COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

Central Virginia Waste Management Authority

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Comprehensive Annual Financial Report

July 1, 2017 Through June 30, 2018

Prepared By:

Terry Eckhout
Accounting and Financial Manager

Kimberly A. Hynes
Executive Director

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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Introductory Section

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CVWMA

CENTRAL VIRGINIA
WASTE MANAGEMENT AUTHORITY

2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227 ▪ 804/359-8413 ▪ Fax 804/359-8421 ▪ www.cvwma.com

October 16, 2018

Board of Directors
Central Virginia Waste Management Authority
Richmond, Virginia

Members of the Board:

The Comprehensive Annual Financial Report ("CAFR") of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the year ended June 30, 2018 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 CAFR 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 CAFR 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 nation's economy is expected to continue to grow at a healthy pace. Gross domestic product should increase 2.9% in 2018 and all indications point to similar expansion in 2019 fueled by recent tax cuts and strong consumer confidence. US unemployment rate edged down to 3.9% in July and is expected to fall further. Employment in Virginia is expected to grow 9.3% by 2024 exceeding the national growth rate of 6.5%, mostly in the health care industry and professional, scientific and technical services.

More than 2.5 million jobs have been added to the economy since January 2017. Salary growth is modest at an average 3%. Steady job growth, low unemployment, and wage increases have spurred consumer confidence resulting in increased spending in 2018. Retail sales reached a six-year high and the residential housing market is booming. Houses are expected to continue to sell rapidly, despite continued increases in listing prices and projected inventory increases. Although the economy has seemingly recovered from the recession of a few years ago, higher interest rates and mounting trade concerns will likely keep rapid growth in the overall economy from growing too fast.

Robust consumer spending coupled with growth in housing and population has led to increased waste generation. In CVWMA programs alone, the volume of waste and recycling collected in fiscal year 2018 was up over 3%. The central Virginia region is rich in landfill capacity, which has traditionally resulted in very favorable disposal contracts and reduced tipping fees. As several landfills expect to reach permitted capacity in the next 20 years, along with the increase in volume, we expect the cost for disposal to continue to rise.

The continued success of recycling programs locally and globally is dependent on economically feasible end markets. In the last year, the Chinese government banned importing certain recyclable items from entering the country and increased contamination rates to a level that is virtually unattainable, particularly for recyclers of post-consumer goods. China was the largest importer of recyclable material in the world and the majority of the mixed paper and cardboard collected in CVWMA residential recycling programs was being shipped to Chinese mills. Shutting off the world's largest importer of recyclable materials has recyclers scrambling to market the material domestically and to other overseas markets.

Traditionally, revenue generated from the sale of recyclable materials has covered the cost of processing, sorting, baling and transporting to market; however the cost of 'convenient' recycling now outweighs the revenue by much more than before the recycling markets dropped so dramatically. This situation with China and the recycling markets has created a disruption in the industry, the reality of which will reveal the true costs of recycling, particularly as markets fluctuate and local processors seek new outlets to sell collected commodities. As the world adjusts to this new normal, we need to prioritize education, update technology in material recovery facilities, identify new markets for material and be more transparent about costs associated with recycling as well as the revenue that's generated from their sale.

MAJOR INITIATIVES

The Authority is at the half-way mark in implementing its strategic plan developed and approved in June 2016. The strategic plan outlines direction and priorities of the CVWMA over four fiscal periods 2017-2020. The strategic plan established a mission of "*fostering regional collaboration to provide planning, resources and education in order to reduce, reuse, recycle and manage solid waste for our 13 jurisdictions"* with an overall vision of "*being the recognized leader in regionally sustainable waste management practices that protect the environment."*

The Authority continues to explore more opportunities to divert waste from landfills while balancing economics and environmental stewardship. As a result, of the disruption in the Chinese recycling markets, we are navigating our way to a new normal that will transform recycling into a thriving, sustainable benefit for our community. We don't want to lose the recycling momentum we have spent the better part of thirty years fostering. China doesn't want poor quality feedstock materials and neither do end users in any market. Therefore, CVWMA is working with its contractors to reduce contamination and create a better, quality product that will ensure the viability of our contractors and thus sustain recycling as a robust industry in the region.

The Authority remains one of the best examples of regional cooperation, working with 13 local governments to provide solutions to recycling and waste management challenges. In addition public/private partnerships play an integral role in local government, and as such the success of private entities (our contractors) is critical to our operations. We recognize that *"one size doesn't always fit all"* however have been able to successfully work with each member locality to provide a level of service that best fits each individual need.

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, 2018. 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 comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the twenty first 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 comprehensive annual 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 Comprehensive Annual 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 Comprehensive Annual 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

Teresa L. Eckhout CPA
Accounting and Financial Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Virginia Waste Management Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

2017-2018 Board of Directors

J. Allen Lane, County of Henrico
Chair

Marcia R. Phillips, County of Chesterfield
Vice Chair

Patricia Paige, County of New Kent
Secretary

Mark Kukoski, City of Richmond
Treasurer

Edward Watson, City of Hopewell
Director

Lee Sloppy, Town of Ashland
Ricky Hicks, County of Charles City
Robert L. Dunn, County of Chesterfield
Scott Zaremba, County of Chesterfield
Doug Smith, City of Colonial Heights
Leigh Dunn, County of Goochland
Scott A. Wyatt, County of Hanover
Stephen E. Chidsey, County of Hanover

Marcia E. Kelley, County of Henrico
Robert Whiteman, County of Henrico
Monique Robertson, City of Hopewell
Tangela Innis, City of Petersburg
Cindy Odum Harris, County of Powhatan
Michael Purvis, County of Prince George
Miles Jones, City of Richmond
David McNeel, City of Richmond

Administrative Staff

Kimberly A. Hynes CPA, Executive Director

Terry Eckhout CPA, Accounting and Financial Manager

Richard M. Nolan, Director of Operations

Nancy W. Drumheller, Public Affairs Manager

Reginald D. Thompson, Operations Technician

Kate Carney, Recycling Education and Outreach Specialist

Stephanie N. Breaker, Customer Service Supervisor

Angela Burley, Customer Service Representative

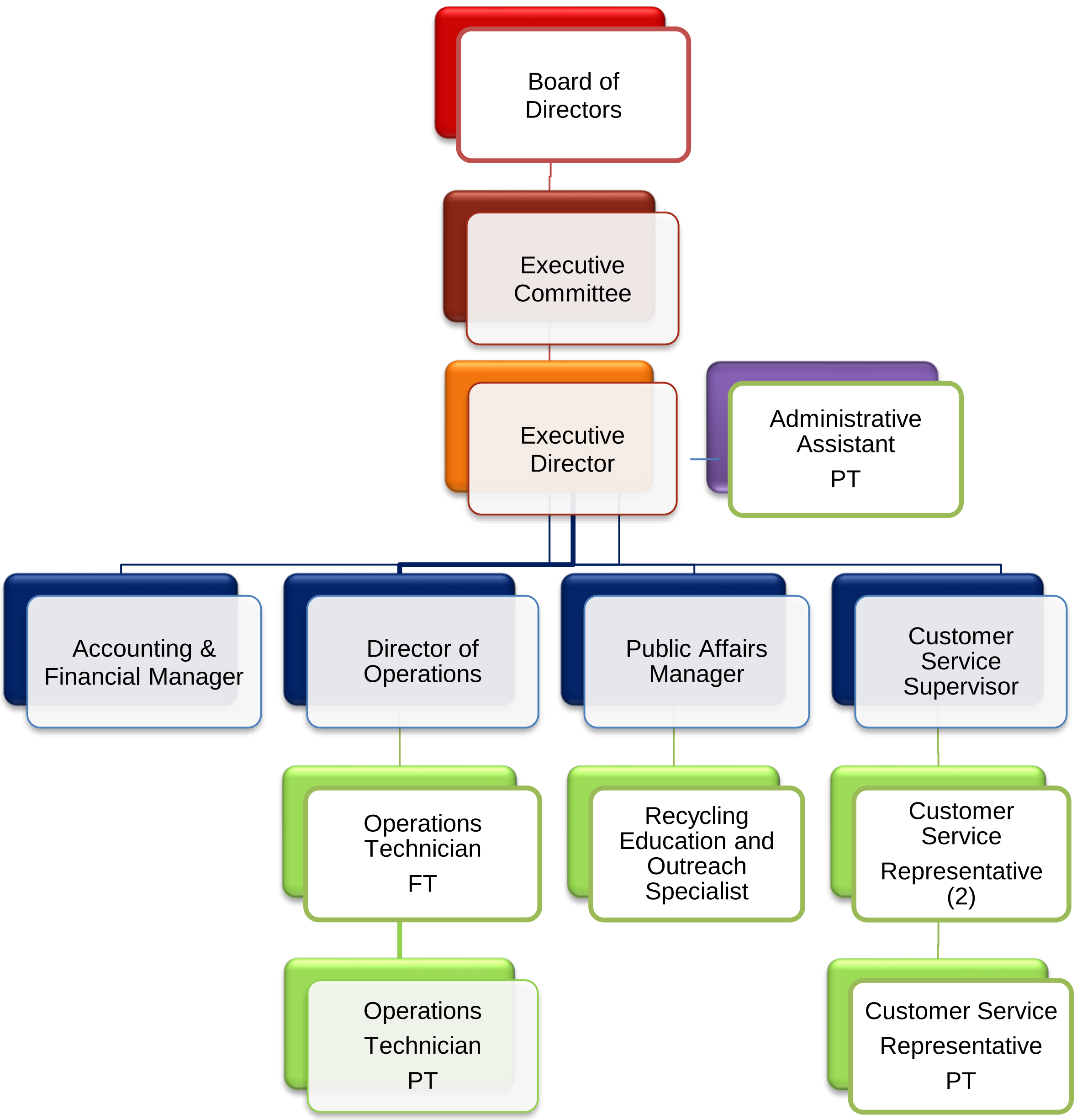
Myiesha Garner, Customer Service Representative

