

**AUGUSTA REGIONAL LANDFILL
VERONA, VIRGINIA**

**ANNUAL
FINANCIAL REPORT**

YEARS ENDED JUNE 30, 2020 AND 2019

(Hybrid Undivided Interest and Joint Venture
for the Cities of Staunton and Waynesboro
and the County of Augusta)

Prepared by Fiscal Agent:

Brent N. Canterbury, CPA
Director of Finance
Augusta County Service Authority

INTRODUCTORY SECTION

AUGUSTA REGIONAL LANDFILL
ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2020 AND 2019

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View of Shenandoah National Park from the top of Permit #21.

AUGUSTA REGIONAL LANDFILL

(A hybrid undivided interest and joint venture formed by contractual agreement September 21, 1999 for the Cities of Staunton and Waynesboro and the County of Augusta)

EXECUTIVE COMMITTEE MEMBERS

Timothy K. Fitzgerald; Chairman
County of Augusta, County Administrator

Michael G. Hamp, II; Chairman
City of Waynesboro, City Manager

Steven L. Rosenberg
City of Staunton, City Manager

(Operating Management Agreement with the
Augusta County Service Authority,
renewed December 31, 2015)

OPERATORS AND FISCAL AGENTS: **AUGUSTA COUNTY SERVICE AUTHORITY**

Executive Director
Director of Solid Waste Management

Phillip A. Martin, P.E., L.S.
Gregory A. Thomasson, P.E.

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
Augusta Regional Landfill

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Augusta Regional Landfill (Landfill), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Landfill's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require 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 Landfill'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 Landfill'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Landfill, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-10 and 50-57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Landfill's basic financial statements. The accompanying schedules listed in the table of contents as supplementary schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the Landfill'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 the effectiveness of the Landfill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Landfill's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Board of Supervisors of Augusta County, The City Councils of the Cities of Staunton and Waynesboro And Interested Parties to the Augusta Regional Landfill

The Augusta Regional Landfill (Landfill) is a solid waste disposal enterprise jointly owned by the City of Staunton (Staunton), the County of Augusta (Augusta), and the City of Waynesboro (Waynesboro). It is located near the intersection of I64 and I81 in the center of the County of Augusta. The solid waste comes from residents and businesses within the boundaries of the three governments as well as residents of Highland County. The agreement that Highland County would pay commercial tipping fees for its residential solid waste was approved in April 2004.

Permit 21 landfill, contractually formed by Staunton and Augusta in an agreement dated December 11, 1970, was fully closed (capped) in 2005 with final Virginia Department of Environmental Quality (DEQ) certification obtained on December 15, 2005. This date is the official start of the 30-year post-closure care period. Permit 585 landfill, contractually formed on adjacent property by the three governments, amended this original agreement on September 21, 1999 and has been in use since 1998. Under a Landfill Management Agreement renewed on December 31, 2015, the Augusta County Service Authority (Authority) continues to contractually operate the Landfill and act as its fiscal agent. The financial statements are presented as a hybrid entity composed of both undivided interests and joint ventures. For more information on the formation of the Landfill and the allocation of revenue, expenses, assets, and liabilities between the governments, please refer to Note 1 of the Notes to the Financial Statements.

This report offers readers of these financial statements a narrative overview and analysis of the financial activities of the Landfill for the fiscal years ended June 30, 2020 and 2019.

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Landfill's basic financial statements.

Since the Landfill is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains required supplementary information and supplementary schedules in addition to the basic financial statements.

- **Enterprise fund financial statements.** The enterprise fund financial statements are designed to provide readers with a broad overview of the Landfill's finances, in a manner similar to a private-sector business. They can be found following the MD&A.

The *statements of net position* present information on the Landfill's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. However, since portions of the Landfill statements are reported as an "undivided interest" between three governments, there is no true equity or net position; therefore, the Landfill assets and deferred outflows of resources equal their liabilities and deferred inflows of resources and the equity for the Landfill owners can be seen in the various *due to* accounts. The two joint ventures, representing the two permitted areas, however, retain their equity as net position. Over time, increases or decreases in *net position* or the *due to* accounts may serve as a useful indicator of whether the financial position of the Landfill is improving or declining.

Overview of the Financial Statements (continued)

The *statements of revenues, expenses and changes in net position* present information indicating how the Landfill's net position changed during the most recent fiscal years. However, since portions of the Landfill statements are reported as an "undivided interest" the net position change is zero for this portion of the Landfill and comparisons can only be made between specific revenue or expense lines from one year to the next. Revenues and expenses are reported as soon as the underlying event giving rise to the financial transaction occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave, post-employment benefits, or landfill closure and post-closure costs).

The *statements of cash flows* disclose net cash provided by or used for operating activities, capital and non-capital financing activities, and investing activities.

- **Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements follow the basic financial statements.
- **Other information.** In addition to the basic financial statements and accompanying notes, the Required Supplementary Schedules presents OPEB and pension information. The Supplementary Schedules section present budget and actual expenses for fiscal year 2020 for the undivided interest portion of the Landfill and present each of the basic financial statements as a combination undivided interest and joint venture from the Landfill owners' perspective. The Statistical Section includes tables that indicate financial, revenue and operational trend data and the underlying basis for the expense allocations between the localities as well as a map of the landfill.

Financial Summary

The Landfill's net position and the total "due to participating localities" increased this fiscal year. A further summary of the Landfill's financials is provided below:

- The net position decreased approximately \$184,000 in fiscal year 2020. Higher daily operations expenses of \$332,000, higher closure and post-closure costs of \$433,000 related to the estimated capacity used for Permit 585 Phases 1-4 and higher depreciation expense of \$421,000 were mainly responsible for the decrease in net position.
- The "due to/ (from) participating localities" decreased by \$472,763 indicating the sum of the locality's undivided financial interest decreased in the Landfill. The County of Augusta's due to account decreased by \$243,123, the City of Staunton's due from account decreased by \$21,345 and the City of Waynesboro's due to account decreased by \$208,295. Higher operating expenses were the major cause of this net decrease. Operating expenses increased approximately \$1,112,000 in fiscal year 2020.

During fiscal year 2020 the percentage billable waste from Augusta County, Staunton, and Waynesboro were 49%, 51%, and 58%, respectively. The overall percentage billable waste for the landfill was 51% for fiscal year 2020 which represents a decrease from 52% billable waste during fiscal year 2019. A higher percentage of billable waste at the locality level causes that owner locality to gain financial interest in the Landfill.

Financial Summary (continued)

- Overall, operating activities provided approximately \$857,000 of cash in fiscal year 2020 which is a decrease of approximately \$222,000 in comparison to fiscal year 2019. Net capital and related financing activities used approximately \$1,397,000 of cash in fiscal year 2020, an approximately \$931,000 increase over fiscal year 2019. This increase was due to higher capital expenditures in fiscal year 2020 of approximately \$1,031,000 which was offset by an increase in capital contributions of \$100,000. Cash and cash equivalents for fiscal year 2019 decreased approximately \$468,000, mainly attributed to cash used in capital and related financing activities.

Tipping fees for solid waste brought to the landfill from commercial and industrial customers remained the same but were insufficient for fiscal year 2020 to cover operating expenses including the non-cash expenses of landfill closure and post-closure and landfill depreciation and amortization. This was mainly due to a 2.8% increase in the capacity-filled estimate in Phases 1 – 3 and a 9.8% increase in the capacity filled estimate for Phase 4 resulting in higher landfill closure and post-closure costs and depreciation and amortization. Other income decreased 40.8% and interest earned decreased by 15.9%. The increase in other income is due to lower scrap metal prices while the decrease in interest earned is due to lower interest rates for cash deposits.

Capital Assets

Phases 1 - 3 of Permit #585 landfill are 93.1% full as of June 30, 2020. Phase 4 of Permit #585 was 40.5% full as of June 30, 2020. The Phase 4 cell, which was permitted for use in fiscal year 2010 and can operate concurrently with the final usage of Phases 1 - 3, was utilized in 2018. The opening of Phase 4 provided an additional 17.2 acres for solid waste disposal. Some residual capacity will remain until the Phase 7 overlay is completed.

In fiscal year 2020 capital expenditures were \$1,851,118, an increase of approximately \$1,645,000 from fiscal year 2019. The purchase of land, a bulldozer and wheel loader were responsible for the majority of the expenditures.

In fiscal year 2019 capital expenditures were \$206,524, a decrease of approximately \$231,000 from fiscal year 2018. The purchase of a rain tarp for Phase 4 and a leachate pump replacement were responsible for the majority of the expenditures.

Capital Assets (continued)

Below is a summary comparison of Capital Assets as of June 30, 2020, 2019 and 2018 with a further presentation of changes in Note 4, following the Financial Statements.

	Capital Assets		
	2020	2019	2018
Land	\$ 2,243,101	\$ 1,167,322	\$ 1,167,322
Landfill site	13,859,844	13,859,844	13,846,083
Buildings and improvements	2,815,046	2,815,046	2,635,274
Operating equipment and software	6,709,494	5,961,353	5,938,929
Transportation equipment	201,006	201,006	201,006
Construction in progress	541,621	514,423	523,856
Less: Accumulated depreciation and amortization	(16,732,989)	(15,591,911)	(14,871,936)
Total Capital Assets, net	\$ 9,637,123	\$ 8,927,083	\$ 9,440,534

Each participating government has a choice on major purchases or projects to use any available funds from their portion of the Landfill's cash reserves that have accumulated from tipping fees and other Landfill-generated revenue (and held by the fiscal agent of the Landfill) or contribute additional capital.

The majority of the construction in progress is for the wetland stream mitigation from the Phase 4 – 7 permitting process and the landfill gas project. The wetland stream mitigation project will be removed from the construction in progress and capitalized once DEQ's success criteria have been met.

The Authority, on behalf of the owner localities, solicited private developer interest through a Request for Proposal (RFP) in 2010 after conducting greenhouse gas reduction and landfill gas beneficial use feasibility studies in 2009. The selected developer from the landfill gas RFP has withdrawn from the Augusta Regional Landfill gas project. Depressed natural gas prices and the lack of a viable end user have been the major hurdles to the project. No other developers have recently expressed interest in installing a landfill gas collection system at the Augusta Regional Landfill.

The private developer registered the Augusta Regional Landfill gas project with the Climate Action Reserve and installed two vertical wells in Phases 1-3 of Permit No. 585. At this point, the Authority and the owner localities believe the Landfill should self-develop the landfill gas collection and control system as part of the next partial closure. The Landfill could then find a developer to convert the collected gas into electricity and a new revenue source for the landfill.

Net Position

The following table reflects the Landfill's condensed summary of the Statement of Net Position for the Landfill as of June 30, 2020, 2019 and 2018.

	Net Position			2020 to 2019	
	2020	2019	2018	Increase (Decrease)	% Change
Current assets	\$ 1,110,779	\$ 1,338,695	\$ 1,453,555	\$ (227,916)	-17.0%
Permit 585 closure sinking fund	9,778,454	10,046,812	9,279,825	(268,358)	-2.7%
Capital assets, net	9,637,123	8,927,083	9,440,534	710,040	8.0%
Deferred outflows of resources	124,253	90,962	56,603	33,291	36.6%
Total assets and deferred outflows of resources	<u>\$ 20,650,609</u>	<u>\$ 20,403,552</u>	<u>\$ 20,230,517</u>	<u>\$ 247,057</u>	1.2%
Current liabilities	\$ 1,203,894	\$ 884,535	\$ 1,256,221	\$ 319,359	36.1%
Noncurrent:					
Compensated absences	30,479	60,122	64,817	(29,643)	-49.3%
Other post-employment benefit obligation	134,667	146,057	175,861	(11,390)	-7.8%
GLI post-employment benefit obligation	55,755	52,239	51,540	3,516	6.7%
Pension obligation	121,077	73,978	102,775	47,099	63.7%
Due to/(from) participating localities	(90,596)	382,167	125,528	(472,763)	-123.7%
Closure/Post-closure costs	8,424,096	7,854,107	7,764,487	569,989	7.3%
Deferred inflows of resources	129,203	124,472	66,144	4,731	3.8%
Total liabilities and deferred inflows of resources	<u>\$ 10,008,575</u>	<u>\$ 9,577,677</u>	<u>\$ 9,607,373</u>	<u>\$ 430,898</u>	4.5%
Net investment in capital assets	\$ 9,637,123	\$ 8,927,083	\$ 9,440,534	\$ 710,040	8.0%
Unrestricted net position	1,004,911	1,898,792	1,182,610	(893,881)	-47.1%
Total net position	<u>\$ 10,642,034</u>	<u>\$ 10,825,875</u>	<u>\$ 10,623,144</u>	<u>\$ (183,841)</u>	-1.7%

Current assets are composed of 70% cash and cash equivalents (not including the sinking fund) in fiscal year 2020 with the remaining balance in accounts receivable and prepaid assets. Current assets indicate a decrease of 17.0% compared to the prior year's 7.9% decrease. Cash, excluding the sinking fund deposits, decreased approximately \$200,000. Accounts receivable, miscellaneous receivable and interest receivable decreased approximately \$28,000 while prepaid expenses remained relatively unchanged.

The 36.6% increase in the deferred outflows was primarily the result of changes in actuarial estimates.

The sinking fund (for the Permit # 585 landfill closure and post-closure costs) decreased 2.7% in fiscal year 2020 compared to a 8.3% increase in fiscal year 2019. This decrease was mainly due to a land purchase of approximately \$1,075,000. This fund may be drawn down by approximately \$400,000 in engineering fees related to Permit 585 landfill partial closure costs in fiscal year 2021. This is displayed on the full Statement of Net Position as current liability-closure costs.

Current liabilities increased 36.1% in fiscal year 2020 and decreased 29.6% in fiscal year 2019. An increase of approximately \$271,000 in accounts payable related to operations and capital were the main cause of the increase.

