase agreements and other income producing securities. These investments are readily convertible to cash and are stated at cost, which approximates fair value.
- **F.** Receivables All revenue and receivables are recognized when earned. Receivables consist of amounts due from the participating governments for services performed for residents. Each government is liable for the actual cost of service based on operating assessments outlined in the Articles of Incorporation and contractual arrangements; therefore, there is no allowance for doubtful accounts.
- **G. Capital Assets -** Capital assets are stated at historical cost. The capitalization threshold for capital assets is \$2,000. Expenses for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are charged to expense as incurred.

Lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the asset is non-depreciable, in which the asset is not amortized.

G. Capital Assets (Continued)

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

Furniture, fixtures and equipment 5-7 years
Computer equipment 2-3 years
Vehicles 7 years
Leasehold improvements 6 years
Trash and Recycling Carts 10 years

- **H. Compensated Absences -** Authority employees, in the event of termination, are reimbursed for accumulated annual leave in full, and for sick leave in the amount of one third (1/3) of sick leave accumulated up to \$3,500. Vested annual and sick leave balances are reflected in the accompanying financial statements as a current liability.
- I. Pensions and Other Postemployment Benefits (OPEB) For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deduction from the Authority's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- **J. Deferred Inflows and Outflows of Resources -** In addition to liabilities, the statements that presents financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

- Differences between expected and actual experience, changes in proportion, and changes of
 assumptions for economic/demographic factors in the measurement of the total pension and OPEB
 liability. This difference will be recognized in expense over the expected average remaining service
 life of all employees provided with benefits in the plan and may be reported as a deferred inflow or
 outflow as appropriate.
- Differences between projected and actual earnings on pension or OPEB plan investments. This
 difference will be recognized in pension expense or OPEB over a closed five-year period, and may
 be reported as a deferred inflow or outflow as appropriate.
- Contributions subsequent to the measurement date for pensions and OPEB; this will be applied to the net pension liability and the net OPEB liability in the next fiscal year.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the
 average expected remaining service lives of all employees provided with benefits. This may be
 reported as a deferred outflow or a deferred inflow as appropriate.
- Changes in assumptions that will be recognized in OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- **K. Net Position -** Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by any outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. When

both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

- **L. Risk Management -** The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance for all risks of loss including general liability, employee health and accident, workers' compensation, automobile and public officials' liability insurance. Any settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.
- **M. Revenue Classification -** Revenues from recycling and solid waste collection, local government assessments and other program revenues are reported as operating revenues. All other revenues including certain grants, contributions and interest income are reported as non-operating revenues.
- **N. Unearned Revenues -** In connection with certain contracts, the Authority bills for services and receives cash in advance. These amounts are recorded as unearned revenue until earned by the Authority.
- **O. Summarized Comparative Information for 2023 -** The financial information for the year ended June 30, 2023, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.
- **P. Subsequent Events –** The Authority has evaluated all subsequent events through October 23, 2024, the date the financial statements were available to be issued.

II. DEPOSITS AND INVESTMENTS

<u>Deposits</u>. 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.

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

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

Cash and Cash Equivalents	<u>2024</u>	<u>2023</u>
Local Government Investment Pool	\$ 4,514	4,274
Money Market	1,049,089	1,017,496
Cash in Bank	984,387	1,019,147
Cash on Hand	100	100
Total Cash and Cash Equivalents	\$ 2,038,090	<u>\$ 2,041,017</u>

<u>Interest Rate Risk.</u> Investment maturity is managed to precede or coincide with expected need of funds to help limit exposure to fair value losses arising from rising interest rates. As of June 30, 2024, the Authority's investments were in a Money Market.

II. DEPOSITS AND INVESTMENTS (Continued)

The Money Market is a short-term investment with immediate liquidity and the Authority has \$1,049,089 in the Money Market Fund. The LGIP is short-term investment pool offered through the State Treasurer to public entities in the Commonwealth. The Authority has \$4,514 in the LGIP portfolio which provides daily liquidity and is reported at amortized cost. The carrying value of this portion of the Authority's investment in this pool is determined by the pool's share price in accordance with GASB Statement No. 79.

<u>Credit Risk.</u> Policy, consistent with state statute, requires commercial paper, including banker's acceptances, to have a short-term debt rating of no less than "P-1" from Moody's Investors Service, and "A-1" from Standard & Poor's (S&P). Corporate notes and bonds must have a rating of at least "AA" by S&P or "Aa" by Moody's. The Authority has no commercial paper instruments as of June 30, 2024 and 2023.

<u>Concentration of Credit Risk.</u> The Code of Virginia and the Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2024, the Authority's investment portfolio consisted of the following:

lecuor		A mount	<u>% of</u> Portfolio
<u>Issuer</u>	!	<u>Amount</u>	POLITOILO
Towne Bank Money Market	\$	1,049,089	99.6%
Local Government Investment Pool (LGIP)		4,514	0.4%
Total	Q S	1,053,603	<u>100.0%</u>

III. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2023</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2024</u>
Furniture & equipment	\$ 72,766	\$ 3,498	\$ (43,155)	\$33,109	\$ 29,329	\$(17,540)	\$ 44,898
Computer equipment	116,634	30,896	(17,985)	129,545	-	-	129,545
Vehicles	46,706	-	-	46,706	-	-	46,706
Trash and recycling carts	25,228	5,697,342	-	5,722,570	122,528	-	5,845,098
Leasehold improvements	15,001		(6,457)	8,544	170,407	(2,604)	176,347
Total capital assets	276,335	5,731,736	(67,597)	5,940,474	322,264	(20,144)	6,242,594
Accumulated depreciation:							
Furniture & equipment	68,504	3,299	(41,901)	29,902	1,799	(17,540)	14,161
Computer equipment	89,384	6,868	(17,985)	78,267	12,021	-	90,288
Vehicles	40,375	6,958	-	47,333	1,373	-	48,706
Trash and recycling carts	-	5,008	-	5,008	580,954	-	585,962
Leasehold improvements	12,526	1,188	(6,457)	7,257	2,709	(2,604)	7,362
Total accumulated							
depreciation	210,789	23,321	(66,343)	167,767	<u>598,856</u>	(20,144)	746,479
Capital assets being depreciated, net	<u>\$ 65,546</u>	<u>\$5,708,415</u>	<u>\$ (1,254)</u>	<u>\$5,772,707</u>	<u>\$(276,592)</u>	<u>\$ -</u>	<u>\$5,496,115</u>

III. CAPITAL ASSETS (Continued)

A summary of changes in lease assets follows:

	Balance June 30, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2023</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2024</u>
Office equipment	\$ 17,945	\$ -	\$	\$ 17,945	\$ -	\$ -	\$ 17,945
Office building	465,672	-	-	465,672	752,286	-	1,217,958
Vehicle	-	15,144	-	15,144	-	-	15,144
Trash and recycling carts	561,547			561,547	638,931		1,200,478
Total leased assets	1,045,164	15,144	-	1,060,308	1,391,217	-	2,451,525
Accumulated amortization:							
Office equipment	6,075	3,744	-	9,819	3,744	-	13,563
Office building	155,224	77,612	-	232,836	84,578	-	317,414
Vehicle	-	1,803	-	1,803	2,163	-	3,966
Trash and recycling carts		<u>56,155</u>		<u>56,155</u>	<u>56,155</u>		112,310
Accumulated amortization	161,299	139,314	<u>-</u>	300,613	146,640		447,253
Leased assets being amortized, net	<u>883,865</u>	(124,170)		<u>759,695</u>	1,244,577	-	2,004,272
Total Capital Assets and Lease Assets, net	\$ 949,411	<u>\$5,584,245</u>	\$ (1,254)	<u>\$6,532,402</u>	\$ 967,985	<u>\$ -</u>	\$ 7,500,387

Lease Assets

In 2022, the Authority implemented the guidance in GASB Statement No. 87, *Leases*, and recognized the value of office equipment (copier and postage meter) leases under long-term contracts, a building leased for the Authority offices, and a lease to purchase trash and recycling carts.