Mary Beth Mains, Administrative Assistant, part-time

Charles R. Howe, Operations Technician, part-time

CVWMA General Counsel
James Snyder
McCandlish Holton PC

ORGANIZATIONAL CHART



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Financial Section

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BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Your Success is Our Focus
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Change in Accounting Principle

As described in Note X to the financial statements, in 2018, the Authority adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2017 financial statements, and our report dated September 8, 2017, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein for the year ended June 30, 2017, 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 16, 2018 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P. CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 16, 2018

Management's Discussion And Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion provides an overview of the financial activities of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the fiscal year ended June 30, 2018. 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 $780,7697 at the close of the 2018 fiscal year. Total net position increased by $76,330. Operating revenues increased by .2% or $33,981 to $15,843,573. Operating expenses increased .2% or $37,818. Non-operating revenues increased by 33% to $63,001. Effective procurement and negotiation of contracts with the private sector has resulted in more member jurisdictions taking advantage of Authority programs' significant savings and resulting revenues from recycling markets. The net increase in revenues in 2018 is largely due to inflation and increased participation in Authority programs.

Overview of the Financial Statements

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

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

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

The tables presented herein provide a summary of the CVWMA's financial position and operations for FY2018 and FY2017.

Condensed Statements of Net Position

	2018	2017	Change Amount	%
Assets:				
Current	$ 4,963,216	$ 4,702,040	$ 261,176	5.55%
Capital assets, net	58,286	69,658	(11,372)	-16.33%
Long Term	$ 7,564	$ -	$ 7,564	0.00%
Total assets	5,029,066	4,771,698	257,368	5.39%
Deferred Outflows of Resources	36,101	64,749	(28,648)	-44.24%
Liabilities				
Current	4,170,420	3,973,153	197,267	4.96%
Long Term	69,136	79,556	(10,420)	-13.10%
Total liabilities	4,239,556	4,052,709	186,847	4.61%
Deferred Inflows of Resources	44,844	30,371	14,473	47.65%
Net position:				
Net investment in capital assets	58,286	69,658	(11,372)	-16.33%
Unrestricted	722,481	683,709	38,772	5.67%
Total net position	$ 780,767	$ 753,367	27,400	3.64%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position increased by $76,330 in Fiscal Year 2018. About half of the positive change in net position resulted from the net revenue retained by the Authority from the sale of recyclable material of over $35,000. In addition, nearly $24,000 in income was recorded based on the OPEB and pension actuarial valuations and the return on assets. Interest rates have steadily improved yielding the Authority $14,648 more on investments than the prior year. In Addition, CVWMA restated beginning net position by $48,930 due to implementation of GASB75. Approximately 95% of total revenues are passed through to member localities based on their participation in various programs. Net Position represents 5% of total budget, thus the Authority continues to remain in a strong financial position.

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30,

	2018	2017	Change Amount	%
Operating revenues:				
Local government assessments	$ 558,825	$ 552,522	$ 6,303	1.1%
Recycling	8,294,822	8,140,823	153,999	1.9%
Refuse and solid waste	4,614,706	4,583,544	31,162	0.7%
Composting and yard waste	478,302	545,261	(66,959)	-12.3%
Other project revenue and fees	324,940	260,544	64,396	24.7%
Material sales rebate	1,571,978	1,726,898	(154,920)	-9.0%
Total operating revenues	15,843,573	15,809,592	33,981	0.2%
Operating expenses:				
Administrative/operating	270,770	300,345	(29,575)	-9.8%
Salaries and benefits	728,456	720,328	8,128	1.1%
Professional service fees	71,422	61,356	10,066	16.4%
Depreciation	21,664	15,961	5,703	35.7%
Program contractual services	13,201,409	13,041,006	160,403	1.2%
Material sales rebate	1,536,523	1,653,430	(116,907)	-7.1%
Total operating expenses	15,830,244	15,792,426	37,818	0.2%
Operating income (loss)	13,329	17,166	(3,837)	-22.4%
Non-operating revenues:				
Grants and sponsorships	15,000	10,000	5,000	50.0%
Miscellaneous Income	6	7,829	(7,823)	0.0%
Interest income	47,995	29,453	18,542	63.0%
Non-operating revenues	63,001	47,282	15,719	33.2%
Change in net position	76,330	64,448	11,882	18.4%
Beginning net position *	704,437	688,919	15,518	2.3%
Ending net position	$ 780,767	$ 753,367	$ 27,400	3.6%

*Restated for implementation of GASB 75

MANAGEMENT'S DISCUSSION AND ANALYSIS

As mentioned above, the change in net position is largely due to the increase from the sale of recyclable material. Earlier in the fiscal year, demand for various commodities such as paper and metal, particularly overseas markets, has resulted in significant increases in market prices. CVWMA also negotiated a greater revenue share for material received through Drop Off Recycling Program effective in July 2016 and added additional commodities accepted for recycling in the Residential and Drop-off Recycling Programs. In addition, the Authority has seen an uptick in investment income and recycling cart purchases, and realized savings from a vacancy in a staff position in 2018.

Economic Factors and the FY 2018 Budget

As the economy is strong and healthy, CVWMA and member localities are more resilient and are growing. Member localities continue to enjoy and benefit from the regional approach to solid waste and recycling. The Authority continues to develop programs and negotiate contracts that balance economic factors and environmental stewardship. Regional contracting has proven valuable to 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. The fiscal health of the Authority is strong as demonstrated in this report.

Recycling markets for commodities such as cardboard and mixed paper have fallen dramatically since this time last year, however markets for plastics and aluminum are stronger than ever. Oil prices have been steady and as we have seen prices creep up at the pumps, revenue from our oil recycling program has also increased. CVWMA has a long term contract which provides for a floor price for oil, and because of this contract we are able to provide jurisdictions some rebate for oil where most are not receiving any revenue. Scrap metal prices have increased significantly in the latter part of the year. CVWMA and participating localities enjoyed an over 50% increase ($300,000) in revenue from the scrap metal program. Overall, the Authority provided nearly $1.6 million back to localities from the sale of recyclable material in 2018, a slight decrease of 3% from 2017.

About 95% of the Authority's nearly $16 million budget is pass through to localities depending on their participation in CVWMA programs. Cost to localities for various programs has decreased since 2010, however our budget has increased as a result of more jurisdictions participating in various Authority programs. The rebate generated from the sale of recyclable material and provided back to localities has more than doubled in a five year period. The CVWMA has provided nearly $10 million back to participating localities since inception in 1990. The Authority retains 25% of the revenue received from the sale of recyclables in the Drop Off Recycling Fund to maintain its financial health and has successfully avoided raising assessments to member localities.

Contacting CVWMA's Financial Management

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2018
With Comparative Totals at June 30, 2017