Net Position (continued)

The 7.8% decrease in the other post-employment benefit obligation, the 6.7% increase in the GLI post-employment benefit obligation and 63.7% increase in the pension obligation was primarily due to changes in the actuarial estimates.

The decrease of 123.7% in the “Due to/(from) participating localities” liability is an indication the localities lost financial interest in the Landfill, seen more clearly in the Supplementary Schedules that show this “liability” as a sum of each locality’s “undivided interest net position”. As previously discussed, the County of Augusta, City of Waynesboro and City of Staunton’s due to/ (from) accounts all decreased in fiscal year 2020.

The long-term closure and post-closure cost liabilities increased 7.3% this year due mainly to an approximate 2.8% increase in the capacity-filled estimate in Phases 1 – 3 and an approximate 9.8% increase in the capacity filled estimate for Phase 4 from the end of fiscal year 2019 to the end of fiscal year 2020.

The 3.8% increase in the deferred inflows was primarily the result of changes in actuarial estimates.

Revenues, Expenses and Changes in Net Position

The results of the Landfill’s operations are reported in the Statement of Revenues, Expenses and Changes in Net Position. The following table presents a condensed summary of this information for the Landfill for years ended June 30, 2020, 2019 and 2018.

	Revenues, Expenses and Changes in Net Position			2020 to 2019	
	2020	2019	2018	Increase (Decrease)	% Change
Revenues					
Tipping fees	\$ 3,213,402	\$ 3,212,945	\$ 3,014,690	\$ 457	0.0%
Other income	101,017	170,554	141,732	(69,537)	-40.8%
Nonoperating:					
Interest earned	183,437	218,240	95,920	(34,803)	-15.9%
Owner subsidies	472,763	(256,639)	(235,237)	729,402	-284.2%
Capital contributions	200,000	100,000	-	100,000	100.0%
Total revenues	<u>4,170,619</u>	<u>3,445,100</u>	<u>3,017,105</u>	<u>725,519</u>	21.1%
Expenses					
Operating expenses	2,511,524	2,254,009	2,012,579	257,515	11.4%
Depreciation and amortization expense	1,141,078	719,975	1,412,596	421,103	58.5%
Closure/Post-closure costs	701,858	268,385	901,474	433,473	161.5%
Total expenses	<u>4,354,460</u>	<u>3,242,369</u>	<u>4,326,649</u>	<u>1,112,091</u>	34.3%
Change in net position	(183,841)	202,731	(1,309,544)	(386,572)	-190.7%
Net position, beginning of year	<u>10,825,875</u>	<u>10,623,144</u>	<u>11,932,688</u>	<u>202,731</u>	1.9%
Net position, end of year	<u>\$ 10,642,034</u>	<u>\$ 10,825,875</u>	<u>\$ 10,623,144</u>	<u>\$ (183,841)</u>	-1.7%

Revenues, Expenses and Changes in Net Position (continued)

Tipping fee revenue was unchanged during fiscal year 2020 following a 6.6% increase during fiscal year 2019. Other income decreased due to lower scrap prices in fiscal year 2020.

Operating expenses increased 11.4% in fiscal year 2020 due mainly to higher health care costs of approximately \$305,000. This increase was offset by lower leachate management and county clean-up costs.

During fiscal year 2020, depreciation and amortization expenses increased 58.5%, while closure/post-closure costs increased 161.5%, due mainly to an increase in the “percent full” figure which is the basis used to calculate depreciation and closure/post-closure costs. The percentage for Phases 1 – 3 increased 2.8% in 2020 compared to a decrease of 7.6% in 2019. Phase 4 increased 9.8% in 2020 compared to an increase of 15.9% in 2019.

On the Statement of Revenues, Expenses and Changes in Net Position operating loss for fiscal year 2020 is approximately \$1,040,000 compared to operating income of \$141,000 for fiscal year 2019. This decrease is mainly due to an increase in operating expenses of approximately \$1,112,000 and a decrease in operating revenues of approximately \$69,000.

Interest earned decreased due to lower interest rates on cash deposits.

The Landfill's cash and investments earned 15.9% less interest in fiscal year 2020. This is attributable to a decrease in interest rates on cash deposits.

Contacting Landfill Fiscal Agent

This financial report is designed to provide the landfill governing bodies, consumers and citizens of the three participating governments, investors, and creditors with a general overview of the Landfill's finances and to demonstrate the Landfill's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the fiscal agent for the Landfill: Director of Finance, Augusta County Service Authority, 18 Government Center Lane, P.O. Box 859, Verona, Virginia 24482.

BASIC FINANCIAL STATEMENTS

AUGUSTA REGIONAL LANDFILL

STATEMENTS OF NET POSITION JUNE 30, 2020 AND 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	2020	2019
Current assets:		
Cash and cash equivalents	\$ 768,394	\$ 968,406
Cash and cash equivalents - Landfill closure sinking fund deposits	9,778,454	10,046,812
Accounts receivable, net of allowance for uncollectibles	327,385	312,275
Miscellaneous receivable	-	25,000
Interest receivable	-	18,526
Prepaid expenses	15,000	14,488
Total current assets	<u>10,889,233</u>	<u>11,385,507</u>
Noncurrent assets:		
Capital assets:		
Land	2,243,101	1,167,322
Landfill site	13,859,844	13,859,844
Buildings and improvements	2,815,046	2,815,046
Operating equipment and software	6,709,494	5,961,353
Transportation equipment	201,006	201,006
Construction in progress	541,621	514,423
	<u>26,370,112</u>	<u>24,518,994</u>
Less: Accumulated depreciation and amortization	(16,732,989)	(15,591,911)
Total capital assets, net	<u>9,637,123</u>	<u>8,927,083</u>
Total assets	<u>20,526,356</u>	<u>20,312,590</u>
Deferred Outflows of Resources:		
Pension Plan	108,606	83,770
OPEB - Health care	4,414	290
OPEB - GLI	11,233	6,902
Total deferred outflows of resources	<u>124,253</u>	<u>90,962</u>
Total assets and deferred outflows of resources	<u>20,650,609</u>	<u>20,403,552</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current liabilities:		
Accounts payable-operating	104,100	77,855
Accounts payable-capital	246,170	1,428
Due to other governments	287,569	264,529
Due to other governments-capital	9,163	-
Compensated absences	69,707	54,984
Closure costs	400,000	400,000
Post-closure monitoring costs	87,185	85,739
Total current liabilities	<u>1,203,894</u>	<u>884,535</u>
Noncurrent liabilities:		
Compensated absences	30,479	60,122
OPEB - Health care	134,667	146,057
OPEB - GLI	55,755	52,239
Pension obligation	121,077	73,978
Amounts due to (from) participating localities:		
County of Augusta	(101,765)	141,358
City of Staunton	(100,152)	(78,807)
City of Waynesboro	111,321	319,616
Closure costs	5,547,035	5,046,116
Post-closure monitoring costs	2,877,061	2,807,991
Total noncurrent liabilities	<u>8,675,478</u>	<u>8,568,670</u>
Total liabilities	<u>9,879,372</u>	<u>9,453,205</u>
Deferred Inflows of Resources:		
Pension Plan	79,095	92,865
OPEB - Health care	46,428	26,827
OPEB - GLI	3,680	4,780
Total deferred inflows of resources	<u>129,203</u>	<u>124,472</u>
Total liabilities and deferred inflows of resources	<u>10,008,575</u>	<u>9,577,677</u>
<u>NET POSITION</u>		
Net investment in capital assets	9,637,123	8,927,083
Unrestricted	1,004,911	1,898,792
Total net position	<u>\$ 10,642,034</u>	<u>\$ 10,825,875</u>

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

AUGUSTA REGIONAL LANDFILL

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019**

Operating revenues:	<u>2020</u>	<u>2019</u>
Tipping fees:		
County of Augusta	\$ 1,993,512	\$ 1,902,493
City of Staunton	542,377	537,096
City of Waynesboro	677,513	773,356
Other income:		
County of Augusta	51,473	86,630
City of Staunton	46,228	79,205
City of Waynesboro	<u>3,316</u>	<u>4,719</u>
Total operating revenues	<u>3,314,419</u>	<u>3,383,499</u>
Operating expenses:		
Daily operations	2,408,061	2,075,998
County clean-up	3,167	13,228
Leachate management	100,295	164,783
Landfill closure and post-closure costs	701,859	268,385
Depreciation and amortization	<u>1,141,078</u>	<u>719,975</u>
Total operating expenses	<u>4,354,460</u>	<u>3,242,369</u>
Operating income/(loss)	<u>(1,040,041)</u>	<u>141,130</u>
Nonoperating revenues (expenses):		
Interest	183,437	218,240
Subsidies (to) from participating localities:		
County of Augusta	243,123	(146,389)
City of Staunton	21,345	(51,730)
City of Waynesboro	<u>208,295</u>	<u>(58,520)</u>
Total nonoperating revenues (expenses), net	<u>656,200</u>	<u>(38,399)</u>
Capital contributions:		
City of Staunton	<u>200,000</u>	<u>100,000</u>
Total capital contributions	<u>200,000</u>	<u>100,000</u>
Change in net position	(183,841)	202,731
Net position, beginning of year	<u>10,825,875</u>	<u>10,623,144</u>
Net position, end of year	\$ <u><u>10,642,034</u></u>	\$ <u><u>10,825,875</u></u>

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

AUGUSTA REGIONAL LANDFILL

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Operating activities:		
Receipts from customers and users	\$ 3,411,111	\$ 3,550,695
Payments to suppliers	(1,235,021)	(1,478,030)
Payments to employees	(1,318,786)	(993,252)
Net cash provided by operating activities	<u>857,304</u>	<u>1,079,413</u>
Capital and related financing activities:		
Acquisition and construction of capital assets	(1,597,212)	(566,080)
Capital contributions from participating localities	200,000	100,000
Net cash used in capital and related financing activities	<u>(1,397,212)</u>	<u>(466,080)</u>
Non-capital and related financing activities:		
Payments to reduce post-closure liability	(130,425)	(178,721)
Cash used in non-capital and related financing activities	<u>(130,425)</u>	<u>(178,721)</u>
Investing activities:		
Investment income	201,963	209,549
Cash provided by investing activities	<u>201,963</u>	<u>209,549</u>
Increase (decrease) in cash and cash equivalents	(468,370)	644,161
Cash and cash equivalents, beginning of year	11,015,218	10,371,057
Cash and cash equivalents, end of year	\$ <u>10,546,848</u>	\$ <u>11,015,218</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (1,040,041)	\$ 141,130
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Pension expense	39,495	2,898
OPEB expense	4,087	9,809
GLI OPEB expense	1,465	717
Depreciation and amortization	1,141,078	719,975
Landfill closure and post-closure costs	701,859	268,385
Changes in operating assets and liabilities:		
Decrease in accounts receivables	9,890	1,799
Increase in prepaid expenses	(512)	(1,074)
Increase (decrease) in accounts payable/due to other governments	49,285	(19,537)
Increase (decrease) in compensated absences	(14,920)	2,668
Decrease in other post employment benefits	(31,002)	(13,076)
Increase (decrease) in other post employment benefits		
Decrease in pension costs	(6,819)	(31,029)
Increase (decrease) in GLI other post employment benefits	3,439	(3,252)
Net cash provided by operating activities	<u>\$ 857,304</u>	<u>\$ 1,079,413</u>
Significant noncash capital and financing activities:		
Capital assets purchased through accounts payable	\$ 246,170	\$ 1,428

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

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FORMATION OF THE AUGUSTA REGIONAL LANDFILL:

The Augusta Regional Landfill (Landfill) is a hybrid undivided interest and joint venture contractually formed by the City of Staunton, Virginia (Staunton), the County of Augusta, Virginia (Augusta) and the City of Waynesboro, Virginia (Waynesboro), pursuant to an agreement dated December 11, 1970, as amended on September 21, 1999 to include Waynesboro. The Landfill is formed to develop regional garbage and refuse disposal, including development of systems and facilities for recycling, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and/or operating and maintaining regional solid waste disposal areas, systems and facilities. The Landfill provides these services to the citizens of its participating governments.

Determination of the Reporting Entity

The Landfill's governing body is composed of the Board of Supervisors of Augusta County and the City Councils of Staunton and Waynesboro. In accordance with an agreement dated September 21, 1999, by and between Augusta, Staunton and Waynesboro, an Executive Committee has been established to manage the Landfill. The Committee is comprised of the Augusta County Administrator and the Staunton and Waynesboro City Managers, each having one vote. The Committee determines all matters of operation and maintenance, including establishment of user fees and preparation of budget requests to the governing bodies of the three jurisdictions. Augusta, Staunton and Waynesboro have contracted with the Augusta County Service Authority (Authority) to operate the Landfill.

On September 21, 1999 representatives from Augusta, Staunton and Waynesboro signed a new landfill operating agreement effective July 1, 2000. The real estate formerly held jointly by Augusta and Staunton, known as Landfill #2, was conveyed to a land trust established by Augusta, Staunton, and Waynesboro for the duration of the landfill operation. The initial percentage ownership of Augusta, Staunton, and Waynesboro, respectively, of the beneficial interest in the land trust real estate and associated rolling stock and equipment was: Augusta, 55%; Staunton, 25%; and Waynesboro, 20%. At the end of the first calendar year, and each subsequent year, the percentages of ownership are adjusted based on respective cumulative tonnage used by each of the localities. A buy-in fee was paid by Waynesboro to Augusta and Staunton in the amount of \$1,542,720, split 55% to Augusta and 45% to Staunton. Initially, operating costs in excess of revenues were split as follows: Augusta, 50%; Staunton, 27.75%; and Waynesboro, 22.25%. Subsequent to the first full calendar year of operations, costs in excess of revenues are shared based on the respective tonnages used by each locality for the immediately preceding calendar year. For the year ended June 30, 2020, daily operation and capital costs were allocated as follows: Augusta, 56.75%; Staunton, 20.03%; and Waynesboro, 23.22%. For the year ended June 30, 2019, daily operation and capital costs were allocated as follows: Augusta, 56.67%; Staunton, 20.06%; and Waynesboro, 23.27%. Twenty percent of commercial and industrial hauling revenues and tipping fees are deposited into a sinking fund account held by the Trustees of the Augusta County Landfill Land Trust to be expended on future closure related costs for the Permit #585 landfill.