IV. LEASE LIABILITIES

The Authority, as a lessee, has entered into lease agreements involving the Authority's office space, copier, postage meter, vehicle and trash carts. The total costs of the Authority's lease assets are recorded as \$2,451,525, less accumulated amortization of \$447,253 at June 30, 2024. The Authority uses its estimated incremental borrowing rate as the discount rate unless an interest rate is explicitly stated in the lease.

Future lease payments under lease agreements are as follows:

	Р	rincipal	I	nterest
2025	\$	422,916	\$	81,440
2026		321,989		61,187
2027		237,358		48,771
2028		168,510		36,184
2029		108,993		30,465
2030-2034		549,484		58,769
	\$ 1,809,250		\$	316,816

IV. LEASE LIABILITIES (Continued)

A summary of changes in lease liabilities follows:

	Balance June 30, <u>2022</u>	<u>Additions</u>	Principal Payments	Balance June 30, <u>2023</u>	Additions	Principal <u>Payments</u>	Balance June 30, <u>2024</u>
Office equipment	\$ 12,419	\$ -	\$ 3,567	\$ 8,852	\$ -	\$ 3,750	\$ 5,102
Office building	334,614	-	73,531	261,083	752,285	79,995	933,373
Vehicle	-	15,144	3,964	11,180	-	4,464	6,716
Trash and recycling carts	561,547		164,014	397,533	638,931	172,405	864,059
Total lease liabilities	\$ 908,580	<u>\$ 15,144</u>	<u>\$ 245,076</u>	<u>\$ 678,648</u>	<u>\$1,391,216</u>	<u>\$ 260,614</u>	<u>\$1,809,250</u>

V. LOAN PAYABLE

On July 21, 2023, the Authority entered into a loan agreement with Closed Loop Partners for the purchase of recycling carts used in the Residential Recycling Program. The total loan of \$4,279,474 has a 0% interest rate and requires monthly payments of \$49,189 until September 30, 2030. A summary of changes in the loan liability follows:

	Balance			Balance
	June 30,		Principal	June 30,
	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>
Cart Loan	\$ -	\$ 4,279,474	\$ 590,272	\$ 3,689,202

Future loan payments under the loan agreement are as follows:

	Principal
2025	\$ 590,272
2026	590,272
2027	590,272
2028	590,272
2029	590,272
2030-2034	737,842
	\$ 3,689,202

VI. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

VI. DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested	6
Non-vested	4
Active Elsewhere in VRS	6
Total inactive members	24
Active members	9
Total covered employees	33

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2024, was 8.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Political Subdivision were \$61,394 and \$49,885 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability (Asset)

The political subdivision's net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation 2.5%

General Employees – Salary Increases, including inflation: 3.50% - 5.35%

Investment rate of return 6.75%, net pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45 to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table Projected with various set-backs or set forwards for both males and females.

VI. DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees - Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates, no change to salary scale, no change to line of duty disability; and no change in the discount rate.

Long-Term Expected Rate of Return

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	6.14 %	2.09 %
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
Multi-Asset Public Strategies	4.00	4.50	.18
Private Investment Partnership	2.00	7.18	.14
Cash	1.00	1.20	.01
Total	100.00 %		5.75 %
	Inflation		2.50 %
*Expected arithmetic	8.25 %		

^{*} The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.5%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.14%, including expected inflation of 2.5%.

VI. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever is greater. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)					
		Total Pension		Plan Fiduciary		Net Pension
		Liability		et Position		Liability (Asset)
		(a)		(b)		(a) – (b)
Balances at June 30, 2022	\$	2,515,464	\$	2,401,895	\$	113,569
Changes for the year:						
Service cost		55,187		-		55,187
Interest		170,799		-		170,799
Changes of assumptions		-		-		-
Differences between expected		(47.070)				(47.070)
and actual experience Contributions – employer		(47,376)		47,896		(47,376) (47,896)
Contributions – employee		_		29,104		(29,104)
Net investment income		-		156,581		(156,581)
Benefit payments, including refunds of employee contributions		(80,599)		(80,599)		-
Administrative expenses		-		(1,529)		1,529
Other changes				63		(63)
Net changes		98,011		151,516		(53,505)
Balances at June 30, 2023	\$	2,613,475	\$	2,553,411	\$	60,064

VI. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1.00%	Current	1.00%
	Decrease (5.75%)	Discount Rate (6.75%)	Increase (7.75%)
Authority's net pension liability (asset)	<u>\$ 498,657</u>	<u>\$ 60,064</u>	<u>\$ (264,949)</u>

<u>Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

For the year ended June 30, 2024, the Authority recognized pension expense of \$49,885. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outf	ferred lows of ources	Inf	eferred lows of sources
Differences between expected and actual experience	\$	-	\$	29,474
Changes of assumptions		-		-
Net difference between projected and actual earnings on pension plan investments		-		37,899
Employer contributions subsequent to the measurement date		61,394		
Total	\$	61,394	\$	67,373

The \$61,394 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30	Increase (Reduction) in <u>Pension Expense</u>
2025	\$ (51,376)
2026	(51,499)
2027	34,426
2028	1,076
2029	-
Thereafter	-

VI. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 *Annual Comprehensive Financial Report (ACFR)*. A copy of the 2023 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VII. OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Local Plan

Healthcare Benefits

A. Plan description

The Authority administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the Authority, under the health plan administered by the Local Choice Health Benefits Program of the Virginia Department of Human Resource Management. Retirees must pay the full cost of health coverage for these benefits. A separate report was not issued for the plan. No assets are accumulated in a trust to pay benefits to the plan.

B. Funding Policy

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

C. Funded Status and Funding Progress

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

Employees Covered by Benefit Terms

As of July 1, 2023 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries:	
Currently receiving benefits	-
Entitled to but not yet receiving benefits	
Total inactive employees	-
Active plan members	10
	10

Total OPEB Liability

The Authority's total OPEB Liability of \$36,009 was measured as of June 30, 2024, and was determined based on an actuarial valuation performed as of July 1, 2023.

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

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate 3.93% Inflation 2.50%

General Employees – Salary Increases, including inflation: 3.50%, average, including inflation with

variable merit

Healthcare cost trend rates 0.00% for 2023, increasing to an ultimate

rate of 3.90%

The discount rate was based on the General Obligation 20-Bond Municipal Index as of June 30, 2023.

Mortality rates were based on the RP-2014 Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the Virginia Retirement System covering the period July 1, 2016-June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability	
Balance at 6/30/2023	\$	30,059
Changes for the year: Service cost Interest Effect of economic/demographic gains or losses Changes in assumptions or other inputs Benefit payments		2,136 1,172 7,494 (4,691) (161)
Net Changes		5,950
Balance at 6/30/2024	\$	36,009

Sensitivity Analysis

The following represents the Authority's total OPEB liability, calculated using a discount rate that is 3.93%. It also presents what the Authority's Total OPEB Liability would be if were calculated using a discount rate one percentage point lower (2.93%) and one percentage point higher (4.93%) than the current rate.

	Current				
	Decrease 93%)		unt Rate 93%)	_	Increase .93%)
Total OPEB Liability	\$ 37,609	<u>\$</u>	36,009	\$	34,368

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

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

	1.00%	1.00% 1.00% Decrease (3.20%)		Current Trend Rate (4.20%)		1.00% Increase (5.20%)	
Total OPEB Liability	\$	33,011	\$	36,009	\$	39,324	

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

For the year ended June 30, 2023, the Authority recognized OPEB expense of \$3,104. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Inflo	erred ows of ources	Deferred Outflows of Resources	
Differences between expected and actual experience	\$	910	\$	7,635
Change in assumptions		5,090		729
Total	\$	6,000	\$	8,364

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

	Increase (Reduction)
Year Ending	To OPEB
June 30,	Expense
2025	\$ (204)
2026	549
2027	868
2028	573
2029	445
Thereafter	133

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

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

Plan Descriptions

Group Life Insurance Program

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

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

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

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

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full-time, salaried employees of local government entities other than teachers. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year or service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. This plan is considered a multi-employer, agent defined benefit plan.