	General Operating Fund	*Residential Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*Total 2018*	*2017*
Assets:								
Cash and cash equivalents	$ 497,151	$ 1,045,061	$211,961	$ 414,005	$199,825	$130,719	$2,498,722	$2,277,493
Accounts receivable	526,183	1,173,632	116,549	375,545	126,631	131,433	2,449,973	2,409,292
Prepaid expenses	9,616	3,632	201	1,072	-	-	14,521	15,255
Total current assets	1,032,950	2,222,325	328,711	790,622	326,456	262,152	4,963,216	4,702,040
Capital Assets:								
Furniture, fixtures & equipment	35,174	15,289	-	7,263	-	-	57,726	57,726
Computer equipment	25,523	56,875	-	5,000	-	-	87,398	84,163
Vehicles	46,706	-	-	-	-	-	46,706	46,706
Leasehold improvements	9,061	-	-	-	-	-	9,061	9,061
	116,464	72,164	-	12,263	-	-	200,891	197,656
Accumulated depreciation	(76,445)	(54,980)	-	(11,180)	-	-	(142,605)	(127,998)
Capital assets, net	40,019	17,184	-	1,083	-	-	58,286	69,658
Net pension asset	4,737	2,539	72	216	-	-	7,564	-
Total assets	1,077,706	2,242,048	328,783	791,921	326,456	262,152	5,029,066	4,771,698
Deferred Outflows of Resources:								
Pension related deferred outflows	17,577	9,423	267	801	-	-	28,068	64,749
OPEB related deferred outflows	5,201	2,536	72	224			8,033	
Total deferred outflows of resources	22,778	11,959	339	1,025	-	-	36,101	64,749
Liabilities:								
Accounts payable	204,945	1,225,746	106,562	508,635	244,485	212,492	2,502,865	2,379,436
Other accrued liabilities	31,233	30,092	26	87	-	31,614	93,052	88,542
Unearned revenues	561,661	662,129	-	247,476	103,237	-	1,574,503	1,505,175
Total current liabilities	797,839	1,917,967	106,588	756,198	347,722	244,106	4,170,420	3,973,153
Long-term Liabilities:								
Net post employment benefits liability	41,781	24,348	724	2,283	-	-	69,136	22,429
Net pension liability	-	-	-	-	-	-	-	57,127
Total long-term liabilities	41,781	24,348	724	2,283	-	-	69,136	79,556
Deferred Inflows of Resources:								
Pension related deferred inflows	24,403	13,083	371	1,112	-	-	38,969	30,371
OPEB related deferred inflows	3,804	1,855	53	163			5,875	
Total deferred inflows of resources	28,207	14,938	424	1,275	-	-	44,844	30,371
Net Position (Deficit)								
Net investment in capital assets	40,019	17,184	-	1,083	-	-	58,286	69,658
Unrestricted	192,638	279,570	221,386	32,107	(21,266)	18,046	722,481	683,709
Total net position (deficit)	$ 232,657	$ 296,754	$221,386	$ 33,190	$ (21,266)	$ 18,046	$ 780,767	$ 753,367

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	General Operating Fund	*Residential Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*Total 2018*	*2017*
Operating revenues:								
Local government assessments	$ 558,825	$ -	$ -	$ -	$ -	$ -	$ 558,825	$ 552,522
Recycling	-	7,714,673	580,149	-	-	-	8,294,822	8,140,823
Refuse and solid waste	-	-	-	3,169,696	1,445,010	-	4,614,706	4,583,544
Composting and yard waste	-	-	-	-	-	478,302	478,302	545,261
Other project revenues	-	-	-	-	-	324,940	324,940	260,544
Material sales rebates	-	539,236	246,041	-	-	786,701	1,571,978	1,726,898
Total operating revenues	558,825	8,253,909	826,190	3,169,696	1,445,010	1,589,943	15,843,573	15,809,592
Operating expenses:								
Administrative/operating	68,136	192,437	3,934	6,263	-	-	270,770	300,345
Salaries and benefits	459,690	240,700	6,548	21,518	-	-	728,456	720,328
Professional service fees	33,500	29,871	1,425	6,626	-	-	71,422	61,356
Depreciation	9,849	10,815	-	1,000	-	-	21,664	15,961
Project contractual services	-	7,259,181	575,349	3,118,732	1,444,905	803,242	13,201,409	13,041,006
Material sales rebate	-	539,236	210,589	-	-	786,698	1,536,523	1,653,430
Total operating expenses	571,175	8,272,240	797,845	3,154,139	1,444,905	1,589,940	15,830,244	15,792,426
Operating income (loss)	(12,350)	(18,331)	28,345	15,557	105	3	13,329	17,166
Non-operating revenues:								
Grants and sponsorships	-	15,000	-	-	-	-	15,000	10,000
Interest income	19,326	23,091	-	5,578	-	-	47,995	29,453
Miscellaneous/Other	6	-	-	-	-	-	6	7,829
Total non-operating revenues	19,332	38,091	-	5,578	-	-	63,001	47,282
Change in Net Position	6,982	19,760	28,345	21,135	105	3	76,330	64,448
Net position (deficit) - beginning of year, as restated	225,675	276,994	193,041	12,055	(21,371)	18,043	704,437	688,919
Net position (deficit) - end of year	$ 232,657	$ 296,754	$ 221,386	$ 33,190	$ (21,266)	$ 18,046	$ 780,767	$ 753,367

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	General Operating Fund	Residential Recycling	Drop-Off Recycling	Municipal Solid Waste	Waste Transfer & Disposal	Special Wastes	2018	2017
Cash Flows From Operating Activities								
Receipts from local governments	$ 558,593	$ 7,577,965	$ 770,514	$ 3,239,045	$ 1,592,042	$ 1,567,556	$ 15,305,715	$ 14,148,981
Other miscellaneous receipts	6	-	-	-	-	-	6	-
Receipts from the sale of recyclables	-	-	35,452	-	-	-	35,452	73,486
Payments to contractors	-	(7,106,836)	(779,411)	(3,117,475)	(1,551,246)	(1,540,082)	(14,095,050)	(13,031,863)
Payments to suppliers	(92,437)	(219,409)	(5,339)	(12,867)	-	-	(330,052)	(184,694)
Payments to employees	(472,895)	(245,816)	(6,735)	(22,099)	-	-	(747,545)	(753,560)
Net cash provided by (used in) operating activities	(6,733)	5,904	14,481	86,604	40,796	27,474	168,526	252,350
Cash Flows From Noncapital Financing Activities:								
Grants, sponsorships, and miscellaneous	-	15,000	-	-	-	-	15,000	10,000
Net cash provided by noncapital financing activities	-	15,000	-	-	-	-	15,000	10,000
Cash Flows From Capital and Related Financing Activities:								
Proceeds from the sale of capital assets	-	-	-	-	-	-	-	7,829
Acquisitions of capital assets	(4,581)	(5,711)	-	-	-	-	(10,292)	(36,147)
Net cash used in capital financing activities	(4,581)	(5,711)	-	-	-	-	(10,292)	(28,318)
Cash Flows From Investing Activities:								
Interest received	19,326	23,091	-	5,578	-	-	47,995	29,453
Net Increase in cash and cash equivalents	8,012	38,284	14,481	92,182	40,796	27,474	221,229	263,485
Cash and cash equivalents at June 30, 2017	489,139	1,006,777	197,480	321,823	159,029	103,245	2,277,493	2,014,008
Cash and cash equivalents at June 30, 2018	$ 497,151	$ 1,045,061	$ 211,961	$ 414,005	$ 199,825	$ 130,719	$ 2,498,722	$ 2,277,493

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	General Operating Fund	Residential Recycling	Drop-Off Recycling	Municipal Solid Waste	Waste Transfer & Disposal	Special Wastes	2018	2017
Net operating income (loss)	$ (12,350)	$ (18,331)	$ 28,345	$ 15,557	$ 105	$ 3	$ 13,329	$ 17,166
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:								
Depreciation	9,849	10,815	-	1,000	-	-	21,664	15,961
Pension expense net of employer contributions	(12,570)	(6,128)	(173)	(541)	-	-	(19,412)	(16,130)
OPEB expense net of employer contributions	(2,836)	(1,384)	(39)	(122)	-	-	(4,381)	-
Other miscellaneous receipts	6	-	-	-	-	-	6	-
(Increase)/decrease in Assets:								
Accounts receivable - local governments	(3,068)	(212,833)	(20,224)	70,799	147,032	(22,387)	(40,681)	39,702
Prepaid expenses	(2,205)	2,899	19	21	-	-	734	6,868
Increase/(decrease) in Liabilities:								
Accounts payable	11,404	152,346	6,527	1,258	(98,858)	50,753	123,430	178,745
Unearned revenue	2,836	76,125	-	(1,450)	(7,483)	(700)	69,328	46,331
Other accrued liabilities	2,201	2,395	26	82	-	(195)	4,509	(38,622)
Net OPEB liability	-	-	-	-	-	-	-	2,329
Net cash provided by (used in) operating activities	$ (6,733)	$ 5,904	$ 14,481	$ 86,604	$ 40,796	$ 27,474	$ 168,526	$ 252,350

Notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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.

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

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

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

I. Pensions and Other Postemployment Benefits (OPEB) - For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deductions 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 of Resources - In addition to liabilities, the statements that presents financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time The Authority has the following items that qualify for reporting in this category:

- Differences between expected and actual experience 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.
- Differences between projected and actual earnings on pension plan investments. This difference will be recognized in pension and OPEB expense over the closed five year period.

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

- 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.

(Continued)

K. Net Position - Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by any outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. The Authority did not have any restricted net position at June 30, 2018 or 2017, nor is there any debt associated with capital assets.

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 2017 - The financial information for the year ended June 30, 2017, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.

II. DEPOSITS AND INVESTMENTS

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

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

(Continued)

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

Cash and Cash Equivalents	2018 Fair Value	2017 Fair Value
Local Government Investment Pool	$ 967,227	$ 555,348
Commercial Paper	996,528	993,816
Cash in Bank	534,867	728,229
Cash on Hand	100	100
Total Cash and Cash Equivalents	$ 2,498,722	2,277,493

Interest Rate Risk. Investment maturity is managed to precede or coincide with expected need of funds to help limit exposure to fair value losses arising from rising interest rates. As of June 30, 2018, the Authority's investments were in the Local Government Investment Pool (LGIP), and one single Commercial Paper instrument issued by JP Morgan, maturing August 2018.