The purpose of the joint landfill is to share costs between the three jurisdictions. This cost sharing is defined by a contractual agreement that the current accounting literature supports by treating this entity as a hybrid joint venture. There is an undivided interest in part of the assets and liabilities and equity interests in other resources. This reflects the complexity of the contractual agreement that recognizes two permitted areas under different terms with the three localities and a dedication of certain tipping fees to closure and post-closure monitoring costs for one of the permitted areas. Accordingly, two joint ventures retain specific noncurrent assets and liabilities for the two specific permitted areas. However, each participating

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FORMATION OF THE AUGUSTA REGIONAL LANDFILL: (CONTINUED)

government reports its share of the undivided interest assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses in its own financial statements and the landfill retains no equity in this undivided interest portion. Preparation of financial statements as discussed herein allows for inclusion of this information in the respective financial statements of the participating governments.

According to an agreement dated September 12, 1990 between Augusta and Staunton, the pro-rata share of closure of the old landfill (Permit #21) is Augusta, 60.33%; and Staunton, 39.67%. According to the agreement dated September 21, 1999, the initial pro-rata share of closure of the new landfill (Permit #585, for the first year of operation) was as follows: Augusta, 50%; Staunton, 27.75%; and Waynesboro, 22.25%. Thereafter, percentages of closure costs and post-closure monitoring costs are allocated based on tonnages of refuse deposited in the cell by each locality as adjusted for the 5% host fee allocated to Staunton and Waynesboro per Section 4-2 of the Agreement. For the year ended June 30, 2019, closure and post-closure monitoring costs were allocated as follows: Augusta, 52.51%; Staunton, 24.83%; and Waynesboro, 22.66%. For the year ended June 30, 2020, closure and post-closure monitoring costs were allocated as follows: Augusta, 52.32%; Staunton, 25.11%; and Waynesboro, 22.57%.

The financial responsibility (the post-closure monitoring and closure cost liabilities) retained by the participating governments at June 30, 2020 is as follows:

Joint Ventures					
	Allocations	Permit #21	Allocations	Permit #585	Entity Total
County of Augusta	60.33%	\$ 815,282	52.51%	\$ 3,969,709	\$ 4,784,991
Cities of:					
Staunton	39.67%	536,088	24.83%	1,877,126	2,413,214
Waynesboro	0.00%	-	22.66%	1,713,076	1,713,076
Total		<u>\$ 1,351,370</u>		<u>\$ 7,559,911</u>	<u>\$ 8,911,281</u>

The financial responsibility (the post-closure monitoring and closure cost liabilities) retained by the participating governments at June 30, 2019 is as follows:

Joint Ventures					
	Allocations	Permit #21	Allocations	Permit #585	Entity Total
County of Augusta	60.33%	\$ 853,489	52.32%	\$ 3,623,236	\$ 4,476,725
Cities of:					
Staunton	39.67%	561,211	25.11%	1,738,904	2,300,115
Waynesboro	0.00%	-	22.57%	1,563,006	1,563,006
Total		<u>\$ 1,414,700</u>		<u>\$ 6,925,146</u>	<u>\$ 8,339,846</u>

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FORMATION OF THE AUGUSTA REGIONAL LANDFILL: (CONTINUED)

The same contractual agreement allocations for net position attributed to each of the joint ventures and the specific “Amounts due to participating localities” from their undivided interests can also be used to determine the financial interests retained by the participating governments for the current and prior years:

As of June 30, 2020:

	Undivided Interests	Joint Ventures				Entity Total
		Allocations	Permit #21	Allocations	Permit #585	
County of Augusta	\$ (101,765)	60.33%	\$ (791,002)	52.51%	\$ 6,276,604	\$ 5,383,837
Cities of:						
Staunton	(100,152)	39.67%	(520,123)	24.83%	2,967,969	2,347,694
Waynesboro	111,321	0.00%	-	22.66%	2,708,586	2,819,907
Total	<u>\$ (90,596)</u>		<u>\$ (1,311,125)</u>		<u>\$ 11,953,159</u>	<u>\$ 10,551,438</u>

As of June 30, 2019:

	Undivided Interests	Joint Ventures				Entity Total
		Allocations	Permit #21	Allocations	Permit #585	
County of Augusta	\$ 141,358	60.33%	\$ (829,209)	52.32%	\$ 6,383,213	\$ 5,695,362
Cities of:						
Staunton	(78,807)	39.67%	(545,246)	25.11%	3,063,503	2,439,450
Waynesboro	319,616	0.00%	-	22.57%	2,753,614	3,073,230
Total	<u>\$ 382,167</u>		<u>\$ (1,374,455)</u>		<u>\$ 12,200,330</u>	<u>\$ 11,208,042</u>

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES:

A. Basic Financial Statements

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

- Management's discussion and analysis
- Enterprise fund financial statements
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows
 - Notes to Financial Statements
 - Required Supplementary Schedules

The Augusta Regional Landfill operates as an enterprise activity and its financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Landfill accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Landfill follows all applicable GASB pronouncements.

The Landfill distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Landfill's principal ongoing operations. The principal operating revenues of the Landfill are charges to customers for tipping fees. The Landfill also recognizes as operating revenue any movement of funds into or out of the participating jurisdiction's cash reserves for operating, closure, and post-closure expenses. Operating expenses include the cost of services, administrative expenses, closure and post-closure expenses, and depreciation and amortization on capital assets. Non-exchange transactions, in which the Landfill gives (or receives) value without directly receiving (or giving) equal value in exchange, include capital contributions, capital grants and donations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

B. Cash and Cash Equivalents

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

C. Investments

Investments are stated at fair market value. Investments in the Local Government Investment Pool (LGIP) are stated at amortized cost and are reported in the accompanying financial statements as cash equivalents since their average maturity may not exceed 90 days.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Allowance for Doubtful Accounts

The Landfill bills its customers monthly for substantially all of its services. An allowance for doubtful accounts on outstanding receivables has been estimated based on each participating jurisdiction's collection history and an estimate of uncollectible accounts.

E. Capital Assets

Capital assets are defined by the Landfill as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value on the date donated. Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives as follows:

Buildings and improvements	15 years
Transportation equipment	5 years
Operating equipment	5 years
Software	5 years

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity. There were no impaired assets at year end.

F. Closure and Post-Closure Obligations

The Landfill records all estimated closure costs for existing cells as a liability. Upon closure the Landfill is then responsible, under Federal regulations, for monitoring the closed cell for a period of thirty years.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The Landfill currently has nine items that qualify for reporting in this category. Deferred outflows of resources related to the pension obligation include pension contributions subsequent to the measurement date, differences between expected and actual experience, changes of assumptions and net difference between projected and actual earnings on plan investments. Deferred outflow of resources related to the Group life insurance include premium contributions subsequent to the measurement date, differences between expected and actual experience, changes of assumptions and changes in proportion. Deferred outflow of resources related to the OPEB Health Care include changes of assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Landfill currently has nine items that qualifies for reporting in this category. Deferred inflows of resources related to the pension obligation include the net difference between the projected and actual earnings on pension plan investments, differences

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

between expected and actual experience and changes of assumptions. Deferred inflow of resources related to the Group life insurance include differences between expected and actual experience, changes of assumptions, changes in proportion and net difference between projected and actual earnings on program investments. Deferred inflows of resources related to the OPEB Health Care include differences between expected and actual experience and changes of assumptions.

H. Other Post-Employment Benefits-Health Care

The Health Care Plan is a single-employer plan. Differences between expected and actual experience and actuarial assumptions are amortized over the average of the expected remaining service lives of all employees covered through this plan, which is 6.81 years. Plan amendments are recognized immediately.

I. Group Life Insurance Program

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Landfill Retirement Plan and the additions to/deductions from the VRS Landfill Retirement Plan net fiduciary position has been determined on the same basis as they were reported by 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.

K. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. SUBSEQUENT EVENTS

The Landfill has evaluated subsequent events through November 20, 2020, which was the date the financial statements were available to be issued.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

All cash of the Landfill is maintained in accounts covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% to 130% of excess deposits to a collateral pool in the name of the State Treasury Board or, if they opt out of the collateral pool, collateralize from 105% to 130% of the excess in an escrow account held by the State Treasury Board in accordance with Section 2.2-4404. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the Landfill's deposits may not be returned to it. The 2015 Management Agreement states "The Service Authority shall be the fiscal agent for the Owners, managing both deposit and investment accounts of the Owners relating to the landfills." The Authority's investment policy requires all deposits to be insured under FDIC or comply with the Virginia Security for Public Deposits Act. At June 30, 2020 none of the Landfill's deposits, held by the Authority in the name of the Augusta Regional Landfill, are exposed to custodial credit risk.

Investments

The Authority, acting under the 2015 Management Agreement as the Landfill's fiscal agent, has issued an investment policy consistent with state statutes that authorize the Landfill to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The Landfill's \$5,875,924 of investments are held in the LGIP with a rating of AAAM, using the Standard & Poor's rating scale, and are reflected on the accompanying financial statements as cash equivalents. The maturity of the LGIP is less than one year.

Custodial Credit Risk (Investments)

The 2006 Management Agreement states "The Service Authority shall be the fiscal agent for the Owners, managing both deposit and investment accounts of the Owners relating to the landfills." Therefore, the securities purchased for the Landfill are to be held by the Authority in the name of the Augusta Regional Landfill. At June 30, 2020 all of the Landfill's investments were held in accordance with this agreement.

Credit Risk of Debt Securities

The Authority's investment policy for credit risk is consistent with the investments allowed by state statute as detailed above.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

The Authority's investment policy limits the investment in bankers' acceptances to 40% of total funds available for investment. Not more than 35% of the Authority's total investments may be commercial paper and not more than 5% in the obligations of any one issuer in commercial paper. At June 30, 2020 all of the Landfill's investments were held in accordance with this policy.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting exposure to fair value losses arising from increasing interest rates and to comply with the laws of the Commonwealth, the Landfill's policy limits the investment of funds to investments with a stated maturity of no more than five years from the date of purchase. Interest rate risk does not apply to LGIP since it is an external investment pool classified in accordance with GASB Statement No. 79.

	Fair Value	Less Than 1 Year
LGIP	\$ 5,875,924	\$ 5,875,924
Certificates of deposit	3,902,530	3,902,530

The Landfill categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Landfill has the following recurring fair value measurements as of June 30, 2020:

- Certificates of deposit in the amount of \$3,902,530 are valued using quoted market prices (Level 1 inputs).

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4—CAPITAL ASSETS AND DEPRECIATION AND AMORTIZATION:

The Permit #21 landfill site is considered to be substantially utilized and amortized for accounting purposes, and, therefore, the reported book value of the landfill site is \$0 at June 30, 2020 and 2019. The Permit #585 landfill site began accepting waste during the fiscal year ended June 30, 1999.

A summary of changes in capital assets for the current and prior year follows:

	Balance July 1, 2019	Increases	Decreases/ Transfers	Balance June 30, 2020
Joint Venture for Permit #585				
Capital assets not being depreciated / amortized:				
Land	\$ 1,127,077	\$ 1,075,779	\$ -	\$ 2,202,856
Construction in progress	514,423	27,198	-	541,621
Total capital assets not being depreciated / amortized	1,641,500	1,102,977	-	2,744,477
Capital assets being depreciated and amortized:				
Landfill site	13,859,844	-	-	13,859,844
Buildings and improvements	2,815,046	-	-	2,815,046
Operating equipment and software	5,961,353	748,141	-	6,709,494
Transportation equipment	201,006	-	-	201,006
Total capital assets being depreciated/amortized	22,837,249	748,141	-	23,585,390
Less accumulated depreciation and amortization for:				
Landfill site	(8,764,332)	(731,830)	-	(9,496,162)
Buildings and improvements	(1,745,034)	(149,011)	-	(1,894,045)
Operating equipment and software	(4,895,642)	(253,185)	-	(5,148,827)
Transportation equipment	(186,903)	(7,052)	-	(193,955)
Total accumulated depreciation and amortization	(15,591,911)	(1,141,078)	-	(16,732,989)
Total capital assets being depreciated and amortized, net	7,245,338	(392,937)	-	6,852,401
Total capital assets, net	\$ 8,886,838	\$ 710,040	\$ -	\$ 9,596,878
Joint Venture for Permit #21				
Capital assets not being depreciated:				
Land	\$ 40,245	\$ -	\$ -	\$ 40,245
Grand Total for both Joint Ventures				
Total capital assets, net	\$ 8,927,083	\$ 710,040	\$ -	\$ 9,637,123

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4—CAPITAL ASSETS AND DEPRECIATION AND AMORTIZATION: (CONTINUED)

	Balance July 1, 2018	Increases	Decreases/ Transfers	Balance June 30, 2019
Joint Venture for Permit #585				
Capital assets not being depreciated / amortized:				
Land	\$ 1,127,077	\$ -	\$ -	\$ 1,127,077
Construction in progress	523,856	206,524	(215,957)	514,423
Total capital assets not being depreciated / amortized	1,650,933	206,524	(215,957)	1,641,500
Capital assets being depreciated and amortized:				
Landfill site	13,846,083	-	13,761	13,859,844
Buildings and improvements	2,635,274	-	179,772	2,815,046
Operating equipment and software	5,938,929	-	22,424	5,961,353
Transportation equipment	201,006	-	-	201,006
Total capital assets being depreciated/amortized	22,621,292	-	215,957	22,837,249
Less accumulated depreciation and amortization for:				
Landfill site	(8,550,693)	(213,639)	-	(8,764,332)
Buildings and improvements	(1,590,596)	(154,438)	-	(1,745,034)
Operating equipment and software	(4,558,038)	(337,604)	-	(4,895,642)
Transportation equipment	(172,609)	(14,294)	-	(186,903)
Total accumulated depreciation and amortization	(14,871,936)	(719,975)	-	(15,591,911)
Total capital assets being depreciated and amortized, net	7,749,356	(719,975)	215,957	7,245,338
Total capital assets, net	\$ 9,400,289	\$ (513,451)	\$ -	\$ 8,886,838
Joint Venture for Permit #21				
Capital assets not being depreciated:				
Land	\$ 40,245	\$ -	\$ -	\$ 40,245
Grand Total for both Joint Ventures				
Total capital assets, net	\$ 9,440,534	\$ (513,451)	\$ -	\$ 8,927,083

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5—DUE TO OTHER GOVERNMENTS:

The details of the Due to Other Government accounts are as follows as of June 30, 2020 and 2019:

Due to other governments-current liability:	2020	2019
Due to the Authority for vendor payments made on the Landfill's behalf	\$ 248,083	\$ 221,962
Due to the Authority for accrued payroll	48,649	42,567
	<u>\$ 296,732</u>	<u>\$ 264,529</u>

Employees at the Landfill site are Authority employees under preceding informal arrangements and the current Operating Management Agreement signed in December 2015 between the Authority and the participating localities. Therefore, the Authority covers personnel-related accruals such as those described below and direct Landfill expenses are passed on to the participating owners as recognized.