As of June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	Number
Inactive employees or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested	2
Non-vested	-
Active Elsewhere in VRS	6
Total inactive members	11
Active members	9
Total	10

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	\$4,020
June 30, 2023 Contribution	\$3,328

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of Acts of Assembly of 2022, Special Session 1, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session. Our proportionate share is reflected in Note VIII of our financial statements.

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

General Employee Health Insurance Credit Program

Governed by:	Code of Virginia 51.1-1400 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.15% of covered employee compensation.
June 30, 2024 Contribution	\$ 893
June 30, 2023 Contribution	\$ 739

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

The net OPEB liabilities were measured as of June 30, 2023 and the total OPEB liabilities used to calculate the net OPEB liabilities (asset) was determined by an actuarial valuation performed June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liabilities (asset) were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2024 proportionate share of liability	\$31,422
June 30, 2023 proportion	.00262%
June 30, 2022 proportion	.00265%
June 30, 2024 expense	\$1,059

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

General Employee Health Insurance Credit Program

	Total OPEB Liability	Plan Fiduciary et Position	Net OPEB Liability (Asset)
	 (a)	 (b)	 (a) – (b)
Balances at June 30, 2022	\$ 19,026	\$ 14,293	\$ 4,733
Changes for the year: Service cost Interest Changes in assumptions Difference between expected and actual experience Contributions – employer Contributions – employee Net investment income Benefit payments, including refunds of employee contributions Administrative expenses Other changes	254 1,279 - (2,415) - - (651) - -	 739 - 884 (651) (22)	254 1,279 - (2,415) (739) - (884) - 22 (1)
Net changes	 (1,533)	 951	 (2,484)
Balances at June 30, 2023	\$ 17,493	\$ 15,244	\$ 2,249

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

In addition, for the year ended June 30, 2023, the Authority recognized OPEB expense of \$42 related to General Employee Health Insurance Credit Program.

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Ou	eferred tflows of sources	In	eferred flows of sources
Differences between expected and actual experience Change in assumptions Net difference between projected and actual earnings	\$	3,138 672	\$	954 2,177
on OPEB plan investments		-		1,263
Changes in proportion Employer contributions subsequent to the		651		2,316
measurement date		4,020		
Total	\$	8,481	\$	6,710

General Employee Health Insurance Credit Program

Differences between expected and actual experience \$ - \$ 3,514 Change in assumptions 3,630 62 Net difference between projected and actual earnings on OPEB plan investments - 139 Employer contributions subsequent to the measurement date 893 -		Out	eferred tflows of sources	In	eferred flows of sources
Change in assumptions 3,630 62 Net difference between projected and actual earnings on OPEB plan investments - 139 Employer contributions subsequent to the	Differences between expected and actual				
Net difference between projected and actual earnings on OPEB plan investments - 139 Employer contributions subsequent to the	experience	\$	-	\$	3,514
earnings on OPEB plan investments - 139 Employer contributions subsequent to the	Change in assumptions		3,630		62
Employer contributions subsequent to the	Net difference between projected and actual				
· ·			-		139
measurement date 893 -	Employer contributions subsequent to the				
	measurement date		893		
Total <u>\$ 4,523 </u> <u>\$ 3,715</u>	Total	\$	4,523	\$	3,715

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	(Reduction (Reduction) Increset to OF Expe	ase É EB
2025	\$	(579)
2026	(1,722)
2027	·	194
2028		(391)
2029		249
Thereafter		-

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

General Employee Health Insurance Credit Program

Year Ending June 30,	(Reduction) Increase to OPEB Expense		
·		-	
2025	\$	(492)	
2026		(562)	
2027		56	
2028		551	
2029		362	
Thereafter		-	

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation 2.50%

Salary increases, including inflation:

• Locality- general employees 3.50 – 5.35%

Healthcare cost trend rates:

Under age 65
 Ages 65 and older
 7.00 – 4.75%
 5.25 – 4.75%

Investment rate of return, net of GLI & HIC: 6.75% expenses, including inflation

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 75, less the associated fiduciary net position. As of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Gro	up Life
	Insuranc	e Program
Total OPEB Liability	\$	3,907,052
Plan fiduciary net position		2,707,739
Employers' net OPEB liability		
(asset)	\$	1,199,313
Plan fiduciary net position as a		
percentage of total OPEB liability		69.30%

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

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	6.14 %	2.09 %
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
Multi-Asset Public Strategies	4.00	4.50	.18
Private Investment Partnership	2.00	7.18	.14
Cash	1.00	1.20	.01
Total	100.00 %		5.75 %
	2.50 %		
*Expected arithr	8.25 %		

^{*} The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time providing a median return of 7.14%, including inflation of 2.5%

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans.

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

From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	 % Decrease 5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)	
GLI Net OPEB Liability	\$ 46,577	\$ 31,423	3 \$ 19,169	
General Employee HIC Net OPEB Liability	4,427	2,249	9 423	

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report (ACFR)*. A copy of the 2023 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

IX. SUMMARY OF OTHER POSTEMPLOYMENT BENEFITS ELEMENTS

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

Deferred Outflows Of Resources		Inf	erred lows sources
\$	8,364	\$	6,000
	8,481		6,710
	4,523		3,715
\$	21,369	\$	16,425
Net OPEB Liability		_	PEB pense
\$	36,009	\$	3,104
	31,422		1,059
	2,249		42
\$	69,680	\$	3,779
	Ou Of Re \$ \$ Net	Outflows Of Resources \$ 8,364 8,481 4,523 \$ 21,369 Net OPEB Liability \$ 36,009 31,422 2,249	Outflows Inf Of Resources Of Re \$ 8,364 \$ 8,481 4,523 \$ 21,369 \$ Net OPEB O Liability Exp \$ 36,009 \$ 31,422 2,249

X. RELATED PARTIES

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

Total amounts due from and payable to the related jurisdictions at June 30, 2024 and 2023 are as follows:

	<u>2</u> (<u>2024</u>		<u>2023</u>		
	Due From	Due To	<u>Due</u>	Due To		
Town of Ashland	\$ 1,509	\$ -	\$40,926	\$ -		
County of Charles City	3,162	-	3,214	-		
County of Chesterfield	474,751	8,310	509,913	2,478		
City of Colonial Heights	292,928	141	256,105	-		
County of Goochland	182,256	9,520	20,391	8,469		
County of Hanover	112,382	48,882	179,294	26,735		
County of Henrico	1,777,144	27,964	906,483	15,470		
City of Hopewell	380,058	-	366,556	-		
County of New Kent	63,638	6,865	57,389	2,804		
City of Petersburg	201,475	-	506,805	-		
County of Powhatan	147,495	5,274	93,585	2,662		
County of Prince George	20,782	-	20,740	-		
City of Richmond	137,578	890	44,952			
Total	<u>\$ 3,795,158</u>	<u>\$ 107,846</u>	<u>\$ 3,006,353</u>	<u>\$ 58,618</u>		

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2024 and 2023 are follows:

	<u>2024</u>			20	<u>23</u>	
	Revenues	Expense	<u>s</u>	Revenue	Exp	<u>oenses</u>
Town of Ashland	\$ 475,118	\$ 27	0	\$ 343,535	\$	5,690
County of Charles City	3,214		-	3,251		-
County of Chesterfield	1,984,883	36,50	2	3,900,064	1	75,467
City of Colonial Heights	1,696,912	1,98	0	1,543,177		17,242
County of Goochland	767,565	117,60	3	673,810	1	08,347
County of Hanover	756,333	418,59	0	627,495	4	00,857
County of Henrico	6,753,484	395,97	'3	3,431,051	5	20,928
City of Hopewell	1,896,000	9,43	8	1,776,689		17,766
County of New Kent	600,273	80,64	-8	472,737		57,096
City of Petersburg	2,299,713		-	1,838,985		0
County of Powhatan	794,602	95,70	7	635,038		73,706
County of Prince George	33,055		-	30,616		-
City of Richmond	 3,620,461	35,73	8	3,326,541	1	72,274
Total	\$ 21,681,613	\$ 1,192,44	.9	<u>\$ 18,602,979</u>	<u>\$ 1,5</u>	49,373

XI. NET POSITION AND INTERFUND TRANSFERS

The following funds have deficit net position balances as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
General Fund	\$ 5,435	\$ 80,342
Waste Transfer & Disposal	21,049	21,325

These deficits are expected to be eliminated through future revenues and/or interfund transfers. Interfund transfers are the flow of cash from one fund to another without the requirement of repayment.