The Commercial Paper Instrument is reported at cost.

The LGIP is a short-term investment pool offered through the State Treasurer to public entities in the Commonwealth. The Authority has $463,376 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. The Authority also has $503,851 held in the LGIP Extended Maturity portfolio which is invested in high quality fixed income securities and is reported at fair value. There are no limitations or restrictions on participant withdrawals.

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

Concentration of Credit Risk. The Code of Virginia and the Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2018, the Authority's investment portfolio consisted of the following:

Issuer	**Amount**	**% of Portfolio**
Local Government Investment Pool (LGIP)	$ 967,227	49.25%
JP Morgan Securities LLC	996,528	50.75%
	$ 1,963,755	

III. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Furniture, fixtures & equipment	$ 58,477	$ -	(751)	$ 57,726	$ -	-	$ 57,726
Computer equipment	77,371	9,312	(2,520)	84,163	10,292	(7,057)	87,398
Vehicles	59,366	26,836	(39,466)	46,706	-	-	46,706
Leasehold improvements	9,061	-	-	9,061	-	-	9,061
Total capital assets	204,245	36,148	(42,737)	197,656	10,292	(7,057)	200,891
Accumulated depreciation:							
Furniture, fixtures & equipment	58,477	-	(752)	57,725	-	-	57,725
Computer equipment	47,771	10,376	(2,520)	55,627	14,705	(7,057)	63,275
Vehicles	39,466	5,585	(39,466)	5,585	6,959	-	12,544
Leasehold improvements	9,061	-	-	9,061	-	-	9,061
Total accumulated Depreciation	154,775	15,961	(42,738)	127,998	21,664	(7,057)	142,605
Capital assets, net	$ 49,470	$ 20,187	$ -	$ 69,658	$ 11,372	$ -	$ 58,286

IV. LEASES

The Authority has noncancelable operating leases for the rental of a vehicle, office space and equipment. Rental expense for operating leases during 2018 and 2017 was $80,170 and $77,266, respectively, and is included in administrative/operating expenses in the Statement of Revenues, Expenses and Changes in Net Position. The lease for office space contains an escalation clause which results in an annual increase of 3% in the rate per square foot.

Future minimum lease payments under noncancelable operating leases at June 30, 2018 are:

2019	$ 66,725
2020	8,390
2021	5,243
	$ 80,358

V. DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the Authority, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are as follows:

Plan 1 – Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

- **Hybrid Opt-In Election –** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

- **Retirement Contributions –** Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

- **Creditable Service –** Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Vesting –** Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit –** The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation –** A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier –** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
- **Normal Retirement Age –** Age 65 or age 60 for hazardous duty employees.
  - **Earliest Unreduced Retirement Eligibility –** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service for hazardous duty employees.
  - **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Age 50 with at least five years of creditable service for hazardous duty employees.
  - **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Cost-of-Living Adjustment (COLA) in Retirement (Continued)**

  - **Eligibility** – For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

  - **Exceptions to COLA Effective Dates** – The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

    - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
    - The member retires on disability.
    - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
    - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
    - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

  - **Disability Coverage** – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

  - **Purchase of Prior Service** – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Plan 2 - Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election –** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions –** Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction.
- **Creditable Service –** Same as Plan 1.
- **Vesting –** Same as Plan 1.
- **Calculating the Benefit –** See definition under Plan 1.
- **Average Final Compensation –** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier –** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. Sheriffs, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age –** Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility –** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1
- **Earliest Reduced Retirement Eligibility –** Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement –** The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%) up to a maximum COLA of 3.00%.
    - **Eligibility** – Same as Plan 1.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Plan 2 (Continued)

- **Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
  - **Exceptions to COLA Effective Dates** – Same as Plan 1.
  - **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.
  - **Purchase of Prior Service** – Same as Plan 1.

Hybrid Retirement Plan – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Members –** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

- **Non-Eligible Members –** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

- **Retirement Contributions –** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Creditable Service –**
  - **Defined Benefit Component –** Under the defined benefit component of the plan, creditable service includes active service. Members earn credible service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional credible service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
  - **Defined Contributions Component –** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
- **Vesting –**
  - **Defined Benefit Component –** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
  - **Defined Contributions Component –** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
- **Calculating the Benefit –**
  - **Defined Benefit Component –** See definition under Plan 1.
  - **Defined Contribution Component –** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- **Average Final Compensation –** Same as Plan 2 for the defined benefit component of the plan.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Service Retirement Multiplier –** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
  - **Defined Benefit Component –** Same as Plan 2, however, not applicable for hazardous duty employees.
  - **Defined Contribution Component –** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component –** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
  - **Defined Contribution Component –** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Reduced Retirement Eligibility –**
  - **Defined Benefit Component –** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
  - **Defined Contribution Component –** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement**
  - **Defined Benefit Component –** Same as Plan 2.
  - **Defined Contribution Component –** Not Applicable.
  - **Eligibility –** Same as Plan 1 and 2.
  - **Exceptions to COLA Effective Dates –** Same as Plan 1 and 2.

- **Disability Coverage –** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Purchase of Prior Service –**
  - **Defined Benefit Component** – Same as Plan 1, with the following exceptions:
    - Hybrid Retirement Plan members are ineligible for ported service.
  - **Defined Contribution Component** – Not Applicable.

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	7
Inactive members:	
Vested	3
Non-vested	1
Active Elsewhere in VRS	6
Total inactive members	10
Active members	9
Total covered employees	26

Contributions

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

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

The political subdivision's contractually required contribution rate for the year ended June 30, 2018 was 4.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $25,176 and $26,141 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.50%
General Employees - Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: General employees - 14% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2000 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

V. DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty from 14% to 20%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

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	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.30 %

V. DEFINED BENEFIT PENSION PLAN (Continued)

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.83%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2016	$ 1,549,420	$ 1,492,293	$ 57,127
Changes for the year:			
Service cost	55,609	-	55,609
Interest	106,240	-	106,240
Differences between expected and actual experience	4,481		4,481
Contributions – employer	-	23,346	(23,346)
Contributions – employee	-	25,301	(25,301)
Net investment income	-	181,635	(181,635)
Benefit payments, including refunds of employee contributions	(63,421)	(63,421)	-
Administrative expenses	-	(1,042)	1,042
Other changes	-	(285)	285
Net changes	100,843	165,534	(64,691)
Balances at June 30, 2017	$ 1,650,263	$ 1,657,827	$ (7,564)

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension asset	$ 250,263	$ (7,564)	$ (217,724)

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

For the year ended June 30, 2018, the political subdivision recognized pension expense of $2,969. At June 30, 2017, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,892	$ (13,264)
Changes of assumptions	-	(1,333)
Net difference between projected and actual earnings on pension plan investments	-	(24,372)
Employer contributions subsequent to the measurement date	25,176	-
Total	$ 28,068	$ (38,969)

V. DEFINED BENEFIT PENSION PLAN (Continued)

The $25,176 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 Asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Increase (Reduction) in Pension Expense
2019	$ (25,611)
2020	5,428
2021	(348)
2022	(15,546)
2023	0
Thereafter	0

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2018, approximately $5,363 was payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

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

Healthcare Benefits

A. Plan description

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

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

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.

Total OPEB Liability

The Authority's total OPEB Liability of $22,429 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

The Authority has implemented GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for the year ending June 30, 2018.

The total OPEB liability in the June 30, 2017 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	3.5 percent
Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation with variable merit
Healthcare cost trend rates	7.2 percent for 2017, decreasing to an ultimate rate of 4.2

The discount rate was based on the Bond Buyer 20 year Bond GO Index as of June 30, 2017.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

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

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 6/30/17	$22,429
Changes for the year:	
Service Costs	1,382
Interest	758
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,140)
Benefit payments	-
Net Changes	-
Balance at 6/30/18	$22,429

Sensitivity Analysis

The following represents the Authority's total OPEB liability, calculated using a discount rate of 3.50%. It also represents what the Authority's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (2.50%) and one percentage point higher (4.50%) than the current rate.