Compensated Absences

Landfill employees earn vacation and sick leave each month at a scheduled rate in accordance with the years of service. Accumulated unpaid vacation and other compensatory leave amounts are accrued when incurred. Sick leave vests at the lesser of twenty-five percent of the value or \$5,000 and the vested amount is recorded as a liability in the financial statements. At June 30, 2020 and 2019 liabilities attributed to the full-time Landfill on-site employees were \$100,186 and \$115,106, respectively.

NOTE 6—CLOSURE AND POST-CLOSURE CARE COSTS:

State and federal laws and regulations require the Landfill to place a final cover or cap on a landfill cell when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Landfill reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year ending date.

The \$5,947,035 reported as landfill closure liability at June 30, 2020 represents the cumulative amount reported to date based on the use of 93.1% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 40.5% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The \$2,964,246 reported as post-closure monitoring liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Permit #21 landfill, 93.1% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and 40.5% of the estimated capacity of the Permit #585 Phase 4 landfill. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2020 for both joint ventures are \$8,911,281. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$454,842 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled over the next 18 to 24 months and \$1,956,632 for the newly opened Phase 4 cell as it is filled in the next 6 to 8 years. The amount for the Permit #21 landfill is based on what it would have cost to perform all post-closure care in 2004 and has been inflated annually at the DEQ-approved inflation rate. The amounts for the Permit #585 landfill were re-evaluated in March 2008 based on what it would cost to perform all closure and post-closure care in 2008 and approved by the Virginia Department of Environmental Quality as part of a permit to expand the landfill beyond the first three phases. These costs have been inflated at the DEQ-approved inflation rate since 2009. Actual costs for both permitted landfills may be different due to actual inflation or deflation, changes in technology, or changes in laws or regulations.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6—CLOSURE AND POST-CLOSURE CARE COSTS: (CONTINUED)

Each participating locality is required to submit to the Virginia Department of Environmental Quality by December 30 of each year financial assurance they can meet their allocated financial responsibility for the Augusta Regional Landfill (see Note 1). Each locality met this requirement for calendar year 2019.

The following is a summary of closure and post-closure transactions for the current and prior year:

	Balance July 1, 2019	Increases	Retirements	Balance June 30, 2020	Due within one year
Landfill closure costs:					
Permit #585 Landfill joint venture	\$ 5,446,116	\$ 518,828	\$ (17,909)	\$ 5,947,035	\$ 400,000
Post-closure monitoring costs:					
Permit #585 Landfill joint venture	1,479,030	133,846	-	1,612,876	-
Permit #21 Landfill joint venture	1,414,700	49,185	(112,515)	1,351,370	87,185
Total Post-closure monitoring costs	<u>2,893,730</u>	<u>183,031</u>	<u>(112,515)</u>	<u>2,964,246</u>	<u>87,185</u>
Total Long-Term Liabilities (partial)	<u>\$ 8,339,846</u>	<u>\$ 701,859</u>	<u>\$ (130,424)</u>	<u>\$ 8,911,281</u>	<u>\$ 487,185</u>

	Balance July 1, 2018	Increases	Retirements	Balance June 30, 2019
Landfill closure costs:				
Permit #585 Landfill joint venture	\$ 5,307,675	\$ 167,151	\$ (28,710)	\$ 5,446,116
Post-closure monitoring costs:				
Permit #585 Landfill joint venture	1,442,845	36,185	-	1,479,030
Permit #21 Landfill joint venture	1,499,662	65,049	(150,011)	1,414,700
Total Post-closure monitoring costs	<u>2,942,507</u>	<u>101,234</u>	<u>(150,011)</u>	<u>2,893,730</u>
Total Long-Term Liabilities (partial)	<u>\$ 8,250,182</u>	<u>\$ 268,385</u>	<u>\$ (178,721)</u>	<u>\$ 8,339,846</u>

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7—RISK MANAGEMENT:

The Landfill 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 carries commercial insurance on behalf of the Landfill for these risks of loss including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8—COMMITMENTS AND CONTINGENCIES:

The Landfill is obligated under professional and equipment contracts at year-end, as follows:

Project	Spent- to-date	Remaining Commitment
Facility Estimate	\$ 4,139	\$ 2,861
Title V Renewal Application	8,584	2,490
Closure modification	57,661	4,339
Phases 5 & 6	14,742	106,258
	<u>\$ 85,126</u>	<u>\$ 115,948</u>

Note 9—Other Postemployment Benefits-Health Care:

The Landfill participates in a defined benefit single-employer health plan and Landfill employees are eligible for a limited amount of post-employment health and dental benefits as defined in the Landfill's Board-approved Personnel Policy Manual. An actuarial study was conducted in fiscal year 2020 and, based on a percentage of full-time employees, the Landfill has been allocated an obligation for on-site Landfill employees.

GASB Statement 75 addressed how local governments should account for and report their costs related to post-employment health care and other non-pension benefits. Historically, the Landfill funded any retiree health benefit subsidies on a pay-as-you-go basis but GASB Statement 75 required the Landfill accrue the cost of the retiree health subsidy and other post-employment benefits during the period of employees' active employment, while the benefits are earned, and record the unfunded actuarial accrued liability in order to account for the total future cost of post-employment benefits. This funding methodology mirrors the funding approach used for pension benefits.

A. Plan Description

The Landfill administers a single-employer defined benefit healthcare plan that provides healthcare insurance for eligible retirees and their dependents through the Landfill's group health insurance plan, which covers both active and retired members. Retirees who have five or more years of service with the Landfill and are age 55 or older with full or reduced retirement benefits from the VRS Retirement System are eligible to remain in the healthcare plan at the blended premium rate with a \$2,500 per year maximum subsidy (paid by the Landfill) until they are eligible for Medicare or unsubsidized when Medicare is available. Retirees and terminated employees can also elect COBRA coverage for up to eighteen months if previously enrolled in the Authority's health or dental insurance plans.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 9—Other Postemployment Benefits-Health Care: (Continued)

Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the health insurance. Dependents, including surviving spouses, are permitted access to medical coverage also. As of the end of the current fiscal year, there were no employees who participated in the Landfill's group insurance plan.

The plan does not issue a publicly available financial report. The contribution requirements of plan members are established and may be amended by the Augusta County Service Authority's Board of Directors.

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

	Number
Active members	112
Inactive members or their beneficiaries currently receiving benefits	4
Total covered employees	<u>116</u>

B. Total OPEB Liability (TOL)

The Authority's OPEB liability was measured as of June 30, 2020, and the total OPEB Liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

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

Salary increases	2.5%
Discount rate*	3.13% as of June 30, 2019
Healthcare trend costs	6.50% for fiscal year 2020, decreasing 0.25% per year to an ultimate rate of 4.5%
Mortality Rates	RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2019.

*Discount rates used to measure TOL were based on the Municipal GO AA 20-year yield curve.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 9—Other Postemployment Benefits-Health Care: (Continued)

C. Changes in the Total OPEB Liability

	<u>Total OPEB Health Care Liability</u>
Balance at June 30, 2019	\$ 146,057
Changes for the Year:	
Service cost	7,189
Interest	4,919
Differences between expected and actual experience	(28,378)
Changes in assumptions	5,170
Benefit payments	(290)
Net changes	<u>(11,390)</u>
Balance at June 30, 2020	<u>\$ 134,667</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the Authority's Total OPEB Liability, calculated using the discount rate of 3.13%. It also presents what the Authority's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (2.13%) and one percentage point higher (4.13%) than the current rate.

	<u>1% Decrease (2.13%)</u>	<u>Current Discount Rate (3.13%)</u>	<u>1% Increase (4.13%)</u>
Total OPEB Liability	\$ 148,061	\$ 134,667	\$ 122,583

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

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

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Total OPEB Liability	\$ 121,273	\$ 134,667	\$ 150,536

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 9—Other Postemployment Benefits-Health Care: (Continued)

D. OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Landfill recognized OPEB expense of \$4,087. At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the OPEB-Health Care from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 32,365
Changes of assumptions	4,414	14,063
Total	<u>\$ 4,414</u>	<u>\$ 46,428</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Health Care will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2021	\$ (8,016)
2022	(8,016)
2023	(8,016)
2024	(8,016)
2025	(7,183)
Thereafter	(2,767)
	<u>\$ (42,014)</u>

Note 10—Group Life Insurance Program:

A. Plan Description

All full-time, salaried permanent employees of the Landfill are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 10—Group Life Insurance Program: (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and was increased to \$8,279 effective July 1, 2018.</p>

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2020 was .52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 10—Group Life Insurance Program: (Continued)

GLI from the Landfill were \$3,331 and \$3,317 for the years ended June 30, 2020 and June 30, 2019, respectively.

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2020, the Landfill reported a liability of \$55,755 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was \$55,755 or 0.00343% as compared to \$52,239 or 0.00344% at June 30, 2018.

For the year ended June 30, 2020, the Landfill recognized GLI OPEB expense of \$1,465. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 3,629	\$ (708)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(1,121)
Changes of assumptions	3,445	(1,645)
Changes in proportion	828	(206)
Employer contributions subsequent to the measurement date	<u>3,331</u>	<u>-</u>
Total	<u>\$ 11,233</u>	<u>\$ (3,680)</u>

The information above is derived from the actuarial valuation report for the Augusta County Service Authority. No separate data on funding progress is available solely for the Landfill. The Landfill has recorded a net GLI OPEB liability of \$55,755 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal years 2014-2019. The Landfill's percentage of total contributions to the plan was 11.95 percent. This percentage was used to allocate a portion of the net GLI OPEB liability to the Landfill.

The \$3,331 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 10—Group Life Insurance Program: (Continued)

Year Ending June 30

2021	\$	845
2022		845
2023		845
2024		845
2025		842
	\$	<u>4,222</u>

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Mortality Rates

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 10—Group Life Insurance Program: (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease from 7.00% to 6.75%

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI is as follows (expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB Liability	\$ 3,390,238
Plan fiduciary net position	<u>1,762,972</u>
Employers' net GLI OPEB liability	\$ <u>1,627,266</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	52.00%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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:

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 10—Group Life Insurance Program: (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 Landfill for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

Note 10—Group Life Insurance Program: (Continued)

H. Sensitivity of the Landfill's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Landfill's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the Landfill's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total OPEB Liability	\$ 73,470	\$ 55,755	\$ 41,570

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 11—Pension Plan:

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of the Landfill 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 set out in the table below:

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">•The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.•The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.•In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none">• Political subdivision employees.*• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
Hybrid Opt-In Election 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.	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	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July	*Non-Eligible Members Some employees are not eligible to participate in the

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	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.	Hybrid Retirement Plan. They include: <ul style="list-style-type: none">• 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 Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit 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	Service Credit Same as Plan 1.	Service Credit <u>Defined Benefit Component</u> Under the defined benefit component of the plan, service credit includes active service. Members earn creditable service for each month they are employed in a covered position.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.		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.
		<u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
<u>Vesting</u> 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 service credit. 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.	<u>Vesting</u> Same as Plan 1.	<u>Vesting</u> <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. 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.
Members are always 100% vested in the contributions they make.		<u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		contribution component of the plan.
		Members are always 100% vested in the contributions they make.
		Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
		Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1
		<u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of	Average Final Compensation A member's average final compensation is the average of	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
the 36 consecutive months of highest compensation as a covered employee.	their 60 consecutive months of highest compensation as a covered employee.	defined benefit component of the plan.
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%.	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 service credit earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%. 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.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of service credit.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Age 60 with at least five years (60 months) of service credit.
		<u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2.
		<u>Defined Contribution Component</u> Not applicable.
<u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<u>Eligibility:</u> Same as Plan 1.	<u>Eligibility:</u> Same as Plan 1 and Plan 2.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none">• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.• The member retires on disability.• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Eligible political subdivision (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-

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

year waiting period before becoming eligible for non-work related disability benefits.

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 service credit 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.

Purchase of Prior Service

Same as Plan 1.

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.

B. Employees Covered by Benefit Terms (All Authority employees including the Landfill)

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	65
Inactive Members:	
Vested	8
Non-Vested	18
Active Elsewhere in VRS	12
Total Inactive Members	38
Active Members	110
Total covered employees	213

The totals above are reflective of both Landfill and Service Authority employees. Separate data is not available for each entity.

C. Contributions

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

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

The Landfill's contractually required contribution rate for the year ended June 30, 2020 was 5.06% for Plan 1, Plan 2 and the Hybrid Plan of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Landfill were \$31,003 and \$31,029 for the years ended June 30, 2020 and 2019, respectively.