XII. NEW ACCOUNTING STANDARDS

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2024

Plan	Yea
------	-----

				, ,	arr rour				
	2023	2022	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability									
Service Cost	\$ 55,187	\$ 55,772	\$ 53,510	\$ 53,698	\$ 53,506	\$ 52,754	\$ 55,609	\$ 48,783	\$ 44,781
Interest on total pension liability	170,799	164,034	148,537	130,455	122,504	113,607	106,240	101,997	97,556
Difference between expected and actual experience	(47,376)	(24,176	(34,505)	152,541	(2,962)	15,776	4,481	(30,702)	(24, 167)
Changes of assumptions	-	-	101,018	-	65,856	-	(2,066)	-	-
Benefit payments, including refunds of member contributions	(80,599)	(109,042)	(80,477)	(57,127)	(55,474)	(54,604)	(63,421)	(55,516)	(53,934)
Net change in total pension liability	98,011	86,588	188,083	279,567	183,430	127,533	100,843	64,562	64,236
Total pension liability - beginning	2,515,464	2,428,876	2,240,793	1,961,226	1,777,796	1,650,263	1,549,420	1,484,858	1,420,622
Total pension liability - ending	2,613,475	2,515,464	2,428,876	2,240,793	1,961,226	1,777,796	1,650,263	1,549,420	1,484,858
Plan Fiduciary Net Position									
Contributions - employer	47,896	42,468	42,982	28,465	29,346	23,938	23,346	41,760	40,747
Contributions - employee	29,104	27,203	27,534	26,919	26,440	25,564	25,301	25,934	23,299
Net investment income	156,581	(3,036	531,060	36,045	119,333	122,988	181,635	26,226	63,905
Benefit payments, including refunds of member contributions	(80,599)	(109,042)	(80,477)	(57,127)	(55,474)	(54,604)	(63,421)	(55,516)	(53,934)
Administrative expenses	(1,529)	(1,515) (1,298)	(1,214)	(1,151)	(1,046)	(1,042)	(889)	(851)
Other changes	64	55	50	(43)	(76)	(220)	(285)	(11)	(14)
Net change in plan fiduciary net position	151,517	(43,867	519,851	33,045	118,418	116,620	165,534	37,504	73,152
Plan fiduciary net position - beginning	2,401,894	2,445,761	1,925,910	1,892,865	1,774,447	1,657,827	1,492,293	1,454,789	1,381,637
Plan fiduciary net position - ending	2,553,411	2,401,894	2,445,761	1,925,910	1,892,865	1,774,447	1,657,827	1,492,293	1,454,789
Net pension liability (asset) - ending	\$ 60,064	\$ 113,570	\$ (16,885)	\$ 314,883	\$ 68,361	\$ 3,349	\$ (7,564)	\$ 57,127	\$ 30,069
Plan fiduciary net position as a percentage of total pension liabili	98%	95%	101%	86%	97%	100%	100%	96%	98%
Covered payroll	\$ 626,805	\$ 576,813	\$ 578,479	\$ 566,070	\$ 568,845	\$ 539,218	\$ 526,157	\$ 512,903	\$ 468,572
Net pension liability (asset) as a percentage of covered payroll	10%	20%	-3%	56%	12%	1%	-1%	11%	6%

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

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

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRUBITIONS FOR THE YEAR ENDED JUNE 30, 2024

Entity Fiscal Year Ended June 30	Re	Contractually Required Contribution		tributions elation to tractually equired htribution	Defic	bution iency eess)	C	nployer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$	61,394	\$	61,394	\$	-	\$	746,886	8.22%
2023		49,885		49,885		-		626,805	7.96%
2022		45,244		45,244		-		576,813	7.84%
2021		47,004		47,004		-		578,479	8.12%
2020		32,266		32,266		-		566,070	5.70%
2019		31,743		31,743		-		568,845	5.70%
2018		25,176		25,176		-		539,218	4.96%
2017		26,141		26,141		-		526,157	4.96%
2016		44,571		44,571		-		512,903	8.69%
2015		40,719		40,719		-		468,572	8.69%

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

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2024

								Plan Year						
		2024		2023		2023		2022		2022		2021		2021
			VRS	Health			VF	RS Health				VRS Health		
			Ins	urance			Ir	nsurance				Insurance		
			C	redit				Credit				Credit		
			Ge	eneral			(General				General		
	Loc	cal Plan	<u>Em</u>	oloyees	Lo	cal Plan	<u>Er</u>	mployees	Lo	cal Plan		Employees	Lo	cal Plan
Total OPEB Liability														
Service Cost	\$	2,136	\$	254	\$	1,131	\$	682	\$	1,351	\$	719	\$	1,079
Interest on total OPEB liability		1,172		1,279		993		969		544		896		516
Changes in benefit terms		-				-				-		-		-
Difference between expected and actual experience		7,494		(2,415)		-		(1,002)		2,543		(541)		-
Changes of assumptions and other inputs		(4,692)		-		1,141		5,036		(1,233)		(51)		66
Benefit payments		(160)		(651)	_	(230)	_	(651)		(66)	_	(609)	_	(104)
Net change in total OPEB liability		5,950		(1,533)		3,035		5,034		3,139		414		1,557
Total OPEB liability - beginning		30,059		19,026		27,024		13,992		23,885		13,578		22,328
Total OPEB liability - ending	\$	36,009	\$	17,493	\$	30,059	\$	19,026	\$	27,024	\$	13,992	\$	23,885
Plan Fiduciary Net Position														
Contributions - employer	\$	-	\$	739	\$	-	\$	863	\$	-	\$	872	\$	-
Contributions - employee		-		-		-		-		-		-		-
Net investment income		-		884		-		12		-		2,923		-
Benefit payments		-		(651)		-		(651)		-		(609)		-
Administrative expenses		-		(22)		-		(25)		-		(35)		-
Other				1							_			
Net change in plan fiduciary net position		-		951		-		199		-		3,151		-
Plan fiduciary net position - beginning				14,293				14,094				10,943		
Plan fiduciary net position - ending		<u>-</u>		15,244		<u>-</u>		14,293			_	14,094	_	
Net OPEB Liability (Asset)- ending	\$	36,009	\$	2,249	\$	30,059	\$	4,733	\$	27,024	\$	(102)	\$	23,885
Plan fiduciary net position as a percentage of total														
OPEB liability		<u>0%</u>		<u>87%</u>		<u>0%</u>		<u>75%</u>		<u>0%</u>		<u>101%</u>		<u>0%</u>
Covered employee payroll	\$	727,095	\$	626,805	\$	626,805	9	\$ 576,813	\$	589,770	_	578,479	\$	578,479
Net OPEB liability (asset) as a percentage of covered	ı	<u>5.0%</u>		0.4%		<u>4.8%</u>		<u>0.8%</u>		<u>4.6%</u>		0.0%		<u>4.1%</u>

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

Assets are not accumulated or administed through a trust.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2024 (Continued)