	1% Decrease 2.50%	Discount Rate 3.50%	Increase 4.50%
Total OPEB Liability	$24,338	$22,429	$20,590

The following represents the Authority's total OPEB liability, calculated using the current healthcare trend rates. It also represents 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% Decrease In Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Total OPEB Liability	$19,673	$22,429	$25,589

VII. OTHER POSTEMPLOYMENT BENEFITS LIABILITY – Virginia Retirement System Plans

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

Plan Descriptions

Group Life Insurance Program

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

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

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

General Employee Health Insurance Credit Program

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

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

Inactive employees or their beneficiaries currently receiving benefits	1
Inactive Members	-
Vested	-
Non-Vested	-
Active Elsewhere in VRS	-
Total Inactive Members	1
Active plan members	9
Total	10

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

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2015. 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:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2018 Contribution	$7,063
June 30, 2017 Contribution	$2,734

General Employee Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.18 % of covered employee compensation.
June 30, 2018 Contribution	$970
June 30, 2017 Contribution	$946

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

The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2018 proportionate share of liability	$43,000
June 30, 2017 proportion	.00285%
June 30, 2016 proportion	.00274%
June 30, 2018 expense	$2,000

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

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

General Employee Health Insurance Credit Program

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2016	$ 11,453	$ 6,843	$ 4,610
Changes for the year:			
Service cost	817	-	817
Interest	790	-	790
Benefit changes	-	-	-
Changes of assumptions	(704)	-	(704)
Difference between expected and actual experience			
Contributions – employer	-	946	(946)
Contributions – employee			
Net investment income	-	834	(834)
Benefit payments, including refunds of employee contributions	(339)	(339)	-
Administrative expenses	-	(14)	14
Other changes	-	40	(40)
Net changes	564	1,467	(903)
Balances at June 30, 2017	$ 12,017	$ 8,310	$ 3,707

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,000)
Change in assumptions	-	(2,000)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,000)
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	7,063	-
Total	$ 7,063	$ (5,000)

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

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	(608)
Net difference between projected and actual earnings on OPEB plan investments	-	(267)
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	970	-
Total	$ 970	$ (875)

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 ended June 30, 2019. 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,	Increase (Reduction) to OPEB Expense
2019	$ (1,000)
2020	(1,000)
2021	(1,000)
2022	(1,000)
2023	(1,000)

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2019	$ (163)
2020	(163)
2021	(163)
2022	(161)
2023	(96)
Thereafter	(129)

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2016, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 7.0%

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

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, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	$ 2,942,426
Plan fiduciary net position	1,437,586
Employers' net OPEB liability (asset)	$ 1,504,840
Plan fiduciary net position as a percentage of total OPEB liability	48.86%

VII. OTHER POSTEMPLOYMENT 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	40.00 %	4.54 %	1.82 %
Fixed Income	15.00	0.69	0.10
Credit Strategies	15.00	3.96	0.59
Real Assets	15.00	5.76	0.86
Private Equity	15.00	9.53	1.43
Total	100.00 %		4.80 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.30 %

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.83%, including expected inflation of 2.5%.

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

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS 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, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the Authority as well as what the Authority's net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (6.00% HIC; GLI/2.56%) or one percentage point higher (8.00% HIC; GLI/4.56%) than the current discount rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB liability	$ 55,000	$ 43,000	$ 33,000
General Employee HIC Net OPEB liability	$ 5,066	$ 3,707	$ 2,556

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2018, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2018 payroll.

• Group Life Insurance	$ 589
• General Employee Health Insurance Credit	90

VIII. 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, 2018 and 2017 are as follows:

	2018		2017	
	Due From	**Due To**	**Due From**	**Due To**
Town of Ashland	$ 19,960	$	$ 18,966	$ -
County of Charles City	3,481	-	3,519	-
County of Chesterfield	758,103	24,225	742,950	10,314
City of Colonial Heights	97,688	-	117,291	456
County of Goochland	49,247	3,516	39,602	5,798
County of Hanover	41,381	25,469	47,596	51,379
County of Henrico	453,144	23,970	385,693	20,231
City of Hopewell	119,064	688	187,287	186
County of New Kent	48,532	5,195	14,743	3,574
City of Petersburg	259,730	-	261,330	-
County of Powhatan	33,555	4,506	42,047	4,199
County of Prince George	17,595	-	17,823	-
City of Richmond	523,116	-	454,593	76
Total	$ 2,424,596	$ 87,569	$ 2,333,440	$ 96,213

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2018 and 2017 are follows:

	2018		2017	
	Revenues	**Expenses**	**Revenues**	**Expenses**
Town of Ashland	$ 195,702	$ 5,370	$ 191,436	$ 7,186
County of Charles City	3,519	-	3,479	-
County of Chesterfield	3,697,426	323,095	3,736,804	304,574
City of Colonial Heights	851,673	20,945	684,908	28,125
County of Goochland	532,659	79,377	392,633	61,377
County of Hanover	658,752	357,347	430,632	348,038
County of Henrico	2,940,158	480,359	2,743,143	502,848
City of Hopewell	1,093,532	6,143	1,089,763	11,835
County of New Kent	391,626	53,203	333,924	43,402
City of Petersburg	1,466,611	3,421	1,504,876	16,885
County of Powhatan	368,387	66,178	307,548	59,359
County of Prince George	28,465	-	27,271	-
City of Richmond	2,477,675	195,823	2,444,936	264,817
Total	$ 14,706,185	$ 1,591,261	$ 13,891,353	$ 1,648,446

IX. NET POSITION AND INTERFUND TRANSFERS

The following funds have deficit net position balances as of June 30, 2018 and 2017:

	2018	**2017**
Waste Transfer & Disposal	$ 21,266	$ 21,371

These deficits are expected to be eliminated through future revenues.

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

X. ADOPTION OF NEW STANDARD AND PRIOR PERIOD RESTATEMENT

In the current year the Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This standard replaces the requirements of GASB Statement No. 45 as it relates to governments that provide postemployment benefits other than pensions. The new Statement requires governments providing defined benefit postemployment benefits to recognize the long-term obligation for those benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of other postemployment benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the plans are determined, and assumptions and methods used to calculate the liability. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

The following is a summary of the restatements to net position, as applicable, resulting from the adoption of GASB Statement No. 75:

	General Operating	Residential Recycling	Drop-off Recycling	Municipal Solid Waste
Net position July 1, 2017, as previously reported	$257,357	$292,443	$193,477	$13,418
Recognition of other postemployment benefit related liabilities and related deferred outflows/inflows in accordance with GASB No. 75	(31,682)	(15,449)	(436)	(1,363)
Net position July 1, 2017, as restated	$225,675	$276,994	$193,041	$12,055

(Continued)

XI. NEW ACCOUNTING STANDARDS

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

The GASB issued Statement No. 84, Fiduciary Activities in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued Statement No. 87, Leases in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

(Continued)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	Plan Year		
	2017	*2016*	*2015*
Total Pension Liability			
Service Cost	$ 55,609	$ 48,783	$ 44,781
Interest on total pension liability	106,240	101,997	97,556
Difference between expected and actual experience	4,481	(30,702)	(24,167)
Changes of assumptions	(2,066)	-	-
Benefit payments, including refunds of member contributions	(63,421)	(55,516)	(53,934)
Net change in total pension liability	100,843	64,562	64,236
Total pension liability - beginning	1,549,420	1,484,858	1,420,622
Total pension liability - ending	$ 1,650,263	$ 1,549,420	$ 1,484,858
Plan Fiduciary Net Position			
Contributions - employer	$ 23,346	$ 41,760	$ 40,747
Contributions - employee	25,301	25,934	23,299
Net investment income	181,635	26,226	63,905
Benefit payments, including refunds of member contributions	(63,421)	(55,516)	(53,934)
Administrative expenses	(1,042)	(889)	(851)
Other changes	(285)	(11)	(14)
Net change in plan fiduciary net position	165,534	37,504	73,152
Plan fiduciary net position - beginning	1,492,293	1,454,789	1,381,637
Plan fiduciary net position - ending	$ 1,657,827	$ 1,492,293	$ 1,454,789
Net pension (asset) - ending	$ (7,564)	$ 57,127	$ 30,069
Plan fiduciary net position as a percentage of total pension liability	100%	96%	98%
Covered payroll	$ 526,157	$ 512,903	$ 468,572
Net pension asset as a percentage of covered payroll	-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.

(Continued)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2018

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 25,176	$ 25,176	$ -	$ 510,000	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 four years of date is available. Additional years will be included as they become available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	Plan Year 2018 Local Plan	Plan Year 2017 VRS Health Insurance Credit General Employees
Total OPEB Liability		
Service Cost	$ 1,382	$ 817
Interest on total OPEB liability	758	790
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions and other inputs	(2,140)	(704)
Benefit payments	-	(339)
Net change in total OPEB liability	-	564
Total OPEB liability - beginning	22,429	11,453
Total OPEB liability - ending	$ 22,429	$ 12,017
Plan Fiduciary Net Position		
Contributions - employer	-	$ 946
Contributions - employee	-	-
Net investment income	-	834
Benefit payments	-	(339)
Administrative expenses	-	(14)
Other	-	40
Net change in plan fiduciary net position	-	1,467
Plan fiduciary net position - beginning	-	6,843
Plan fiduciary net position - ending	$ -	$ 8,310
Net OPEB Liability - ending	$ 22,429	$ 3,707
Plan fiduciary net position as a percentage of total OPEB liability	0%	69%
Covered payroll	$ 526,157	$ 526,157
Net OPEB liability as a percentage of covered payroll	4.26%	0.70%

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.