D. Net Pension Liability

The Landfill's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

E. Actuarial Assumptions

The total pension liability for the Landfill's retirement plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

The actuarial assumptions used in the June 30, 2018 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 and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

F. 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		5.13%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2018, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

H. Changes in the Net Pension Liability

	Total Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 2,163,257	\$ 2,089,279	\$ 73,978
Changes for the Year:			
Service cost	56,518	-	56,518
Interest	145,669	-	145,669
Changes of assumptions	65,599	-	65,599
Difference between expected and actual experience	(22,930)	-	(22,930)
Contributions – employer	-	31,029	(31,029)
Contributions – employee	-	30,965	(30,965)
Net investment income	-	137,201	(137,201)
Benefit payments, including refunds of employee contributions	(90,876)	(90,876)	-
Administrative expense	-	(1,352)	1,352
Other changes	-	(86)	86
Net changes	153,980	106,881	47,099
Balance at June 30, 2019	\$ 2,317,237	\$ 2,196,160	\$ 121,077

AUGUSTA REGIONAL LANDFILL**NOTES TO THE FINANCIAL STATEMENTS****NOTE 11 – PENSION PLAN: (CONTINUED):****I. Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate**

The following presents the net pension (asset) liability of the Landfill, using the discount rate of 6.75%, as well as what the Landfill's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's net pension liability/(asset)	\$410,965	\$121,077	\$(120,532)

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

For the year ended June 30, 2020, the Landfill recognized pension expense of \$39,495. The Landfill also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 22,593	\$ 41,803
Differences between expected and actual experience	4,086	24,132
Changes of assumptions	50,924	13,160
Employer contributions subsequent to the measurement date	31,003	-
Total	<u>\$ 108,606</u>	<u>\$ 79,095</u>

The \$31,003 reported as deferred outflows of resources related to pensions resulting from the Landfill's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$ 638
2022	(15,449)
2023	7,677
2024	5,642
	<u>\$ (1,492)</u>

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – PENSION PLAN: (CONTINUED):

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

NOTE 12—PENDING GASB STATEMENTS:

At June 30, 2020, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Landfill reporting entity. The statements which might impact Landfill are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 87, *Leases*, will increase the usefulness of the Landfill's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

AUGUSTA REGIONAL LANDFILL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12—PENDING GASB STATEMENTS (CONTINUED):

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

The Landfill has not yet determined the effect these statements may have on prospective financial statements.

Note 13-Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Landfill operates. While it is unknown how long these conditions will last, many Landfill activities were and continue to be affected.

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REQUIRED SUPPLEMENTARY INFORMATION

AUGUSTA REGIONAL LANDFILL

SCHEDULE OF CHANGES IN TOTAL OPEB HEALTH CARE LIABILITY AND RELATED RATIOS

	Fiscal Year June 30,		
	2018	2019	2020
Total OPEB Health Care liability:			
Service cost	\$ 9,643	\$ 8,864	\$ 7,189
Interest	6,077	5,555	4,919
Changes of benefit terms	-	(14,486)	-
Differences between expected and actual experience	-	(11,464)	(28,378)
Changes in assumptions	-	(19,973)	5,170
Benefit payments	(1,899)	1,700	(290)
Net change in total OPEB liability	13,821	(29,804)	(11,390)
Total OPEB Health Care liability - beginning	162,040	175,861	146,057
Total OPEB Health Care liability - ending	<u>\$ 175,861</u>	<u>\$ 146,057</u>	<u>\$ 134,667</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 1,899	\$ (1,700)	\$ 290
Benefit payments, including refunds of employee	(1,899)	1,700	(290)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB Health Care liability - ending (a) - (b)	\$ 175,861	\$ 146,057	\$ 134,667
Plan fiduciary net position as a percentage of the total Covered payroll	0.00%	0.00%	0.00%
Total OPEB liability as a percentage of covered payroll	\$ 675,559	\$ 604,475	\$ 714,608
	26.03%	24.16%	18.84%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Landfill will present information for those years which information is available.

AUGUSTA REGIONAL LANDFILL

SCHEDULE OF THE LANDFILL'S CONTRIBUTIONS – OPEB – HEALTH CARE

	2018	Fiscal Year June 30, 2019	2020
Actuarially determined contributions (ADC)	\$ 8,580	\$ 11,465	\$ 4,666
Contributions in relation to the ADC	1,899	(1,700)	290
Contribution deficiency	<u>\$ 6,681</u>	<u>\$ 13,165</u>	<u>\$ 4,376</u>
Covered payroll	\$ 675,559	\$ 604,475	\$ 714,608
Contributions as a percentage of covered-employee payroll	0.28%	-0.28%	0.04%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Landfill will present information for those years which information is available.

AUGUSTA REGIONAL LANDFILL

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 56,591	\$ 54,535	\$ 54,996	\$ 55,224	\$ 53,451	\$ 56,518
Interest	114,486	120,595	127,080	135,847	139,807	145,669
Changes of assumptions	-	-	-	(40,199)	-	65,599
Difference between expected and actual experience	-	788	16,486	5,349	(11,318)	(22,930)
Benefit payments, including refunds of employee contributions	(78,052)	(72,304)	(75,643)	(81,105)	(87,895)	(90,876)
Net change in total pension liability	93,025	103,614	122,919	75,116	94,045	153,980
Total pension liability - beginning	1,674,538	1,767,563	1,871,177	1,994,096	2,069,212	2,163,257
Total pension liability - ending (a)	\$ 1,767,563	\$ 1,871,177	\$ 1,994,096	\$ 2,069,212	\$ 2,163,257	\$ 2,317,237
Plan fiduciary net position						
Contributions - employer	\$ 49,337	\$ 46,310	\$ 47,045	\$ 39,124	\$ 38,214	\$ 31,029
Contributions - employee	28,152	28,507	29,086	30,947	30,317	30,965
Net investment income	227,208	76,131	30,414	214,229	143,564	137,201
Benefit payments, including refunds of employee contributions	(78,052)	(72,304)	(75,643)	(81,105)	(87,895)	(90,876)
Administrative expense	(1,211)	(1,024)	(1,060)	(1,225)	(1,230)	(1,352)
Other	12	(16)	(13)	(191)	(128)	(86)
Net change in plan fiduciary net position	225,446	77,604	29,829	201,779	122,842	106,881
Plan fiduciary net position - beginning	1,431,779	1,657,225	1,734,829	1,764,658	1,966,437	2,089,279
Plan fiduciary net position - ending (b)	\$ 1,657,225	\$ 1,734,829	\$ 1,764,658	\$ 1,966,437	\$ 2,089,279	\$ 2,196,160
Landfill's net pension liability - ending (a) - (b)	\$ 110,338	\$ 136,348	\$ 229,438	\$ 102,775	\$ 73,978	\$ 121,077
Plan fiduciary net position as a percentage of the total pension liability	93.8%	92.7%	88.5%	95.0%	96.6%	94.8%
Covered payroll	\$ 553,136	\$ 572,267	\$ 607,808	\$ 627,584	\$ 621,523	\$ 637,908
Landfill's net pension liability as a percentage of covered payroll	19.95%	23.83%	37.75%	16.38%	11.90%	18.98%

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Landfill will present information for those years for which information is available.
- (2) The information on this schedule is derived from the actuarial valuation report for the Augusta County Service Authority, which consolidated information for both the Augusta County Service Authority and Landfill employees. Amounts have been allocated between the Augusta County Service Authority and the Landfill based on the contributions for each entity.

AUGUSTA REGIONAL LANDFILL

SCHEDULE OF LANDFILL CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	
Contractually required contribution (CRC)	\$ 49,337	\$ 46,310	\$ 47,045	\$ 39,124	\$ 38,214	\$ 31,029	\$ 31,003	
Contributions in relation to the CRC	49,337	46,310	47,045	39,124	38,214	31,029	31,003	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 553,136	\$ 572,267	\$ 607,808	\$ 627,584	\$ 621,523	\$ 637,908	\$ 640,531	
Contributions as a percentage of covered payroll	8.92%	8.09%	7.74%	6.23%	6.15%	4.86%	4.84%	

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend compiled, the Landfill will present information for those years for which information is available.
- (2) The information on this schedule is derived from the actuarial valuation report for the Augusta County Service Authority, which consolidated information for both the Augusta County Service Authority and Landfill employees. Amounts have been allocated between the Augusta County Service Authority and the Landfill based on the contributions for each entity.

AUGUSTA REGIONAL LANDFILL

SCHEDULE OF THE LANDFILL CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	2017	2018	2019	2020
Contractually required contribution (CRC)	\$ 3,280	\$ 3,232	\$ 3,317	\$ 3,331
Contributions in relation to the CRC	3,280	3,232	3,317	3,331
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 627,584	\$ 621,523	\$ 637,908	\$ 640,531
Contributions as a percentage of covered payroll	0.52%	0.52%	0.52%	0.52%

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Landfill will present information for those years for which information is available.
- (2) The information on this schedule is derived from the actuarial valuation report for the Augusta County Service Authority, which consolidated information for both the Augusta County Service Authority and Landfill employees. Amounts have been allocated between the Augusta County Service Authority and the Landfill based on the contributions for each entity.

AUGUSTA REGIONAL LANDFILL

SCHEDULE OF THE LANDFILL SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM For the Year Ended June 30, 2020

	Fiscal Year June 30, 2017	Fiscal Year June 30, 2018	Fiscal Year June 30, 2019
Total Group Life Insurance OPEB Liability			
Landfill's Portion of the Net GLI OPEB Liability	0.00342%	0.00344%	0.00343%
Landfill's Proportionate Share of the Net GLI OPEB Liability	\$ 51,540	\$ 52,239	\$ 55,755
Landfill's Covered Payroll	\$ 627,584	\$ 621,523	\$ 637,908
Landfill's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.21%	8.40%	8.74%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Landfill will present information for those years for which information is available.
- (2) The information on this schedule is derived from the actuarial valuation report for the Augusta County Service Authority, which consolidated information for both the Augusta County Service Authority and Landfill employees. Amounts have been allocated between the Augusta County Service Authority and the Landfill based on the contributions for each entity.

AUGUSTA REGIONAL LANDFILL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2020

Note 1. Change of Benefit Terms

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumption as a result of the experience study and VRS board action are as follows:

Non-Hazardous Duty

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP -2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Discount Rate	Decrease from 7.00% to 6.75%

AUGUSTA REGIONAL LANDFILL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS

Year Ended June 30, 2020

Note 1. Health Care

A. Changes of Benefit Terms

There have been no actuarially material changes to the Health Care benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2020	3.13%
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Note 2. Group life Insurance Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016: rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumption as a result of the experience study and VRS board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP -2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
DiscountRate	Decrease rate from 7.00% to 6.75%

SUPPLEMENTARY SCHEDULES

AUGUSTA REGIONAL LANDFILL

**SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BUDGET AND ACTUAL
(UNDIVIDED INTEREST ONLY: EXCLUDING NON-CASH ITEMS)
YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget- Positive (Negative)</u>
Operating revenues:				
Tipping fees:				
County of Augusta	\$ 1,745,100	\$ 1,745,100	\$ 1,993,512	\$ 248,412
City of Staunton	500,400	500,400	542,377	41,977
City of Waynesboro	728,700	728,700	677,513	(51,187)
Other income:				
County of Augusta	71,000	71,000	51,473	(19,527)
City of Staunton	67,700	67,700	46,228	(21,472)
City of Waynesboro	2,500	2,500	3,316	816
Total operating revenues	<u>3,115,400</u>	<u>3,115,400</u>	<u>3,314,419</u>	<u>199,019</u>
Operating expenses:				
Daily operations and open face leachate management:				
Salaries and Benefits	1,042,142	1,042,142	1,357,619	(315,477)
Contractual services	535,960	535,960	643,021	(107,061)
Utilities	111,166	111,166	111,932	(766)
Insurance & Workers' compensation	82,181	82,181	83,422	(1,241)
Materials and supplies	278,300	278,300	258,976	19,324
Gov't Payments & Miscellaneous	22,900	22,900	24,592	(1,692)
Leases and rentals	8,200	8,200	3,621	4,579
Total operating expense	<u>2,080,849</u>	<u>2,080,849</u>	<u>2,483,183</u>	<u>(402,334)</u>
Augusta County Spring Clean-up:				
Salaries and Benefits	6,000	6,000	-	6,000
Contractual services	9,000	9,000	3,168	5,832
Total Augusta County clean-up	<u>15,000</u>	<u>15,000</u>	<u>3,168</u>	<u>11,832</u>
Joint Venture 21:				
Landfill closure and post- closure expense	<u>-</u>	<u>-</u>	<u>112,515</u>	<u>(112,515)</u>
Joint Venture 585:				
Landfill closure and post- closure expense	<u>-</u>	<u>-</u>	<u>17,909</u>	<u>(17,909)</u>
Total operating expenses	<u>2,095,849</u>	<u>2,095,849</u>	<u>2,616,775</u>	<u>(520,926)</u>
Operating income	<u>1,019,551</u>	<u>1,019,551</u>	<u>697,644</u>	<u>(321,907)</u>

AUGUSTA REGIONAL LANDFILL

**SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BUDGET AND ACTUAL (CONTINUED)
(UNDIVIDED INTEREST ONLY: EXCLUDING NON-CASH ITEMS)
YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Revised Budget Positive (Negative)</u>
Nonoperating revenues:				
Interest earned:				
County of Augusta	\$ 1,100	\$ 1,100	\$ 1,605	\$ 505
City of Staunton	200	200	228	28
City of Waynesboro	1,400	1,400	1,588	188
Total nonoperating revenues	<u>2,700</u>	<u>2,700</u>	<u>3,421</u>	<u>721</u>
Transfers for nonoperating expenses (capital projects):				
Joint Venture 585: Sinking fund transfers	<u>560,772</u>	<u>560,772</u>	<u>573,318</u>	<u>(12,546)</u>
Total nonoperating expenses	<u>560,772</u>	<u>560,772</u>	<u>573,318</u>	<u>(12,546)</u>
Capital contributions:				
County of Augusta	280,000	280,000	-	(280,000)
City of Staunton	<u>185,000</u>	<u>185,000</u>	<u>200,000</u>	<u>15,000</u>
	<u>465,000</u>	<u>465,000</u>	<u>200,000</u>	<u>(265,000)</u>
Change in net position (partial)	<u>\$ 926,479</u>	<u>\$ 926,479</u>	<u>\$ 327,747</u>	<u>\$ (598,732)</u>

Note: Non-cash OPEB, GLI OPEB, pension, depreciation and amortization, and closure and post-closure care expenses are not included in this schedule.