							Pla	n Year								
	:	2020	2020			2019	2	2019		2018	:	2018		2017		
	VRS	Health			VR	S Health			VR	RS Health			VR	S Health		
	Ins	urance			In	surance			Insurance				Ins	surance		
	C	redit				Credit				Credit			Credit			
	G	eneral			G	eneral			C	Seneral			G	eneral		
	<u>Em</u>	ployees	Local Pla	an	<u>Em</u>	ployees	Loc	al Plan	<u>En</u>	nployees	Loc	cal Plan	<u>Em</u>	ployees		
Total OPEB Liability																
Service Cost	\$	706	\$ 1,1	154	\$	755		1,382		736		1,382		817		
Interest on total OPEB liability		919	ç	986		885		758		818		758		790		
Changes in benefit terms		-		-		-		-		-		-		-		
Difference between expected and actual experience		(1,366)	(4,4	105)		(469)		-		(8)		-		-		
Changes of assumptions and other inputs		-	2,1	187		362		(2,140)		-		(2,140)		(704)		
Benefit payments		(588)		(23)		(533)				(656)				(339)		
Net change in total OPEB liability		(329)	(1	101)		1,000		_		890		-		564		
Total OPEB liability - beginning		13,907	22,4	129		12,907		22,429		12,017		22,429		11,453		
Total OPEB liability - ending	\$	13,578	\$ 22,3	328	\$	13,907	\$	22,429	\$	12,907	\$	22,429	\$	12,017		
Plan Fiduciary Net Position																
Contributions - employer	\$	1,076	\$	-	\$	1,052	\$	-	\$	952	\$	-	\$	946		
Contributions - employee		-		-		-		-		-		-		-		
Net investment income		205		-		613		-		650		-		834		
Benefit payments		(588)		-		(533)		-		(656)		-		(339)		
Administrative expenses		(21)		-		(14)		-		(15)		-		(14)		
Other						(1)				(88)				40		
Net change in plan fiduciary net position		672		-		1,117		-		843		-		1,467		
Plan fiduciary net position - beginning		10,271				9,154				8,310				6,843		
Plan fiduciary net position - ending		10,943				10,271	\$		\$	9,153	\$		\$	8,310		
Net OPEB Liability (Asset)- ending	\$	2,635	\$ 22,3	328	\$	3,636	\$	22,429	\$	3,754	\$	22,429	\$	3,707		
Plan fiduciary net position as a percentage of total OPEB liability		010/		00/		740/		00/		740/		00/		600/		
OF LB liability		<u>81%</u>		<u>0%</u>		<u>74%</u>		<u>0%</u>		<u>71%</u>		<u>0%</u>		<u>69%</u>		
Covered employee payroll		566,070	\$ 568,8	348	\$	553,515	\$	553,515	\$	529,094	\$	529,094	\$	525,698		
Net OPEB liability (asset) as a percentage of covered	l	0.5%	3	.9%		0.7%		4.1%		0.7%		4.2%		0.7%		

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

Assets are not accumulated or administed through a trust.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB CONTRUBITIONS – GROUP LIFE JUNE 30, 2024

Entity Fiscal Year Required Ended June 30 Contribution Virginia Retirement System - Group Life			Rei Cont Re Con	ibutions in lation to tractually equired tribution	•	iency ess)		nployer's red Payroll	Contributions as a Percentage of Covered Payroll
•	-	-				3	Φ.	040.000	0.050/
2024	\$	4,020	\$	4,020	\$	-	\$	616,226	0.65%
2023		3,328		3,328		-		626,805	0.53%
2022		3,115		3,115		-		576,813	0.54%
2021		3,124		3,124		-		578,479	0.54%
2020		2,942		2,942		-		566,070	1.30%
2019		2,870		2,870		-		553,515	1.30%
2018		7,063		7,063		-		529,094	1.34%

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

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

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB CONTRUBITIONS - HIC JUNE 30, 2024

Entity Fiscal Year Ended June 30 VRS Health Insurar	Re En Con	Contractually Required Employer Contribution		Contributions in Relation to Contractually Required Contribution		bution iency ess)	(mployer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$	893	\$	893	\$	-	\$	746,886	0.15%
2023		739		739		-		626,805	0.12%
2022		865		865		-		576,813	0.15%
2021		868		868		-		578,479	0.15%
2020		1,076		1,076		-		566,070	0.19%
2019		1,043		1,043		-		553,515	0.19%
2018		970		970		-		529,094	0.18%

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

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

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE JUNE 30, 2024

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	•	oloyer's Proportionate are of the Net OPEB Liability (Asset)		nployer's red Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retiremen	nt System - Group Life	Insu	rance - General Employe	ees			
2023	0.0027%	\$	31,422	\$	616,226	5.10%	69.30%
2022	0.0027%		31,909		589,770	5.41%	67.21%
2021	0.0028%		32,832		578,479	5.68%	67.45%
2020	0.0028%		45,893		566,070	8.11%	52.64%
2019	0.0028%		46,002		553,515	8.31%	52.00%
2018	0.0028%		43,000		529,094	8.13%	51.22%
2017	0.0029%		43,000		525,698	8.17%	48.86%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2024

Note 1. Changes of Benefit Terms

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

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change in discount rate.
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

Residential Recycling and Municipal Solid Waste Rates

Debt Capacity

This schedule contains information related to the Authority's debt.

Outstanding Debt Per Capita and Total Debt Per Capita As A Percentage of Income Per Capita

Economic and Demographic Information

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

Revenue by Locality Demographic and Economic Statistics Principal Employers

Operating Information

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

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

Net Position by Component – Last Nine Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Restricted for net pension and post-employment assets	Unrestricted Total						
2024	\$ 2,001,935	\$ -	\$ (54,385)	\$2,056,320					
2023	219,449	-	1,645,949	1,865,398					
2022	40,831	16,987	749,767	537,585					
2021	99,918	-	368,058	467,976					
2020	36,805	-	654,166	690,971					
2019	48,749	-	729,152	777,631					
2018	58,286	-	722,481	780,767					
2017	69,658	-	683,708	753,367					
2016	49,470		639,449	688,919					

Changes in Net Position - Last Ten Fiscal Years

Fiscal	Operating	Operating	perating Income	R	Total -operating evenues		nange in Net
Year	Revenues	Expenses	(Loss)	(Expenses)		Р	osition
2024 2023 2022 2021 2020 2019 2018 2017 2016	\$ 23,038,298 20,315,638 19,533,950 18,550,869 17,915,547 16,474,821 15,843,573 15,809,592 14,668,426	\$ 22,844,361 20,422,573 19,464,772 18,775,490 18,041,980 16,548,024 15,830,244 15,792,426 14,655,568	\$ 193,937 (106,935) 69,178 (224,624) (126,433) (73.203) 13,329 17,166 12,858	\$	(3,015) 1,434,748 431 1,626 39,773 70,067 63,001 47,282 45,620	\$	190,922 1,327,813 69,609 (222,965) (86,660) (3,136) 76,330 64,448 58,748
2015	13,451,160	13,402,929	48,231		31,812		80,043

Notes:

GASB Statement No. 68 was adopted in fiscal year 2015 and GASB Statement No. 87 was adopted in fiscal year 2022 and restated for fiscal year 2021.

CVWMA purchased approximately 95,000 recycling carts for the residential recycling program in fiscal year 2023, significantly increasing Capital Assets. A grant was received to offset the cost of the carts in the amount of \$1,455,230. The entire amount of the grant was recorded in fiscal year 2023, however a portion of the cost of the carts will occur in future years as depreciation.