(Continued)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - GROUP LIFE
June 30, 2018

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2018	$ 7,063	$ 7,063	-	$ 526,157	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 CONTRIBUTIONS - HIC
June 30, 2018

Entity Fiscal Year Ended June 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit General Employees					
2018	$ 970	$ 970	$ 970	$ 526,157	0.18%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only one year of date 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
June 30, 2018

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2017	0.0029%	$ 43,000	$ 526,157	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, 2018

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:
- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
-

Largest 10 –Hazardous Duty:
- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates

All Others (Non 10 Largest) – Non-Hazardous Duty:
- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:
- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%

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Statistical Section

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

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

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

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

Curbside Recycling and Municipal Solid Waste Rates

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

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

Revenue by Locality
Demographic and Economic Statistics
Principal Employers

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Net Position by Component – Last Nine Fiscal Years

Fiscal Year	Capital Assets Net	Unrestricted	Total Net Position
2018	$ 58,286	$ 722,481	$ 780,767*
2017	69,658	683,708	753,367
2016	49,470	639,449	688,919
2015	41,786	588,655	630,441
2014	6,087	652,971	659,058
2013	11,375	629,728	641,103
2012	11,981	615,825	627,806
2011	31,268	609,446	640,714
2010	52,702	610,693	663,395

*GASB Statement No. 75 was adopted in fiscal year 2018.

Changes in Net Position – Last Ten Fiscal Years

Fiscal Year	*Operating Revenues*	*Operating Expenses*	*Operating Income (Loss)*	*Total Non-operating Revenues (Expenses)*	*Change in Net Position*
2018	$ 15,843,573	$ 15,830,244	$ 13,329	$ 63,001	$ 76,330
2017	15,809,592	15,792,426	17,166	47,282	64,448
2016	14,668,426	14,655,568	12,858	45,620	58,478
2015	13,451,160	13,402,929	48,231	31,812	80,043
2014	13,444,295	13,441,342	2,953	15,002	17,955
2013	14,288,408	14,291,731	(3,323)	16,620	13,297
2012	14,858,298	14,913,076	(54,778)	41,870	(12,908)
2011	14,044,355	14,116,751	(72,396)	49,715	(22,681)
2010	13,818,000	13,924,345	(106,345)	34,025	(222,320)
2009	13,337,165	13,458,101	(120,936)	53,318	(67,618)

Notes:

The significant change in Net Position for fiscal year 2010 was due mostly to a rebate of $150,000 of accumulated funds given back to the member jurisdictions. This rebate was based on each member's prorated earnings in the recycling markets. CVWMA's Net Position Policy allows the Authority to consider a rebate of unrestricted net assets in excess of 5% of total operating budget. Although 95% of the budget is pass through to localities depending on participation, the Authority feels it is prudent to continue to build reserves in the event significant resources are needed in the future.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Revenues by Source – Last Ten Fiscal Years

	Local Gov't Assmts	*Recycling(1)*	*Refuse and Solid Waste(2)*	*Composting and Yard Waste(3)*	*Other Projects(4)*	*Material Sales(5)*	*Total*
2018	$558,825	$8,294,822	$4,614,706	$ 478,302	$324,940	$1,571,978	$15,843,573
2017	552,522	8,140,823	4,583,544	545,261	260,544	1,726,898	15,809,592
2016	548,282	7,976,957	4,245,042	306,797	247,500	1,343,848	14,668,426
2015	533,205	7,221,900	3,871,868	326,904	174,062	1,323,221	13,451,160
2014	533,205	7,250,055	4,502,336	478,503	204,355	475,841	13,444,295
2013	533,205	7,048,641	5,633,416	474,475	202,976	395,695	14,288,408
2012	515,894	6,766,758	6,144,498	675,122	221,092	534,934	14,858,298
2011	508,688	6,405,782	6,009,299	429,922	210,715	479,949	14,044,355
2010	503,312	6,270,895	6,053,238	445,477	209,243	335,835	13,818,000
2009	497,069	5,677,879	6,023,046	471,765	228,914	438,492	13,337,165

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

(1) Recycling programs include residential and drop off recycling services, which include the recycling of traditional materials such as paper, cardboard and aluminum, plastic and glass bottles, and containers and cartons. The City of Richmond rolled out large recycling carts to about 61,500 equivalent residential units in July 2015. In addition, the City of Hopewell joined the curbside recycling program in July 2014. The CVWMA implemented curbside recycling in the City of Petersburg in March 2013. The CVWMA negotiated an early renewal of the contract for residential collection and processing of recyclable material, which became effective May 1, 2014, resulting in savings to participating localities. In fiscal year 2012 the CVWMA implemented a program which allows citizens to purchase 95-gallon recycling carts online. Currently, nine localities participate in residential recycling and ten participate in drop off recycling.

(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. As of 2011, Prince George no longer participates in the convenience center program. Since July 1, 2012, CVWMA has procured and negotiated new contracts for trash collection in Ashland, Colonial Heights, Hopewell, and Petersburg, resulting in a significant reduction in costs. Additionally, a new procurement in 2012 resulted in significantly reduced rates for hauling and disposal of waste from 9 area convenience centers. In 2016, Chesterfield began providing trash collection to nearly 2,500 tax-relief customers through the Authority.

(3) The yard waste grinding and leaf composting contracts are on an as needed basis with no minimum volume guaranteed. The increase in activity in 2012 was due to Hurricane Irene.

(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.

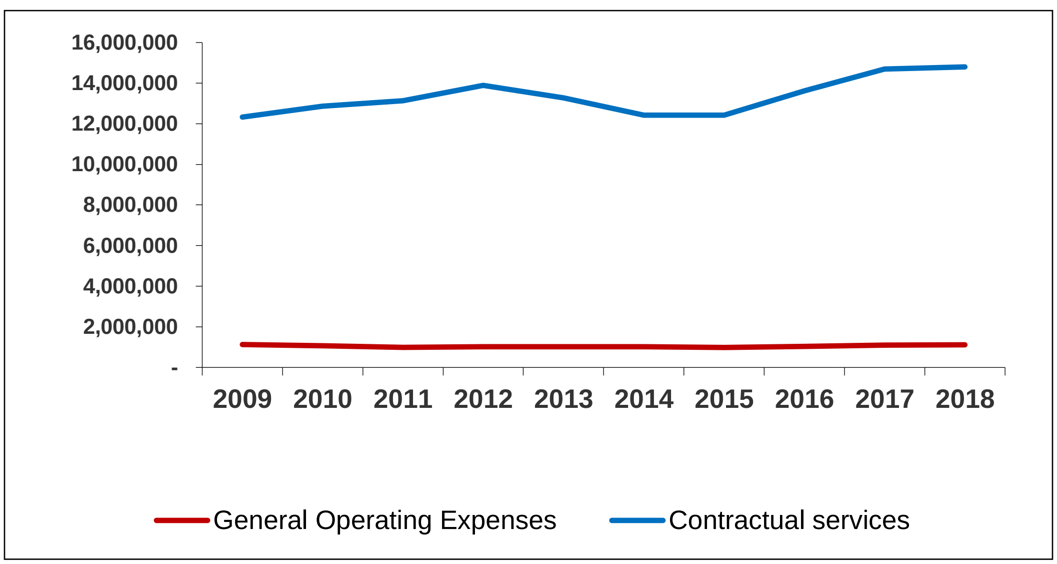
CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Expenses – Last Ten Fiscal Years

	Administrative /Operating	*Salaries And Benefits*	*Professional Service Fees*	*Depreciation*	*Project Contractual Services*	*Material Sales Rebates**	*Total Operating Expenses*
2018	$ 270,770	$728,456	$ 71,422	$ 21,664	$13,201,409	$1,536,523	$ 15,830,244
2017	300,345	720,328	61,356	15,961	13,041,006	1,653,430	15,792,426
2016	258,964	688,984	80,241	12,186	12,307,502	1,307,691	14,655,568
2015	241,959	667,420	61,985	12,301	11,130,568	1,288,696	13,402,929
2014	234,949	707,418	65,959	5,288	11,985,140	442,588	13,441,342
2013	225,782	714,568	67,346	10,606	12,923,072	350,357	14,291,731
2012	257,528	679,827	63,857	19,288	13,391,649	500,927	14,913,076
2011	214,794	679,960	70,356	23,453	12,658,523	469,665	14,116,751
2010	270,952	690,548	75,274	27,485	12,533,001	327,085	13,924,345
2009	332,276	671,271	94,522	30,577	11,912,611	416,844	13,458,101

Notes:

The Authority conducted a study of eligible curbside recyclers in 2009 in an effort to ultimately increase participation and usage of the program by residents. The Authority, in partnership with the Curbside Value Partnership (a national non-profit firm dedicated to increasing recycling rates at the curb through promotion and outreach), implemented and executed a campaign in FY 2012 in an effort to increase recycling participation rates and volumes in the curbside recycling program. In FY 2013 the Authority completed the phase-in of the VRS employee contribution of 5%, which resulted in pay increases of 5%. Three full-time employees retired from the Authority in calendar year 2013. General operating expenses, including salaries, benefits and professional fees have remained relatively constant in relation to program costs over the last ten years. 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. In FY 2016, the Authority hired Zellos to consult and assist with the implementation of the Authority’s Strategic Plan. In late 2015, the Authority increased the Recycling Education and Outreach Specialist from part-time to a full-time position under the Public Affairs program.