AUGUSTA REGIONAL LANDFILL

SUPPLEMENTARY SCHEDULE OF NET POSITION (UNDIVIDED INTEREST/JOINT VENTURE) JUNE 30, 2020

	Augusta Undivided Interest	Staunton Undivided Interest	Waynesboro Undivided Interest	Undivided Interest Total	Joint Venture #21	Joint Venture #585	Joint Venture Total	Entity Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>								
Current assets:								
Cash and cash equivalents	\$ 344,380	\$ 100,206	\$ 315,363	\$ 759,949	\$ -	\$ 8,445	\$ 8,445	\$ 768,394
Cash and cash equivalents- Landfill closure sinking fund deposits	-	-	-	-	-	9,778,454	9,778,454	9,778,454
Accounts receivable - net of allowance for uncollectibles	213,408	50,865	71,557	335,830	-	(8,445)	(8,445)	327,385
Prepaid Assets	8,682	3,078	3,240	15,000	-	-	-	15,000
Total current assets	566,470	154,149	390,160	1,110,779	-	9,778,454	9,778,454	10,889,233
Noncurrent assets--Capital Assets:								
Land	-	-	-	-	40,245	2,202,856	2,243,101	2,243,101
Landfill site	-	-	-	-	-	13,859,844	13,859,844	13,859,844
Buildings and improvements	-	-	-	-	-	2,815,046	2,815,046	2,815,046
Operating equipment and software	-	-	-	-	-	6,709,494	6,709,494	6,709,494
Transportation equipment	-	-	-	-	-	201,006	201,006	201,006
Construction in progress	-	-	-	-	-	541,621	541,621	541,621
Less: Accumulated depreciation and amortization	-	-	-	-	40,245	26,329,867	26,370,112	26,370,112
Total noncurrent assets:	-	-	-	-	-	(16,732,989)	(16,732,989)	(16,732,989)
total capital assets, net	-	-	-	-	40,245	9,596,878	9,637,123	9,637,123
Total assets	566,470	154,149	390,160	1,110,779	40,245	19,375,332	19,415,577	20,526,356
Deferred Outflows of Resources:								
Pension Plan	61,634	21,754	25,218	108,606	-	-	-	108,606
OPEB - Health care	2,505	884	1,025	4,414	-	-	-	4,414
OPEB - GLI	6,375	2,250	2,608	11,233	-	-	-	11,233
Total deferred outflows of resources	70,514	24,888	28,851	124,253	-	-	-	124,253
Total assets and deferred outflows of resources	636,984	179,037	419,011	1,235,032	40,245	19,375,332	19,415,577	20,650,609
<u>LIABILITIES</u>								
Current liabilities:								
Accounts payable-operating	58,675	22,212	23,213	104,100	-	-	-	104,100
Accounts Payable-capital	139,701	49,308	57,161	246,170	-	-	-	246,170
Due to other governments	159,564	63,378	64,627	287,569	-	-	-	287,569
Due to other governments-capital	5,200	1,835	2,128	9,163	-	-	-	9,163
Compensated absences	37,838	14,893	16,976	69,707	-	-	-	69,707
Closure costs	-	-	-	-	-	400,000	400,000	400,000
Post-closure monitoring costs	-	-	-	-	87,185	-	87,185	87,185
Subsidy to (from) sinking fund	83,880	23,878	29,980	137,738	-	(137,738)	(137,738)	-
Total current liabilities	484,858	175,504	194,085	854,447	87,185	262,262	349,447	1,203,894
Noncurrent liabilities:								
Compensated absences	13,465	9,747	7,267	30,479	-	-	-	30,479
OPEB - Health care	71,312	29,362	33,993	134,667	-	-	-	134,667
OPEB - GLI	30,694	11,778	13,283	55,755	-	-	-	55,755
Pension obligation	65,098	26,919	29,060	121,077	-	-	-	121,077
Closure costs	-	-	-	-	-	5,547,035	5,547,035	5,547,035
Post-closure monitoring costs	-	-	-	-	1,264,185	1,612,876	2,877,061	2,877,061
Total noncurrent liabilities	180,569	77,806	83,603	341,978	1,264,185	7,159,911	8,424,096	8,766,074
Total liabilities	665,427	253,310	277,688	1,196,425	1,351,370	7,422,173	8,773,543	9,969,968
Deferred Inflows of Resources:								
Pension Plan	44,886	15,843	18,366	79,095	-	-	-	79,095
OPEB - Health care	26,348	9,299	10,781	46,428	-	-	-	46,428
OPEB - GLI	2,088	737	855	3,680	-	-	-	3,680
Total deferred inflows of resources	73,322	25,879	30,002	129,203	-	-	-	129,203
Total liabilities	738,749	279,189	307,690	1,325,628	1,351,370	7,422,173	8,773,543	10,099,171
<u>NET POSITION</u>								
Total net position*	\$ (101,765)	\$ (100,152)	\$ 111,321	\$ (90,596)	\$ (1,311,125)	\$ 11,953,159	\$ 10,642,034	\$ 10,551,438

*The Statements of Net Position, as presented in the basic financial statements, present the net position for each undivided interest as "Due to/(from)" each locality so that liabilities equal equity for the undivided interest portion of this entity. Therefore, \$90,596 must be added to the total liabilities and added to the net position to reconcile to the 2020 column of that statement.

AUGUSTA REGIONAL LANDFILL

**SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(UNDIVIDED INTEREST/JOINT VENTURE)
YEAR ENDED JUNE 30, 2020**

	Augusta Undivided Interest	Staunton Undivided Interest	Waynesboro Undivided Interest	Undivided Interest Total	Joint Venture #21	Joint Venture #585	Entity Total
Operating revenues:							
Tipping fees	\$ 1,993,512	\$ 542,377	\$ 677,513	\$ 3,213,402	\$ -	\$ -	\$ 3,213,402
Other income	51,473	46,228	3,316	101,017	-	-	101,017
(Transfers to) Closure revenues	(77,285)	(49,082)	(4,058)	(130,425)	112,515	17,910	-
Total operating revenues	<u>1,967,700</u>	<u>539,523</u>	<u>676,771</u>	<u>3,183,994</u>	<u>112,515</u>	<u>17,910</u>	<u>3,314,419</u>
Operating expenses:							
Daily operations	1,366,574	482,335	559,152	2,408,061	-	-	2,408,061
Augusta County clean-up	3,167	-	-	3,167	-	-	3,167
Leachate management	56,917	20,089	23,289	100,295	-	-	100,295
Landfill closure and post-closure costs	-	-	-	-	49,185	652,674	701,859
Depreciation and amortization	-	-	-	-	-	1,141,078	1,141,078
Total operating expenses	<u>1,426,658</u>	<u>502,424</u>	<u>582,441</u>	<u>2,511,523</u>	<u>49,185</u>	<u>1,793,752</u>	<u>4,354,460</u>
Operating income (loss)	<u>541,042</u>	<u>37,099</u>	<u>94,330</u>	<u>672,471</u>	<u>63,330</u>	<u>(1,775,842)</u>	<u>(1,040,041)</u>
Nonoperating revenues (expenses/transfers):							
Interest	1,606	228	1,588	3,422	-	180,015	183,437
(Transfers to) Contributions for capital assets	(440,004)	(155,300)	(180,034)	(775,338)	-	775,338	-
(Transfers to) Contributions for sinking fund	(345,767)	(103,372)	(124,179)	(573,318)	-	573,318	-
Total nonoperating revenues (expenses), net	<u>(784,165)</u>	<u>(258,444)</u>	<u>(302,625)</u>	<u>(1,345,234)</u>	<u>-</u>	<u>1,528,671</u>	<u>183,437</u>
Capital contributions	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Change in net position*	(243,123)	(21,345)	(208,295)	(472,763)	63,330	(247,171)	(656,604)
Net position, beginning of year	<u>141,358</u>	<u>(78,807)</u>	<u>319,616</u>	<u>382,167</u>	<u>(1,374,455)</u>	<u>12,200,330</u>	<u>11,208,042</u>
Net position, end of year*	<u>\$ (101,765)</u>	<u>\$ (100,152)</u>	<u>\$ 111,321</u>	<u>\$ (90,596)</u>	<u>\$ (1,311,125)</u>	<u>\$ 11,953,159</u>	<u>\$ 10,551,438</u>

*The Statements of Revenues, Expenses and Changes in Net Position, as presented in the basic financial statements, present the changes in net position for each undivided interest as "Subsidies from" each locality so that there is no "change in net position" for the undivided interest portion of this entity. Therefore, the Undivided interest total for Changes in net position, Beginning of year net position, and End of year net position must be subtracted from the Entity total to reconcile to that basic statement for 2020.

AUGUSTA REGIONAL LANDFILL

SUPPLEMENTARY SCHEDULE OF CASH FLOWS (UNDIVIDED INTEREST/JOINT VENTURE) YEAR ENDED JUNE 30, 2020

	Augusta Undivided Interest	Staunton Undivided Interest	Waynesboro Undivided Interest	Undivided Interest Total	Joint Venture #21	Joint Venture #585	Entity Total
Operating activities:							
Receipts from customers and users	\$ 1,979,231	\$ 599,384	\$ 676,274	\$ 3,254,889	\$ 112,515	\$ 43,707	\$ 3,411,111
Payments to suppliers	(691,665)	(271,625)	(271,731)	(1,235,021)	-	-	(1,235,021)
Payments to employees	(748,411)	(264,153)	(306,222)	(1,318,786)	-	-	(1,318,786)
Net cash provided by operating activities	<u>539,155</u>	<u>63,606</u>	<u>98,321</u>	<u>701,082</u>	<u>112,515</u>	<u>43,707</u>	<u>857,304</u>
Capital and related financing activities:							
Acquisition and construction of capital assets	-	-	-	-	-	(1,597,212)	(1,597,212)
Capital contributions--transfers from agency funds	(295,912)	(104,444) #	(121,077)	(521,433)	-	521,433	-
Capital contributions from participating localities	-	200,000	-	200,000	-	-	200,000
Net cash provided by (used in) capital and related financing activities	<u>(295,912)</u>	<u>95,556</u>	<u>(121,077)</u>	<u>(321,433)</u>	<u>-</u>	<u>(1,075,779)</u>	<u>(1,397,212)</u>
Non-capital and related financing activities:							
Sinking fund contributions	(346,679)	(109,484)	(127,717)	(583,880)	-	583,880	-
Payments to reduce post-closure liability	-	-	-	-	(112,515)	(17,910)	(130,425)
Net cash provided by (used in) non-capital and related financing activities	<u>(346,679)</u>	<u>(109,484)</u>	<u>(127,717)</u>	<u>(583,880)</u>	<u>(112,515)</u>	<u>565,970</u>	<u>(130,425)</u>
Investing activities:							
Investment income	<u>1,606</u>	<u>228</u>	<u>1,588</u>	<u>3,422</u>	<u>-</u>	<u>198,541</u>	<u>201,963</u>
Increase (decrease) in cash and cash equivalents	<u>(101,830)</u>	<u>49,906</u>	<u>(148,885)</u>	<u>(200,809)</u>	<u>-</u>	<u>(267,561)</u>	<u>(468,370)</u>
Cash and cash equivalents, beginning of year	<u>446,210</u>	<u>50,300</u>	<u>464,248</u>	<u>960,758</u>	<u>-</u>	<u>10,054,460</u>	<u>11,015,218</u>
Cash and cash equivalents, end of year	<u>\$ 344,380</u>	<u>\$ 100,206</u>	<u>\$ 315,363</u>	<u>\$ 759,949</u>	<u>\$ -</u>	<u>\$ 9,786,899</u>	<u>\$ 10,546,848</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 541,042	\$ 37,099	\$ 94,330	\$ 672,471	\$ 63,330	\$ (1,775,842)	\$ (1,040,041)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Pension expense	22,413	7,911	9,171	39,495	-	-	39,495
OPEB expense	2,319	819	949	4,087	-	-	4,087
GLI OPEB expense	831	294	340	1,465	-	-	1,465
Depreciation and amortization	-	-	-	-	-	1,141,078	1,141,078
Landfill closure and post-closure costs	-	-	-	-	49,185	652,674	701,859
Changes in operating assets and liabilities:							
Decrease (increase) in accounts and misc. receivables	(26,238)	13,437	(3,106)	(15,907)	-	25,797	9,890
Decrease (increase) in prepaid expenses	(460)	(176)	124	(512)	-	-	(512)
Increase in accounts payable/due to other gov'ts	27,250	14,090	7,945	49,285	-	-	49,285
Decrease in compensated absences	(8,471)	(2,987)	(3,462)	(14,920)	-	-	(14,920)
Decrease in pension costs	(17,608)	(6,205)	(7,189)	(31,002)	-	-	(31,002)
Increase (decrease) in other post employment benefits	(3)	1	2	-	-	-	-
Decrease in GLI other post employment benefits	(1,920)	(677)	(783)	(3,380)	-	-	(3,380)
Net cash provided by operating activities	<u>\$ 539,155</u>	<u>\$ 63,606</u>	<u>\$ 98,321</u>	<u>\$ 701,082</u>	<u>\$ 112,515</u>	<u>\$ 43,707</u>	<u>\$ 857,304</u>
Significant noncash capital and financing activities:							
Capital assets in Accounts payable-capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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STATISTICAL SECTION

Statistical Section:

This part of the Augusta Regional Landfill's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary schedules say about the Landfill's overall financial health. This information has not been audited by the independent auditor.