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

Operating Revenues by Source – Last Ten Fiscal Years

	Local Gov't Assmts	Recycling(1)	Refuse and Solid Waste(2)	Composting and Yard Waste(3)	Other Projects(4)	Material Sales(5)	Total
2024	\$ 598,419	\$ 12,315,187	\$ 7,326,123	\$ 1,156,557	\$ 333,215	\$ 1,308,797	\$ 23,038,298
2023	594,228	10,391,494	6,357,495	1,076,922	312,343	1,583,156	20,315,638
2022	579,188	9,277,896	5,277,307	675,760	315,351	3,408,448	18,533,950
2021	575,228	10,449,464	5,292,545	860,806	337,016	1,035,810	18,550,869
2020	567,956	10,675,991	5,116,607	649,687	276,468	628,838	17,915,547
2019	561,661	9,624,916	4,612,401	490,231	331,592	854,020	16,474,821
2018	558,825	8,294,822	4,614,706	478,302	324,940	1,571,978	15,843,573
2017	552,522	8,140,823	4,583,544	545,261	260,544	1,726,898	15,809,592
2016	548,282	7,976,957	4,245,042	306,797	247,500	1,343,848	14,668,426
2015	533,205	7,221,900	3,871,868	326,604	174,062	1,323,221	13,451,160

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

- (1) Recycling programs include residential and drop off recycling services, which include the recycling of traditional materials such as paper, cardboard and aluminum, plastic and glass bottles, and containers and cartons. Effective July 1, 2023, Chesterfield County no longer participates in the regional curbside recycling program. The program consists of about 200,000 households in eight localities and nine participate in drop off recycling. July 1, 2023, a new contract began, and costs have increased significantly for the services. In fiscal year 2019, the Authority renegotiated the contract for residential recycling collection with the vendor now servicing 8 of the 9 jurisdictions participating in curbside recycling. This was due to the significant disruption in the global recycling markets for 2/3 of the volume of material. CVWMA negotiated a sliding scale where depending on markets could pay a maximum \$30/ton for each ton of material collected on the curb or could pay less or even receive a rebate. Since FY2019, CVWMA and thus participating localities have been paying for processing. In fiscal year 2022, recycling markets have improved significantly to the point where the Authority has received \$30-\$50/per ton in rebate.
- (2) The refuse and solid waste programs include municipal solid waste collection and disposal in Ashland, Colonial Heights, Hopewell, Petersburg and certain residential units in Chesterfield; and transfer and disposal from the convenience centers in Chesterfield, Goochland, New Kent and Powhatan. A new procurement for Waste Transfer and Disposal resulted in significant increases in costs for hauling and disposal in 2024. A new procurement for trash collection in 2022 resulted in increased costs for waste collection and disposal in Ashland, Colonial Heights, Hopewell and Petersburg. The new contract started in July 2022 in the City of Colonial Heights and Ashland transitioned to the new contract in January 2023. In 2016, Chesterfield began providing trash collection to nearly 2,500 tax-relief customers through the Authority.
- (3) The yard waste grinding and leaf composting contracts are on an as needed basis with no minimum volume guaranteed. The increase in activity in fiscal years 2020 and 2021 is a result of Covid-19. In fiscal year 2023, the significant increase is due to a large yard waste grinding project for the City of Richmond.
- (4) Other projects include other waste disposal and recycling programs such as waste tire recycling, appliance and scrap metal recycling and household hazardous waste disposal are provided on an "as needed" basis.
- (5) The revenue generated from the sale of recyclables is dependent upon the market at the time of the sale. Markets have fluctuated in the last ten years typically related to the fluctuation in the economy. In FY 2014, the Authority negotiated a renewal of the curbside recycling contract to include a rebate effective May 1, 2014, however due to significant downturns in the market, the rebate was suspended effective April 1, 2018. As a result the CVWMA renegotiated its contract with its largest residential recycling vendor, paying a maximum of \$30/ton in FY 2019. In FY2020, a further reduction in revenue received from the sale of used oil and scrap metal due to COVID-19. In FY2021 and FY2022, the demand for fiber, plastics and scrap metal resulted in significant increased rebates in both the curbside recycling and drop-off recycling programs. Sharp declines in demand for recycled materials such as paper and metals resulted in significantly lower rebates from the sale of recycled goods in fiscal year 2023.

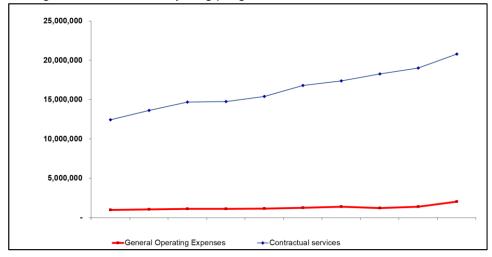
Operating Expenses – Last Ten Fiscal Years

	 nistrative erating	Salaries And Benefits	S	essional ervice Fees	•	reciation And ortization	Project Contractual Services	Material Sales Rebates	Total Operating Expenses
2024	\$ 231,574	\$ 965,909	\$	101,562	\$	745,496	\$ 19,607,371	\$ 1,192,449	\$ 22,844,361
2023	274,512	849,791		106,579		162,635	17,478,262	1,550,793	20,442,573
2022	184,883	836,387		88,004		94,498	14,971,276	3,289,724	19,464,772
2021	181,135	939,550		164,848		92,526	16,401,262	996,169	18,775,490
2020	259,382	855,018		113,395		17,614	16,173,543	623,028	18,041,980
2019	288,088	755,092		71,426		24,647	14,562,931	845,640	16,548,024
2018	270,770	728,456		71,422		21,664	13,201,409	1,598,671	15,830,244
2017	300,345	720,328		61,356		15,961	13,041,006	1,653,430	15,792,426
2016	258,964	688,984		80,241		12,186	12,307,502	1,307,691	14,655,568
2015	241,959	667,420		61,985		12,301	11,130,568	1,288,696	13,402,929

Notes:

General operating expenses, including salaries, benefits and professional fees have remained relatively constant in relation to program costs over the last ten years. In FY 21, retirement costs through the Virginia Retirement System increased significantly. A rebate of \$669,367 was received in FY 2015 as a result of an early renewal of the residential recycling contract provided to 255,000 households and that rebate was suspended in April 1, 2018 due to significant downturns in the recycling markets. Three years after the collapse of the recycling markets for fiber, increased domestic capacity for paper and cardboard coupled with the impacts and demand for fiber products as a result of the pandemic resulted in significantly improved recycling markets. The Authority received and provided to the participating localities, triple the rebates over previous years. In FY2019, the Authority hired a consultant to provide a pay, classification and benefits study for full-time staff positions and the results were fully implemented in March 2019. In FY2020, the CVWMA hired a recycling and solid waste management consultant to evaluate the regional residential recycling program and in FY2021, hired a consultant

to facilitate and draft a strategic plan for the Authority. Operating Administrative and expenses in fiscal year 2023 included about \$100,000 communications related to the recycling cart roll-out at the end of the year. This was mostly offset by the grant revenue also recorded in fiscal year 2023. The Authority is now purchasing recycling and trash carts for use in Authority programs. These carts are being depreciated over 10 years.



Nonoperating Revenues (Expenses) – Last Ten Fiscal Years

	Fiscal Grants and Interest Year Sponsorships Income		Interest			Total Nonoperating			
_	Year	Spo	onsorsnips	Income	Expense	IVIISC	ellaneous	R	evenues
	2024	\$	-	\$ 38,786	\$ (43,661)	\$	(1,860)	\$	(3,015)
	2023		1,455,230	22,008	(41,236)		(1,254)		1,434,748
	2022		10,000	9,715	(19,284)		-		431
	2021		10,000	11,907	(20,281)		-		1,626
	2020		10,000	29,773	-		-		39,773
	2019		10,000	60,067	-		-		70,067
	2018		15,000	47,995	-		6		63,001
	2017		10,000	29,453	-		7,829		47,282
	2016		24,500	21,120	-		-		45,620
	2015		10,000	21,812	-		-		31,812

Notes:

The Authority has negotiated with TFC Recycling to contribute \$10,000 annually to promote residential recycling through sponsorship of the annual collection schedule. This ended with the new contract effective in 2024. The Authority recorded a grant receivable from The Recycling Partnership in the amount of \$1,445,230 in fiscal year 2023 to offset the cost of purchase, assembly, and delivery of 95-gallon recycling carts and communication to 95,000 households in the Counties of Henrico, Hanover and Goochland. In 2018, CVWMA received monies from the National Carton Council in the amount of \$5,000 to promote the recycling of cartons. Seven sponsors contributed \$14,500 toward the CVWMA's 25th Anniversary events in 2015.