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Nonoperating Revenues – Last Ten Fiscal Years

Fiscal Year	*Grants and Sponsorships*	*Interest Income*	*Miscellaneous*	*Total Nonoperating Revenues*
2018	$ 15,000	$ 47,995	$ 6	$ 63,001
2017	10,000	29,453	7,829	47,282
2016	24,500	21,120	-	45,620
2015	10,000	21,812	-	31,812
2014	10,000	4,702	300	15,002
2013	10,000	6,075	545	16,620
2012	27,500	14,370	-	41,870
2011	10,000	28,415	11,300	49,715
2010	13,800	20,225	-	34,025
2009	17,448	31,996	3874	53,318

Notes:

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

In 2015, the Authority implemented another payment option for vendors, which has resulted in earning a rebate on the payment to vendors via a purchasing card. Previously, the Authority was selected for a partnership with Curbside Value Partnership (CVP) to promote curbside recycling. This campaign was launched in the fall of 2011 and Tidewater Fiber Corporation contributed $20,000 toward the campaign. The Authority also received a sponsorship from Sonoco Recycling for the 2012 Curbside Recycling Calendar in the amount of $7,500. The Authority received a sponsorship from Dominion Resources for the 2011 Curbside Recycling Calendar. The Authority also received funds from fourteen sponsors for the CVWMA's 20th Anniversary event in FY 2011.

The Authority conducted a two-year pilot study in fiscal years 2008 and 2009 to determine the amount of recyclable material generated in schools through a grant from the US Environmental Protection Agency. The Authority has relied somewhat on investment and interest income, the fluctuation of which is a factor of the economy.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Residential Recycling and Municipal Solid Waste Rates
Last Ten Fiscal Years

Residential Recycling – Rates per household per month

	Bi-Weekly Collection	*Bi-Weekly Collection w/ cart*	*Weekly Collection*	*Public Information*	*Customer Service*
2018	$ 1.860	1.600-2.930	-	$ .065	$ .069
2017	1.840	1.540-2.930	-	.064	.068
2016	1.800	1.490-2.860	-	.063	.067
2015	1.800	1.470-2.420	-	.063	.067
2014	1.800	2.420	-	.063	.066
2013	1.815	2.872	2.872	.062	.065
2012	1.767	-	2.797	.060	.063
2011	1.721	-	2.723	.060	.061
2010	1.682	-	2.662	.080	.060
2009	1.479	-	2.332	.086	.070

Notes:

The curbside recycling program collection rates vary based on the participating jurisdictions level of service desired. In 2015, the City of Hopewell added residential recycling to its menu of services. In Fiscal Year 2013, both Ashland and Colonial Heights converted from a weekly collection program to bi-weekly with 95-gallon carts and the City of Richmond converted from bins to carts in 62,000 homes in 2016. Therefore, no jurisdiction is providing weekly collection anymore. The current contract became effective July 1, 2009 and an early renewal was negotiated effective May 1, 2014 resulting in reduced per household fees and rebate on each ton collected at the curb from one vendor. A fee is charged participating localities for public education and the CVWMA uses those funds to promote the program regionally. The public relations rate was reduced in FY 2011 to .06 cents/household per month during the budget process. A separate fee is charged for customer service provided by the Authority.

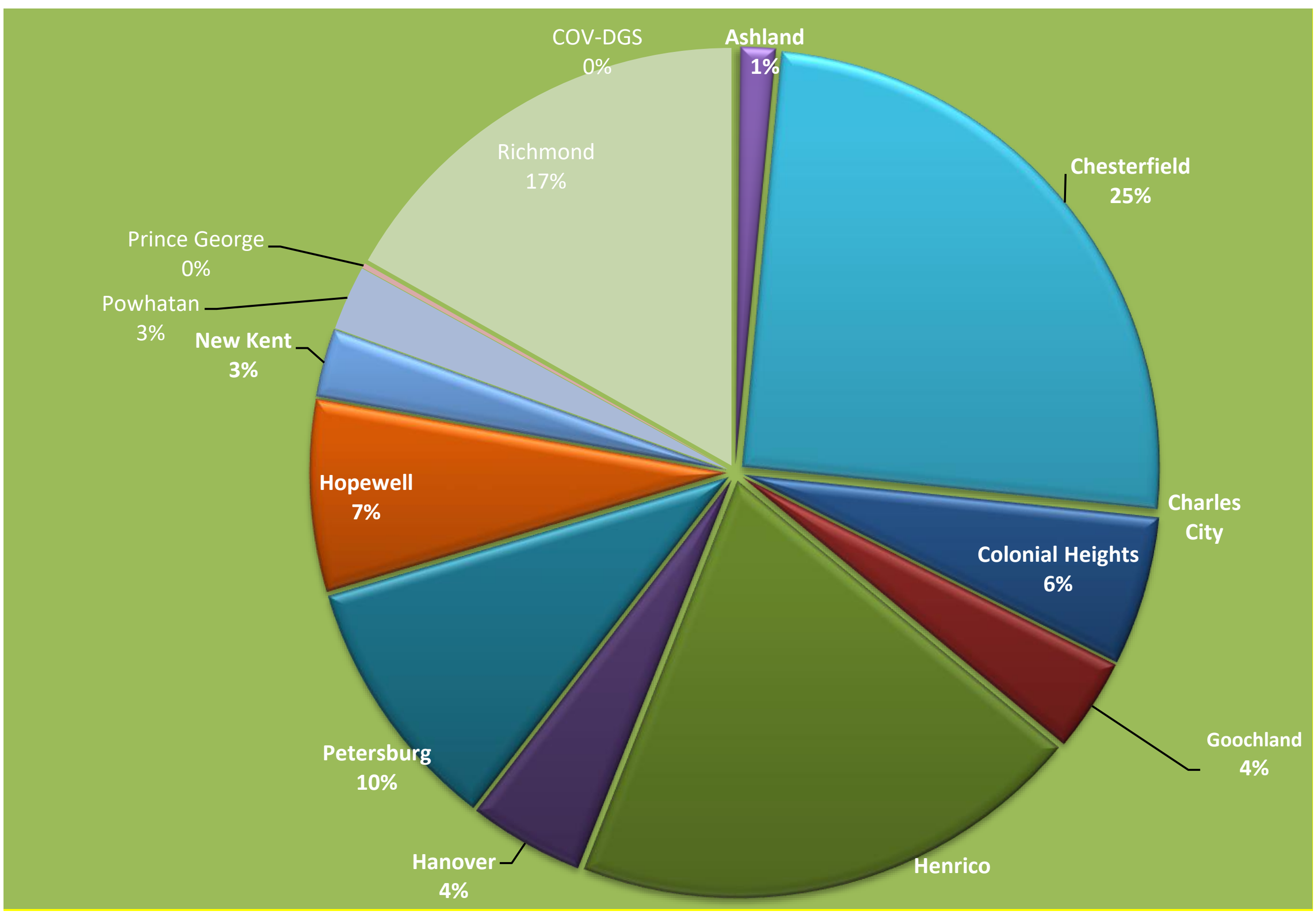
	Municipal Solid Waste Collection per household Per month	*Tipping Fees Range Dollars Per Ton*
2018	$7.88 - $10.35	$17.24 - $19.39
2017	$7.00 - $10.35	$17.29 - $19.01
2016	$5.02 - $10.35	$16.90 - $22.50
2015	$5.02 - $10.35	$16.00 - $22.50
2014	$5.02 - $15.40	$16.00 - $22.50
2013	$5.02 - $15.19	$28.05 - $38.30
2012	$9.51 - $14.93	$29.34 - $37.66
2011	$9.18 - $14.41	$29.25 - $36.30
2010	$9.00 - $14.13	$27.76 - $35.59
2009	$9.00 - $14.13	$27.76 - $35.59

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. In fiscal year 2010, rates remained the same due to a deflation in the economy.