Contents

Financial Trends - Tables 1-3

These tables contain trend information to help the reader understand how the Landfill's financial performance and well-being have changed over time as well as a table that shows tonnage by calendar year--information that is used to determine expenditure allocations between the participating localities for operations and capital as well as non-cash depreciation, amortization, closure, and post-closure expenses.

Revenue Trends and Capacity - Tables 4-9

These tables contain trend information to help the reader assess the Landfill's tipping fees over time, waste received by the total landfill and each owner by fiscal year and type of waste, and the most significant revenue sources.

Operating Information - Table 10

This table provides the reader with additional Landfill operational statistics for a given fiscal year to help the reader understand how the information in the Landfill's financial report relates to the services the government provides and the activities it performs.

AUGUSTA REGIONAL LANDFILL

Table 1

Condensed Schedule of Net Position Last Seven Fiscal Years Unaudited

	2020	2019	2018	2017	2016	2015	2014
Assets and Deferred Outflows of Resources							
Current assets:							
Operating cash	\$ 768,394	\$ 968,406	\$ 1,091,232	\$ 645,031	\$ 758,130	\$ 975,891	\$ 992,723
JV585 closure sinking fund	9,778,454	10,046,812	9,279,825	8,857,311	8,364,928	7,874,604	7,426,060
Accounts, misc. & interest receivables	327,385	355,801	348,909	318,999	309,038	262,106	237,310
Prepaid expenses	15,000	14,488	13,414	12,558	-	-	-
Capital assets, net	9,637,123	8,927,083	9,440,534	10,415,137	10,314,268	10,071,270	10,568,644
Total Assets	<u>20,526,356</u>	<u>20,312,590</u>	<u>20,173,914</u>	<u>20,249,036</u>	<u>19,746,364</u>	<u>19,183,871</u>	<u>19,224,737</u>
Deferred Outflows of Resources	<u>124,253</u>	<u>90,962</u>	<u>56,603</u>	<u>97,212</u>	<u>47,891</u>	<u>47,477</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>20,650,609</u>	<u>20,403,552</u>	<u>20,230,517</u>	<u>20,346,248</u>	<u>19,794,255</u>	<u>19,231,348</u>	<u>19,224,737</u>
Liabilities and Deferred Inflows of Resources							
Current liabilities	1,203,894	884,535	1,256,221	1,084,728	825,404	774,635	852,546
Noncurrent liabilities							
Compensated absences	30,479	60,122	64,817	54,925	40,037	48,757	49,280
Other post-employment benefits obligations	190,422	198,296	227,401	101,378	96,974	83,082	69,191
Pension obligation	121,077	73,978	102,775	229,438	136,348	110,338	-
Amounts due to/(from) participating localities:							
County of Augusta	(101,765)	141,358	(5,031)	(171,046)	15,019	(22,547)	58,263
City of Staunton	(100,152)	(78,807)	(130,537)	(126,927)	(42,234)	146,596	230,758
City of Waynesboro	111,321	319,616	261,096	243,303	350,133	402,800	338,108
Closure costs	5,547,035	5,046,116	4,907,675	4,285,724	3,999,021	3,950,332	3,869,031
Post-closure monitoring costs	2,877,061	2,807,991	2,856,812	2,712,037	2,707,666	2,800,813	2,863,060
Total Liabilities	<u>9,879,372</u>	<u>9,453,205</u>	<u>9,541,229</u>	<u>8,413,560</u>	<u>8,128,368</u>	<u>8,294,806</u>	<u>8,330,237</u>
Deferred Inflows of Resources	<u>129,203</u>	<u>124,472</u>	<u>66,144</u>	<u>-</u>	<u>44,739</u>	<u>101,636</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>10,008,575</u>	<u>9,577,677</u>	<u>9,607,373</u>	<u>8,413,560</u>	<u>8,173,107</u>	<u>8,396,442</u>	<u>8,330,237</u>
Net Position							
Net Investment in Capital Assets	9,637,123	8,927,083	9,440,534	10,415,137	10,314,268	10,071,270	10,568,644
Unrestricted (deficit)	1,004,911	1,898,792	1,182,610	1,517,551	1,306,880	763,636	325,856
Total net position	<u>\$ 10,642,034</u>	<u>\$ 10,825,875</u>	<u>\$ 10,623,144</u>	<u>\$ 11,932,688</u>	<u>\$ 11,621,148</u>	<u>\$ 10,834,906</u>	<u>\$ 10,894,500</u>

Notes: The "Amounts due to participating localities" are equivalent to the "net position" of each locality's undivided interest in supplementary schedule presentations.

Source: Landfill audited financial statements.

AUGUSTA REGIONAL LANDFILL
Table 2
**Condensed Schedule of Net Position
Last Seven Fiscal Years
Unaudited**

	2020	2019	2018	2017	2016	2015	2014
Operating revenues							
Tipping fees							
County of Augusta	\$ 1,993,512	\$ 1,902,493	\$ 1,745,145	\$ 1,466,668	\$ 1,407,295	\$ 1,249,023	\$ 1,233,019
City of Staunton	542,377	537,096	540,816	460,765	500,223	438,172	460,318
City of Waynesboro	677,513	773,356	728,729	706,647	731,978	690,095	626,250
Other income	101,017	170,554	141,732	82,646	89,839	91,519	143,601
Total operating revenues	<u>3,314,419</u>	<u>3,383,499</u>	<u>3,156,422</u>	<u>2,716,726</u>	<u>2,729,335</u>	<u>2,468,809</u>	<u>2,463,188</u>
Operating expenses							
Daily operations	2,408,061	2,075,998	1,906,288	1,848,851	1,811,620	1,631,268	1,817,195
Augusta County clean-up	3,168	13,228	9,625	13,753	15,494	13,359	14,323
Leachate management	100,295	164,783	96,666	67,196	116,566	79,888	84,449
Landfill closure and post-closure costs	701,858	268,385	901,474	393,001	89,056	130,539	282,465
Depreciation and amortization	1,141,078	719,975	1,412,596	852,143	552,740	606,516	793,783
Total operating expenses	<u>4,354,460</u>	<u>3,242,369</u>	<u>4,326,649</u>	<u>3,174,944</u>	<u>2,585,476</u>	<u>2,461,570</u>	<u>2,992,215</u>
Operating income (loss)	<u>(1,040,041)</u>	<u>141,130</u>	<u>(1,170,227)</u>	<u>(458,218)</u>	<u>143,859</u>	<u>7,239</u>	<u>(529,027)</u>
Nonoperating revenues (expenses)							
Interest earned by localities	3,422	11,022	2,622	1,889	2,534	2,808	4,112
Interest earned--585 closure sinking fund	180,015	207,218	93,298	40,281	30,092	23,502	18,474
Gain on asset disposal	-	-	-	-	-	-	329,779
Subsidies (to) from participating localities:							
County of Augusta	243,123	(146,389)	(196,250)	186,065	(37,566)	(22,381)	89,235
City of Staunton	21,345	(51,730)	(8,031)	84,693	188,830	42,576	60,879
City of Waynesboro	208,295	(58,520)	(30,956)	106,830	52,667	(113,338)	196,787
Total nonoperating revenue (expenses), net	<u>656,200</u>	<u>(38,399)</u>	<u>(139,317)</u>	<u>419,758</u>	<u>236,557</u>	<u>(66,833)</u>	<u>699,266</u>
Capital contributions (withdrawals)							
County of Augusta	-	-	-	200,000	405,826	-	-
City of Staunton	200,000	100,000	-	150,000	-	-	-
City of Waynesboro	-	-	-	-	-	-	(207,795)
Total capital contributions (withdrawals)	<u>200,000</u>	<u>100,000</u>	<u>-</u>	<u>350,000</u>	<u>405,826</u>	<u>-</u>	<u>(207,795)</u>
Change in net position	(183,841)	202,731	(1,309,544)	311,540	786,242	(59,594)	(37,556)
Net position, beginning of year	10,825,875	10,623,144	11,932,688	11,621,148	10,834,906	10,894,500	10,932,056
Net position, end of year	<u>\$ 10,642,034</u>	<u>\$ 10,825,875</u>	<u>\$ 10,623,144</u>	<u>\$ 11,932,688</u>	<u>\$ 11,621,148</u>	<u>\$ 10,834,906</u>	<u>\$ 10,894,500</u>

Notes:

- The "Subsidies (to) from participating localities" is the equivalent to the "changes in net position" of each locality's undivided interest in supplementary schedule presentations. A negative number indicates that the locality had a surplus of revenues that year.

Source: Landfill audited financial statements.

Calendar Year Tonnage Calculations for Permit# 585 to be used for Monthly Reimbursement & Financial Statement Allocations

Calendar Year Statistics	Beginning of Year	Tons Received**	Adjust- ments*	End of Year	Operating/Capital Allocations (Based on Tons Rec'd)		Land Acquisitions Depr/Closure Allocations (Based on EOY Tonnage)	
	Cell Tonnage			Cell Tonnage	w/ 5% host fee		w/ 5% host fee	
2010--To be used for FY2012 allocations					FY2012		FY2012	
Augusta Co.	740,455.89	69,471.03	6,419.23	803,507.69	57.14%	52.14%	56.44%	51.44%
Staunton	327,620.68	25,543.66	2,515.44	350,648.90	21.01%	23.46%	24.63%	27.46%
Waynesboro	244,139.64	26,574.26	1,114.29	269,599.61	21.85%	24.40%	18.93%	21.10%
2010 total	1,312,216.21	121,588.95	10,048.96	1,423,756.20	100.00%	100.00%	100.00%	100.00%
2011--To be used for FY2013 allocations					FY2013		FY2013	
Augusta Co.	803,507.69	69,438.80	7,608.89	865,337.60	56.30%	51.30%	56.49%	51.49%
Staunton	350,648.90	24,966.25	3,407.67	372,207.48	20.24%	22.56%	24.30%	27.09%
Waynesboro	269,599.61	28,941.97	4,299.32	294,242.26	23.46%	26.14%	19.21%	21.42%
2011 total	1,423,756.20	123,347.02	15,315.88	1,531,787.34	100.00%	100.00%	100.00%	100.00%
2012--To be used for FY2014 allocations					FY2014		FY2014	
Augusta Co.	865,337.60	73,500.13	7,558.78	931,278.95	58.14%	53.14%	56.66%	51.66%
Staunton	372,207.48	24,868.50	3,556.83	393,519.15	19.67%	22.03%	23.94%	26.70%
Waynesboro	294,242.26	28,044.71	3,345.71	318,941.26	22.18%	24.83%	19.40%	21.64%
2012 total	1,531,787.34	126,413.34	14,461.32	1,643,739.36	100.00%	100.00%	100.00%	100.00%
2013--To be used for FY2015 allocations					FY2015		FY2015	
Augusta Co.	931,278.95	71,800.94	6,191.88	996,888.01	58.35%	53.35%	56.71%	51.71%
Staunton	393,519.15	23,622.58	1,893.84	415,247.89	19.20%	21.50%	23.62%	26.35%
Waynesboro	318,941.26	27,635.29	920.86	345,655.69	22.45%	25.15%	19.67%	21.94%
2013 total	1,643,739.36	123,058.81	9,006.58	1,757,791.59	100.00%	100.00%	100.00%	100.00%
2014--To be used for FY2016 allocations					FY2016		FY2016	
Augusta Co.	996,888.01	71,747.31	4,920.17	1,063,715.15	59.64%	54.64%	56.84%	51.84%
Staunton	415,247.89	22,783.24	1,201.84	436,829.29	18.94%	21.29%	23.34%	26.04%
Waynesboro	345,655.69	25,766.22	445.92	370,975.99	21.42%	24.07%	19.82%	22.12%
2014 total	1,757,791.59	120,296.77	6,567.93	1,871,520.43	100.00%	100.00%	100.00%	100.00%
2015--To be used for FY2017 allocations					FY2017		FY2017	
Augusta Co.	1,063,715.15	75,553.55	4,106.20	1,135,162.50	59.93%	54.93%	56.97%	51.97%
Staunton	436,829.29	23,645.05	749.76	459,724.58	18.76%	21.10%	23.07%	25.75%
Waynesboro	370,975.99	26,867.10	201.00	397,642.09	21.31%	23.97%	19.96%	22.28%
2015 total	1,871,520.43	126,065.70	5,056.96	1,992,529.17	100.00%	100.00%	100.00%	100.00%
2016--To be used for FY2018 allocations					FY2018		FY2018	
Augusta Co.	1,135,162.50	79,790.28	4,677.08	1,210,275.70	59.87%	54.87%	57.09%	52.09%
Staunton	459,724.58	23,995.33	738.63	482,981.28	18.01%	20.25%	22.78%	25.43%
Waynesboro	397,642.09	29,476.62	275.96	426,842.75	22.12%	24.88%	20.13%	22.48%
2016 total	1,992,529.17	133,262.23	5,691.67	2,120,099.73	100.00%	100.00%	100.00%	100.00%
2017--To be used for FY2019 allocations					FY2019		FY2019	
Augusta Co.	1,210,275.70	87,410.12	4,961.00	1,292,724.82	61.67%	56.67%	57.32%	52.32%
Staunton	482,981.28	25,150.35	1,013.92	507,117.71	17.74%	20.06%	22.48%	25.11%
Waynesboro	426,842.75	29,173.45	407.44	455,608.76	20.59%	23.27%	20.20%	22.57%
2017 total	2,120,099.73	141,733.92	6,382.36	2,255,451.29	100.00%	100.00%	100.00%	100.00%
2018--To be used for FY2020 allocations					FY2020		FY2020	
Augusta Co.	1,292,724.82	91,590.85	6,519.26	1,377,796.41	61.75%	56.75%	57.51%	52.51%
Staunton	507,117.71	26,276.44	1,135.52	532,258.63	17.71%	20.03%	22.22%	24.83%
Waynesboro	455,608.76	30,462.19	559.96	485,510.99	20.54%	23.22%	20.27%	22.66%
2018 total	2,255,451.29	148,329.48	8,214.74	2,395,566.03	100.00%	100.00%	100.00%	100.00%

*Allocation for Closure-Post Closure is based on total tonnage received at the active landfill less biosolids, woodwaste, mulch, and heavy tires. Dirt and Highland County waste, however, are counted toward this allocation.