In 2015, the Authority implemented another payment option for vendors, which has resulted in earning a rebate on the payment to vendors via a purchasing card.

In 2022, the Authority implemented GASB No. 87 for Leases which also resulted in a restatement of fiscal year 2021.

The Authority sold two vehicles in FY2017, netting \$7,829 in revenue.

Residential Recycling and Municipal Solid Waste Rates Last Ten Fiscal Years

Residential Recycling - Rates per household per month

			Bi-Weekly				
	Bi-Weekly		Collection	Pu	Public		tomer
	<u>Coll</u>	ection	<u>w/ cart</u>	<u>Inforr</u>	<u>nation</u>	<u>Service</u>	
2024	\$	4.070	\$ 4.070-4.670	\$.085	\$.125
2023		2.080	2.080-3.270		.077		.084
2022		2.030	2.030-3.190		.075		.082
2021		1.980	1.980-3.110		.068		.072
2020		1.950	1.950-3.160		.067		.071
2019		1.910	1.650-3.000		.066		.070
2018		1.860	1.600-2.930		.065		.069
2017		1.840	1.540-2.930		.064		.068
2016		1.800	1.490-2.860		.063		.067
2015		1.800	1.470-2.420		.063		.067

Notes:

Prior to fiscal year 2024, the curbside recycling program collection rates varied based on the participating jurisdictions level of service desired. The new contract began July 1, 2023 and all participating jurisdiction have the same level of service: bi-weekly collection with a large 96-gallon recycling cart. A fee is charged participating localities for public education and the CVWMA uses those funds to promote the program regionally. A separate fee is charged for customer service provided by the Authority.

The current municipal solid waste contracts include the Cities of Colonial Heights, Hopewell and Petersburg, the Town of Ashland and the County of Chesterfield. The rates include collection and disposal except in the City of Petersburg where disposal is free based on a host agreement between the City and the privately-owned landfill. The Authority entered into a new contract for trash collection that begin in the City of Colonial Heights July 1, 2022 and in the Town of Ashland in January 2023, resulting in increases in collection and disposal rates.

	Solid Waste Collection per household <u>Per month</u>	Tipping Fees Range Dollars <u>Per Ton</u>
2024	\$9.38 - \$15.90	\$28.50 - \$35.00
2023	\$11.32 - \$15.29	\$20.83 - \$23.40
2022	\$7.80 - \$10.87	\$19.91 - \$22.37
2021	\$7.63 - \$10.87	\$19.09 - \$21.45
2020	\$7.46 - \$10.87	\$18,55 - \$20.45
2019	\$7.00 - \$10.35	\$17.85 - \$20.07
2018	\$7.00 - \$10.35	\$17.24 - \$19.39
2017	\$7.00 - \$10.35	\$17.29 - \$19.01
2016	\$5.02 - \$10.35	\$16.90 - \$22.50
2015	\$5.02 - \$10.35	\$16.00 - \$22.50

Municipal

The Authority also has contracts for waste disposal from area convenience centers. The tipping fees (per ton disposal fees) increased in fiscal year 2024 as a result of new contracts for Chesterfield, Goochland, New Kent and Powhatan.

Outstanding Debt Per Capita and Total Debt Per Capita As A Percentage of Income Per Capita

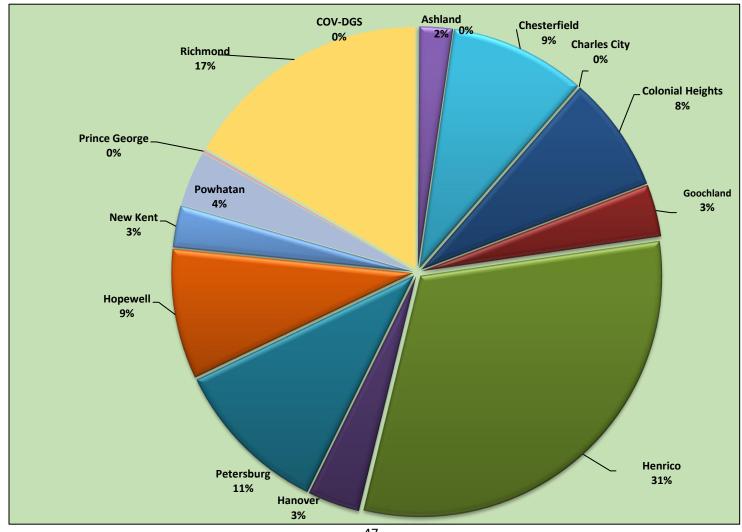
Fiscal Year			Total Outstanding Population Debt Served		Outstanding Debt Per Capita	Income per Capita	Total Debt per Capita As a % of Income per Capita
2024	\$ 3,689,202	\$ 1,809,250	\$ 5,498,452	1,277,615	\$ 4.30	\$ 68,034	.63%
2023		678,648	678,648	1,263,709	.54	70,369	.08%
2022		908,580	908,580	1,246,707	.73	62,632	.12%

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

In 2024, the Authority obtained a 0% interest loan in the amount of \$4,279,474 to finance the purchase of over 90,000 recycling carts for the Residential Recycling Program.

Revenue by Locality - Current Year and Nine Years Ago

Locality	2024 Operating Revenues	2024 Percent of Revenue	Locality	2015 Operating Revenues	2015 Percent of Revenue
County of Henrico	\$ 6,937,922	31.1%	County of Chesterfield	\$ 2,884,903	23.2%
City of Richmond	3,620,461	16.7%	County of Henrico	2,677,652	22.3%
City of Petersburg	2,299,713	10.6%	City of Richmond	1,652,241	13.8%
City of Chesterfield	1,984,883	9.1%	City of Petersburg	1,514,083	12.6%
City of Hopewell	1,896,000	8.7%	City of Hopewell	1,062,306	8.9%
City of Colonial Heights	1,696,912	7.8%	City of Colonial Heights	679,484	5.7%
County of Powhatan	794,602	3.7%	County of Goochland	449,006	3.5%
County of Goochland	767,565	3.5%	County of Hanover	362,405	3.0%
County of Hanover	756,333	3.5%	County of New Kent	304,021	2.5%
County of New Kent	600,273	2.8%	County of Powhatan	281,417	2.3%
Town of Ashland	475,118	2.2%	Town of Ashland	183,482	1.5%
County of Prince George	33,055	0.2%	County of Prince George	22,448	0.2%
Commonwealth VA-DGS	24,939	0.1%	County of Charles City	3,483	0.0%
County of Charles City	3,214	0.0%	Commonwealth VA-DGS		<u>0.0%</u>
Totals	\$21,706,552	100.0%		\$ 12,811,156	<u>100.0%</u>



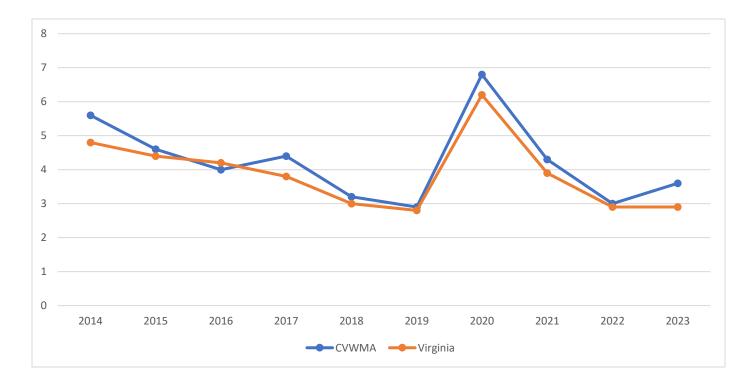
Demographic and Economic Statistics – Last Ten Calendar Years