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
Revenue by Locality – Current Year and Nine Years Ago

Locality	*2018 Operating Revenues*	*2018 Percent of Revenue*	*Locality*	*2009 Operating Revenues*	*2009 Percent of Revenue*
County of Chesterfield	$ 3,697,426	25.10%	**County of Chesterfield**	$ 3,221,630	25.0%
County of Henrico	2,940,158	19.96%	**County of Henrico**	2,043,917	15.9%
City of Richmond	2,477,675	16.82%	**City of Richmond**	1,687,255	13.1%
City of Petersburg	1,466,611	9.95%	**City of Hopewell**	1,374,523	10.7%
City of Hopewell	1,093,532	7.42%	**City of Petersburg**	1,286,096	9.8%
City of Colonial Heights	851,673	5.78%	**City of Colonial Heights**	1,023,409	7.9%
County of Hanover	658,752	4.47%	**County of Goochland**	663,232	5.1%
County of Goochland	532,659	3.62%	**County of Powhatan**	503,677	3.9%
County of New Kent	391,626	2.66%	**County of New Kent**	419,354	3.3%
County of Powhatan	368,387	2.50%	**Town of Ashland**	304,264	2.4%
Town of Ashland	195,702	1.33%	**County of Hanover**	191,367	1.5%
County of Prince George	28,465	0.19%	**County of Prince George**	174,724	1.4%
Commonwealth VA-DGS	27,160	0.18%	**County of Charles City**	3,326	0.0%
County of Charles City	3,519	0.02%	**Commonwealth VA-DGS**	0	0.0%
Totals	$14,733,345	100.0%	**Sub-totals**	$ 12,896,774	100.0%



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

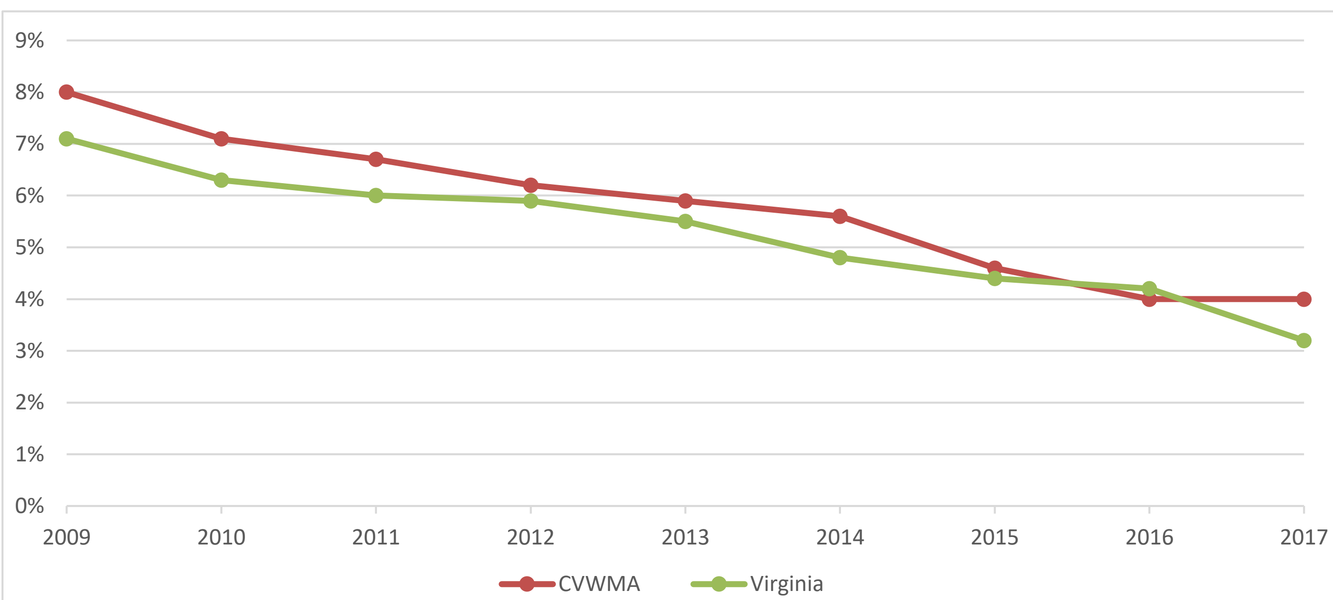
Demographic and Economic Statistics – Last Ten Calendar Years

Calendar Year	*Population*	*Per Capita Personal Income*	*Unemployment Rate CVWMA*	*Unemployment Rate Virginia*
2017	1,183,241	$ 57,772	4.4%	3.8%
2016	1,170,128	53,723	4.0%	4.2%
2015	1,164,023	52,136	4.6%	4.4%
2014	1,151,077	50,405	5.6%	4.8%
2013	1,142,254	46,730	5.9%	5.5%
2012	1,132,928	45,339	6.2%	5.9%
2011	1,112,543	43,468	6.7%	6.0%
2010	1,110,843	41,370	7.1%	6.3%
2009	1,085,076	40,927	8.0%	7.1%
2008	1,070,522	41,510	4.3%	4.0%

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

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

Unemployment Rate Comparison



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Central Virginia Principal Employers

Current Year and Nine Years Ago

Employer **	Calendar Year 2017*	Calendar Year 2008*
	Rank	Rank
Capital One Bank	1	7
Virginia Commonwealth University/Health System	2	6
HCA Virginia Health System	3	8
Bon Secours Richmond	4	10
Dominion Resources	5	9
SunTrust Banks	6	n/a
Altria Group	7	n/a
Amazon Com KYDC Inc	8	n/a
Wells Fargo	9	n/a
Anthem and BCBS	10	n/a
Henrico County School Board	n/a	4
Chesterfield County School Board	n/a	3
US Department of Defense	n/a	2
State Government	n/a	1
Richmond City	n/a	5

* Final Quarter data for most recent calendar year (2017 and 2008).
** 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.

Source of Data: Greater Richmond Partnership

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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*
2018	48,238	76,512	86,796	14,355	166,390	67.6	2,342	939	154	786
2017	49,138	71,899	115,284	12,540	179,319	60.3	1,994	702	229	946
2016	46,347	68,097	167,360	11,440	176,887	55.0	1,411	707	274	1,012
2015	45,049	65,059	180,092	10,560	112,143	35.2	1,408	724	185	1,033
2014	40,007	65,095	269,604	9,075	105,713	29.5	1,082	766	405	814
2013	42,943	61,923	234,460	8,745	114,804	30.4	1,105	787	410	548
2012	41,936	72,272	363,219	12,045	112,230	42.2	1,141	736	406	423
2011	41,886	72,434	255,388	12,155	116,805	19.1	1,597	778	365	333
2010	42,824	74,646	257,925	12,485	131,025	33.5	974	882	320	290
2009	43,750	75,154	419,465	13,475	49,660	56.8	1,789	652	398	177

* Includes paper, metals, plastic and glass.

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Customers by Type – Last Ten Fiscal Years

Residential Recycling

Fiscal Year	*Ashland*	*Chesterfield*	*Colonial Heights*	*Goochland*	*Hanover*	*Henrico*	*Hopewell*	*Petersburg*	*Richmond*	*Total*
2018	1,465	94,930	6,701	1,495	3,705	84,909	8,644	11,021	61,521	274,434
2017	1,465	95,007	6,701	1,336	3,553	84,909	8,644	11,064	61,487	274,166
2016	1,465	95,693	6,701	1,242	3,257	84,909	8,644	11,064	61,487	274,462
2015	1,465	97,600	6,635	1,238	2,837	84,909	8,649	11,199	61,487	276,019
2014	1,465	97,585	6,701	1,238	2,837	84,909	-	11,203	61,487	267,425
2013	1,465	97,585	6,701	1,238	2,837	84,528	-	10,998	61,428	266,780
2012	1,465	97,566	6,360	1,146	2,837	84,361	-	-	61,159	254,894
2011	1,465	95,744	6,335	957	2,760	83,760	-	-	60,826	251,847
2010	1,465	94,347	6,308	1,232	2,728	82,720	-	-	60,508	249,308
2009	1,465	93,767	6,279	1,207	1,031	82,031	-	-	60,179	245,959

Municipal Solid Waste Collection

Fiscal Year	*Ashland*	*Chesterfield*	*Colonial Heights*	*Hopewell*	*Petersburg*	*Total*
2018	1,465	1,999	6,751	8,644	11,021	29,908
2017	1,465	2,115	6,701	8,644	11,064	29,954
2016	1,465	2,301	6,632	8,648	11,064	30,110
2015	1,465	-	6,635	8,647	11,199	27,946
2014	1,465	-	6,701	8,644	11,203	28,013
2013	1,465	-	6,701	8,644	10,998	27,808
2012	1,465	-	6,250	8,644	11,810	28,169
2011	1,465	-	6,337	8,644	11,810	28,256
2010	1,465	-	6,488	8,768	11,811	28,532
2009	1,465	-	6,500	8,768	12,041	28,774

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 Goochland decided to stop offering curbside recycling to its residents effective July 1, 2010, but reinstated some subdivisions on October 7, 2010.

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

The City of Hopewell implemented residential recycling in July 2014.

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

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Employees by Function – Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Management and Operations	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Public Information and Education	2.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5
Finance and Administration	3.0	3.0	3.0	2.5	3.0	3.5	3.5	3.5	3.5	3.5
Call Center Operations	3.5	3.5	3.5	3.5	3.0	3.5	3.5	3.5	4.0	4.0
Total Employees	11.0	11.0	11.0	10.5	10.0	11.0	11.0	11.0	11.5	11.5

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

Source of Data: CVWMA Administrative Office

Compliance Section

BROWN EDWARDS
certified public accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority"), as of and for the year ended June 30, 2018, 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 16, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 16, 2018

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2018

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

STATE COMPLIANCE MATTERS

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

COMMONWEALTH OF VIRGINIA DISCLOSURE STATEMENTS

Certain members of the Authority's board did not file statements of economic interest by the February 1 deadline as set forth by the Code of Virginia. We recommend taking steps to ensure that these statements are filed by all required individuals in a timely manner.