**Beginning in 2004, Highland Co. tons are deducted from the tonnage received for operating/capital allocation purposes but not for closure allocations. Beginning in 2011, MR WWTP sludge reallocations were included in both allocations.

Source: Augusta Regional Landfill Operational record:

AUGUSTA REGIONAL LANDFILL

Table 4

Tipping Fee History Unaudited

	Jul. 1st 2015	Sep. 1st 2007	Dec. 1st 2000	Jul. 1st 1996	Jul. 1st 1995	Jul. 1st 1993	Jul. 1st 1992
Commercial & Industrial waste (ton)	\$ 45.00	\$ 45.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 32.00
Commercial & Industrial waste (cubic yard)	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Other Government Agency waste (ton)	45.00	45.00	40.00	7.50	7.50	7.50	7.50*
Residential Waste (Augusta Co. Only)	15.00	7.50	7.50	7.50	7.50	7.50	7.50
Wood waste (brush & pallets, ton)	20.00	15.00	15.00	15.00	15.00	10.00	10.00
Appliances (each)	N/A	N/A	N/A	No Charge	N/A	4.00	4.00
Car tires/off rim (piece)	2.00	1.50	1.50	1.50	1.50	1.50	1.50
Car tires/on rim (piece)	4.00	3.00	3.00	3.00	5.00	N/A	N/A
Truck tires (piece)	N/A	N/A	N/A	N/A	3.00	3.00	3.00
Tractor trailer tires (piece)	8.00	8.00	8.00	8.00	8.00	N/A	N/A
Off road/heavy equipment tires **	168.00/ton	168.00/ton	168.00/ton	168.00/ton	8.00/tire	8.00/tire	8.00/tire
Grease trap pumpings (ton)	N/A	N/A	N/A	N/A	10.00	10.00	10.00
Mulch and wood chips (ton)	N/A	N/A	N/A	10.00	4.00	4.00	4.00

Note:

- No change to tipping fee structure since July 1, 2015

* Implemented January 1, 1991

**\$110.00/piece or \$168.00/ton (whichever is less) as stated on schedule; generally, \$168/ton is used

N/A = Not Applicable, indicates that the category either 1) no longer exists or 2) is now included in another category.

Source: Augusta Regional Landfill correspondence files.

**Top Ten Billed Customers – Current Year
Unaudited**

	Total	Augusta County	City of Staunton	City of Waynesboro
Waste Management	\$ 956,820	\$ 610,079	\$ 133,850	\$ 212,891
Republic Services	499,532	229,613	102,554	167,365
Green Earth	366,943	135,621	135,034	96,288
BTS	209,511	150,819	34,866	23,826
Waste Movers	119,807	39,753	29,714	50,340
Augusta County Disposal	109,379	109,379	-	-
Waste Operations	83,226	53,996	-	29,230
Highland County	75,095	42,614	15,044	17,437
C & S Disposal	40,461	39,247	308	906
Happy Little Dumpsters LLC	33,396	28,838	2,406	2,152
Total revenue from top 10 customers	<u>\$ 2,494,170</u>	<u>\$ 1,439,959</u>	<u>\$ 453,776</u>	<u>\$ 600,435</u>
Total tipping fee revenue, current year	<u>\$ 3,213,402</u>	<u>\$ 1,993,512</u>	<u>\$ 542,377</u>	<u>\$ 677,513</u>
% of tipping fee revenue from top 10 customers	77.6%	72.2%	83.7%	88.6%

Source: Landfill audited financial statements and billing records.

AUGUSTA REGIONAL LANDFILL

Table 6

Waste by Type – Total for All Owners (tons) Last Nine Fiscal Years Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential									
Residents Household	7,832	7,543	7,921	6,849	5,970	5,429	5,353	5,988	5,478
Residents Public Use Site	14,112	13,423	12,623	12,539	11,619	10,323	9,010	9,127	9,313
Residents Woodwaste	6,687	8,640	5,190	5,832	5,220	5,202	5,986	6,498	4,829
Total Residential	28,631	29,606	25,734	25,220	22,809	20,954	20,349	21,613	19,620
Commercial									
Gov't Hauled Household	32,104	31,195	31,440	31,511	31,258	31,050	30,731	30,874	31,562
Household Waste	11,396	10,828	10,629	10,273	10,061	9,457	9,410	10,101	8,885
Highland Clearing Acct.	1,668	1,585	1,525	1,464	1,446	1,455	1,418	1,342	1,445
Commercial Waste	37,282	36,607	35,530	34,018	33,679	31,616	33,582	33,014	34,126
Industrial Waste	9,496	11,262	10,115	8,428	6,829	6,652	5,869	5,937	7,222
Construction Demolition Debris (CDD)	19,906	18,564	19,162	13,137	14,549	12,059	9,532	12,673	9,469
Mulch	579	839	529	585	380	326	384	505	277
Woodwaste	1,951	3,133	1,679	1,580	1,183	1,540	1,936	3,274	2,299
Tires Heavy	5	4	3	7	7	2	-	2	5
Recycled Glass	673	153	-	-	-	-	-	-	-
Total Commercial	115,060	114,170	110,612	101,003	99,392	94,157	92,862	97,722	95,290
Subtotal	143,691	143,776	136,346	126,223	122,201	115,111	113,211	119,335	114,910
Biosolids	9,219	8,917	9,015	8,870	9,362	8,442	7,780	7,377	8,173
Dirt	396	1,364	1,490	1,174	1,629	478	847	1,081	2,436
Grand Total	153,306	154,057	146,851	136,267	133,192	124,031	121,838	127,793	125,519
Percent billed	51%	52%	50%	47%	49%	47%	46%	48%	48%

Source: Augusta Regional Landfill Operational and Billing records.

AUGUSTA REGIONAL LANDFILL

Table 7

Augusta County Waste by Type (tons) Last Nine Fiscal Years Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential									
Residents Household	7,374	7,135	7,469	6,404	5,703	5,208	5,004	5,582	4,901
Residents Public Use Site	12,278	11,860	11,610	11,449	10,664	9,432	8,084	8,071	8,119
Residents Woodwaste	5,544	7,359	4,464	4,941	4,418	4,367	4,823	5,229	3,680
Total Residential	25,196	26,354	23,543	22,794	20,785	19,007	17,911	18,882	16,700
Commercial									
Gov't Hauled Household	15,511	14,876	15,792	15,991	15,811	15,834	15,548	15,333	15,750
Household Waste	10,766	10,249	10,034	9,668	9,427	8,831	8,845	9,540	8,357
Highland Clearing Acct.	947	898	837	804	790	776	754	688	753
Commercial Waste	17,738	16,283	14,570	13,782	12,905	12,777	14,730	13,601	13,407
Industrial Waste	8,085	8,685	7,717	6,362	5,293	4,391	4,050	3,757	4,709
Construction Demolition Debris (CDD)	12,818	11,727	13,524	8,771	8,569	7,752	5,823	6,390	6,024
Mulch	421	574	357	181	206	184	211	275	133
Woodwaste	1,156	1,510	824	749	423	671	876	1,061	1,039
Tires Heavy	1	4	3	6	4	2	-	2	5
Recycled Glass	232	46	-	-	-	-	-	-	-
Total Commercial	67,675	64,852	63,658	56,314	53,428	51,218	50,837	50,647	50,177
Subtotal	92,871	91,206	87,201	79,108	74,213	70,225	68,748	69,529	66,877
Biosolids	6,318	5,692	6,000	5,866	6,288	5,591	5,182	4,789	5,143
Dirt	282	471	982	625	759	383	738	966	2,294
Grand Total	99,471	97,369	94,183	85,599	81,260	76,199	74,668	75,284	74,314
Percent billed	49%	49%	46%	42%	43%	41%	42%	38%	39%

Source: Augusta Regional Landfill Operational and Billing records.

AUGUSTA REGIONAL LANDFILL

Table 8

City of Staunton Waste by Type (tons) Last Nine Fiscal Years Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential									
Residents Household	193	200	221	163	136	92	250	236	288
Residents Public Use Site	1,081	890	589	615	547	502	534	598	694
Residents Woodwaste	672	669	429	543	478	499	718	750	692
Total Residential	1,946	1,759	1,239	1,321	1,161	1,093	1,502	1,584	1,674
Commercial									
Gov't Hauled Household	9,193	9,219	8,734	8,748	8,645	8,588	8,573	8,813	8,943
Highland Clearing Acct.	334	318	309	309	308	313	312	303	339
Commercial Waste	8,618	8,856	8,900	8,372	8,611	8,383	8,228	8,633	9,718
Industrial Waste	125	245	83	43	50	134	174	146	318
Construction Demolition Debris (CDD)	3,566	3,392	3,578	2,086	2,702	1,638	2,181	1,585	1,431
Mulch	104	122	140	117	115	77	115	150	81
Woodwaste	545	901	639	577	583	660	663	1,295	716
Tires Heavy	4	-	-	1	3	-	-	-	-
Recycled Glass	251	63	-	-	-	-	-	-	-
Total Commercial	22,740	23,116	22,383	20,253	21,017	19,793	20,246	20,925	21,546
Subtotal	24,686	24,875	23,622	21,574	22,178	20,886	21,748	22,509	23,220
Dirt	75	81	52	171	69	50	21	46	34
Grand Total	24,761	24,956	23,674	21,745	22,247	20,936	21,769	22,555	23,254
Percent billed	51%	50%	52%	49%	51%	48%	49%	48%	49%

Source: Augusta Regional Landfill Operational and Billing records.

City of Waynesboro Waste by Type (tons)
Last Nine Fiscal Years
Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential									
Residents Household	265	208	231	282	131	129	99	170	289
Residents Public Use Site	753	673	424	475	408	389	392	458	500
Residents Woodwaste	471	612	297	348	324	336	445	519	457
Total Residential	1,489	1,493	952	1,105	863	854	936	1,147	1,246
Commercial									
Gov't Hauled Household	7,400	7,100	6,914	6,772	6,802	6,628	6,610	6,728	6,869
Household Waste	630	579	595	605	634	626	565	561	528
Highland Clearing Acct.	387	369	379	351	348	366	352	351	353
Commercial Waste	10,926	11,468	12,060	11,864	12,163	10,456	10,624	10,780	11,001
Industrial Waste	1,286	2,332	2,315	2,023	1,486	2,127	1,645	2,034	2,195
Construction Demolition									
Debris (CDD)	3,522	3,445	2,060	2,280	3,278	2,669	1,528	4,698	2,014
Mulch	54	143	32	287	59	65	58	80	63
Woodwaste	250	722	216	254	177	209	397	918	544
Recycled Glass	190	44	-	-	-	-	-	-	-
Total Commercial	24,645	26,202	24,571	24,436	24,947	23,146	21,779	26,150	23,567
Subtotal	26,134	27,695	25,523	25,541	25,810	24,000	22,715	27,297	24,813
Biosolids	2,901	3,225	3,015	3,004	3,074	2,851	2,598	2,588	3,030
Dirt	39	812	456	378	801	45	88	69	108
Grand Total	29,074	31,732	28,994	28,923	29,685	26,896	25,401	29,954	27,951
Percent billed	58%	63%	64%	62%	63%	65%	62%	66%	62%

Source: Augusta Regional Landfill Operational and Billing records.

Miscellaneous Operational Statistics
Last Nine Fiscal Years
Unaudited

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Trips to Landfill									
Residents	162,258	151,735	132,481	129,382	123,956	114,660	116,952	121,311	130,301
Commercial	48,862	47,277	44,528	48,388	44,481	42,464	41,428	42,564	35,557
Recycling Program									
Woodwaste (tons)	9,216	12,612	7,398	7,413	6,403	7,068	8,306	10,278	7,404
Biosolids (tons)	9,219	8,917	9,015	8,870	9,362	8,442	7,780	7,378	8,173
Tires (piece, all types)	15,357	16,601	15,894	22,173	20,767	16,564	16,097	14,447	16,989
Appliances (piece)	4,320	3,600	3,513	3,440	2,928	2,223	2,255	2,518	2,569
Oil Recycled (gallons)	12,426	11,646	11,446	12,163	10,669	9,807	8,021	9,278	12,100
Oil Burned for Shop Heat (gallons)	3,600	3,600	3,500	3,500	3,600	3,600	3,600	3,600	3,600
Anti-Freeze (gallons)	1,330	1,496	955	1,824	916	880	775	1,010	810
Automotive Batteries (tons)	8	5	5	4	7	4	4	2	1
Scrap Metal (tons)	690	955	583	605	662	255	466	523	306
Cardboard (tons)	101	63	71	53	48	50	40	45	31
Electronics (tons)	63	69	63	60	60	50	52	49	56
Public Use Site Container Loads	5,840	5,307	4,803	5,057	4,794	4,101	3,498	3,402	3,524
New Accounts	59	67	77	108	97	133	93	122	88
Total Accounts (active and inactive)	3,703	3,644	3,577	3,500	3,392	3,295	3,160	3,067	2,950
Employees (on-site, FTE at year end)	14	14	14	14	15	14	14	15	15

Source: Augusta Regional Landfill Operational records.

COMPLIANCE



**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 Executive Committee
Augusta Regional Landfill

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Augusta Regional Landfill (Landfill), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Landfill's basic financial statements, and have issued our report thereon dated November 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Landfill's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Landfill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Landfill'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 Landfill'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 Landfill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 Landfill'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 Landfill's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 20, 2020