Calendar		Average	Unemployment Rate		
<u>Year</u>	<u>Population</u>	<u>Income</u>	<u>CVWMA</u>	<u>Virginia</u>	
2023	1,277,615	68,034	3.6%	2.9%	
2022	1,263,709	70,369	3.0%	2.9%	
2021	1,246,707	62,632	4.3%	3.9%	
2020	1,218,399	64,695	6.8%	6.2%	
2019	1,206,641	57,018	2.9%	2.8%	
2018	1,199,092	59,010	3.2%	3.0%	
2017	1,183,241	57,772	4.4%	3.8%	
2016	1,170,128	53,723	4.0%	4.2%	
2015	1,164,023	52,136	4.6%	4.4%	
2014	1,151,077	50,405	5.6%	4.8%	

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

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

Unemployment Rate Comparison



Central Virginia Principal Employers

Current Year and Nine Years Ago

Employer **	Calendar Year 2023*	Calendar Year 2014*
Amazon Fulfillment Services Inc. MCV Hospitals/VCU Health Systems Chesterfield County School Board Henrico County School Board Virginia Commonwealth University HCA Virginia Health Systems Bon Secours Richmond Health Systems Capital One Bank County of Henrico Wal Mart US Department of Defense Integrity Staffing Solutions	Rank 1 2 3 4 5 7 6 8 9 10 n/a n/a	Rank n/a 5 4 3 2 6 7 1 n/a 9 8

^{*} Virginia Employment Commission - Economic Information & Analytics

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

Material Collected – Last Ten Fiscal Years

Fiscal Year	Tons Recycled*	Tons of Municipal Solid Waste	Cubic Yards of Yard Waste	Gallons of Paint Collected	Gallons of Used Oil Collected	Tons of Batteries Recycled	Propane Tanks Recycled	Tons of Tires Recycled	Tons of Electronics Recycled	Tons of Textiles
2024	39,504	77,102	145,931	15,730	169,112	85.2	-	240	84	471
2023	44,871	78,352	146,692	14,080	161,197	85.0	-	365	71	540
2022	45,883	80,330	106,753	13,805	159,685	89.2	6,367	367	104	766
2021	51,191	89,076	141,267	17,490	160,996	85.8	779	445	61	707
2020	49,174	84,970	113,883	18,370	160,482	85.9	2,650	324	155	824
2019	48,059	79,887	105,184	15,985	172,825	75.3	2,296	893	169	774
2018	48,238	76,512	86,796	14,355	166,390	67.6	2,342	939	154	786
2017	49,138	71,899	115,284	12,540	179,319	60.3	1,994	702	229	946
2016	46,347	68,097	167,360	11,440	176,887	55.0	1,411	707	274	1,012
2015	45,049	65,059	180,092	10,560	112,143	35.2	1,408	724	185	1,033

^{*} Includes paper, metals, plastic and glass.

Source of Data: CVWMA Operations Department

Number of Customers by Type – Last Ten Fiscal Years Residential Recycling

Fiscal			Colonial							
Year	Ashland	Chesterfield	Heights	Goochland	Hanover	Henrico	Hopewell	Petersburg	Richmond	Total
2024	1,897	327	7,018	1,918	3,847	94,538	8,739	12,414	61,771	192,469
2023	1,877	94,352	6,994	1,954	3,825	85,043	8,786	12,381	61,558	276,770
2022	1,815	94,352	6,934	1,758	3,825	85,043	8,766	12,316	61,558	276,367
2021	1,706	94,352	6,701	1,758	3,723	85,007	8,448	11,036	61,558	274,289
2020	1,706	94,930	6,701	1,592	3,723	85,007	8,644	11,025	61,558	274,886
2019	1,465	94,930	6,701	1,637	3,705	85,007	8,644	11,064	61,588	274,741
2018	1,465	94,930	6,701	1,495	3,705	84,909	8,644	11,021	61,521	274,434
2017	1,465	95,007	6,701	1,336	3,553	84,909	8,644	11,064	61,487	274,166
2016	1,465	95,693	6,701	1,242	3,257	84,909	8,644	11,064	61,487	274,462
2015	1,465	97,600	6,635	1,238	2,837	84,909	8,649	11,199	61,487	276,019

Municipal Solid Waste Collection

Fiscal			Colonial			
Year	Ashland	Chesterfield	Heights	Hopewell	Petersburg	Total
2024	1,897	997	7,018	8,818	12,414	31,144
2023	1,877	1,098	6,994	8,786	12,381	31,136
2022	1,770	1,613	6,922	8,548	11,036	29,889
2021	1,706	1,698	6,882	8,545	11,033	29,864
2020	1,706	1,819	6,815	8,678	11,025	30,043
2019	1,465	1,999	6,751	8,644	11,021	29,908
2018	1,465	2,115	6,701	8,644	11,064	29,954
2017	1,465	2,301	6,632	8,648	11,064	30,110
2016	1,465	-	6,635	8,647	11,199	27,946
2015	1,465	-	6,701	8,644	11,203	28,013

Notes:

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

The County of Chesterfield implemented the municipal solid waste collection for their tax-relief citizens in August 2015. Effective July 1, 2023, Chesterfield no longer participates in the CVWMA Residential Recycling Program, however provides recycling collection to some tax-relief customers.

Source of Data: CVWMA Operations Department

Number of Employees by Function – Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30, 2024 2023 <u>2022</u> <u>2021</u> 2020 <u>2019</u> 2018 2017 <u>2016</u> <u> 2015</u> **Program Management and Operations** 2.0 2.5 2.5 2.5 2.5 2.50 2.50 2.5 2.5 2.5 Public Information and Education 1.50 1.50 1.0 2.0 1.0 2.0 2.0 2.0 2.0 2.0 Finance and Administration 3.25 3.25 3.0 3.0 3.0 3.0 3.0 3.0 3.0 2.5 Call Center Operations 4.0 4.00 4.00 <u>3.0</u> <u>3.5</u> <u>3.5</u> <u>3.5</u> <u>3.5</u> <u>3.5</u> <u>3.5</u>

<u>10.0</u>

<u>10.5</u>

10.0

<u>11.0</u>

<u>11.0</u>

11.0

<u>11.0</u>

<u>10.5</u>

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

<u>11.25</u> <u>11.25</u>

Source of Data: CVWMA Administrative Office

Total Employees

Compliance Section



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

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

We have audited, in accordance with 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 each major fund of the Central Virginia Waste Management Authority (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as Item 2024-001, that we consider to be a significant deficiency

Report on Compliance and Other Matters

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

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

CERTIFIED PUBLIC ACCOUNTANTS

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

Harrisonburg, Virginia October 24, 2024

Central Virginia Waste Management Authority

Summary of Compliance Matters June 30, 2024

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

State Compliance Matters

Code of Virginia

Cash and Investment Laws
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

Central Virginia Waste Management Authority

Schedule of Findings and Responses June 30, 2024

A – Summary of Auditor's Results

The auditor's report expresses an **unmodified opinion** on the financial statements.

One significant deficiency and no material weaknesses relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

No instances of noncompliance material to the financial statements were disclosed.

B – Findings – Financial Statement Audit

2024-001 Financial Reporting (Significant Deficiency)

Condition

We noted one material audit entry, and three other entries proposed that had a significant impact on the financial statements of the Authority.

Criteria

Reported balances on the financial statements should be accurately reflected in the documentation of accounting records.

Cause

The adjustment was related to an improper period used for a voided bill. This appeared to be the result of the proximity of year end reporting.

Effect

Errors in reporting could result in possible unintentional misstatements of financial statements.

Recommendation

We recommend management continue to perform a detailed review of all balances and adjustments. Additionally, in periods where there are recurring entries or frequent corrections made, thorough review should be made over all balances. Lastly, the material adjustment made and corrected should be reviewed during the next fiscal year to ensure accurate reporting in both fiscal years.

View of Responsible Officials and Planned Corrective Action

It is the goal of the Authority to have balances reported accurately at year end. Differences noted in the audit were results of the proximity of year end reporting to the board, which allows for additional oversight. Extra care will be taken around month and year end to ensure balances are adjusted properly and in the right accounting period.