COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

CVWMA

Central Virginia Waste Management Authority

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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Introductory Section

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CVWMA

CENTRAL VIRGINIA
WASTE MANAGEMENT AUTHORITY

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

September 13, 2016

Board of Directors
Central Virginia Waste Management Authority
Richmond, Virginia

Members of the Board:

The Comprehensive Annual Financial Report ("CAFR") of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the year ended June 30, 2016 is submitted herewith. This report was prepared by the Accounting and Financial Manager and the Executive Director. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the undersigned management of the Authority. The financial statements have been audited by the independent accounting firm of Brown, Edwards & Company L.L.P., whose report is included herein. The CAFR has been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board.

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

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

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

ORGANIZATION AND FUNCTION

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

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

ECONOMIC CONDITION AND OUTLOOK

The US economic outlook is healthy and positive growth is trending in Virginia and in central Virginia. Gross domestic product is expected to continue to grow by 2.0% in 2017 and 2018. Unemployment has fallen to 4.7%, the lowest since the downturn in the economy began in 2008. Virginia's unemployment rate remains below the national average and personal income has risen 3.6%. The increase in disposable income coupled with the continued reduction in oil prices has kept the cost of transportation, food and raw materials down resulting in more consumer spending.

The greater Richmond area is ideally situated in the heart of the mid-Atlantic, with the nation's capital less than 100 miles away and 40% of the US population within a day's drive. CNBC named the Richmond area in the top 20 best places in America to start a business. Above average per capita income, low business costs and an overall lower cost of living make central Virginia an attractive location for business.

Solid waste and recycling are always good economic indicators. The increase in disposable income leads to increased consumer spending and thus more to throw away. Trash and recycling volumes are up 3.6% over fiscal year 2015 in CVWMA programs alone despite the continuing movement toward a more paperless society and reduction in weight and size of packaging. Participation in recycling continues to grow. Curbside recycling programs are available to 73% of the US population providing the vast majority the opportunity to recycle. It has been proven, not only nationwide, but locally in our programs that easy and convenient access to recycling and providing the necessary tools, such as large recycling carts, drives up and sustains participation in recycling.

Recycling markets have improved since this time last year particularly metal and paper markets. Interestingly, the demand for recycled newsprint has increased driving up prices for newspaper. We have seen the supply of newsprint decline over the years, and the industry has moved toward combining newsprint with mixed paper and selling as mixed paper. Mixed paper prices have been higher than newspaper prices for several years until recently with the increase in demand; thus providing an advantage for material recovery facilities with the capability to sort newsprint separately.

As technology and competition change, the recycling and solid waste industry continues to evolve. With every new recycling or trash vendor, a new technology or a new process is brought to the table that ultimately results in increased efficiencies and cost effectiveness. The CVWMA prides itself on being able to offer better and more cost effective contracts to its member localities. The CVWMA continues to be highly regarded for providing cost effective recycling and solid waste initiatives to our member governments.

MAJOR INITIATIVES

The Authority Board and Staff worked over the last year to develop the first documented CVWMA strategic plan which outlines direction and priorities of the CVWMA over the next four years. The strategic plan established a mission of "*fostering regional collaboration to provide planning, resources and education in order to reduce, reuse, recycle and manage solid waste for our 13 jurisdictions"* with an overall vision of "*being the recognized leader in regionally sustainable waste management practices that protect the environment."*

The strategic plan focuses on 4 impact areas: Protection of Environmental Resources; Customer Focus; Educational Resources; and Financial Stewardship through a Well Run Organization. The overall strategic plan was developed with the wants and needs of our member jurisdictions in mind. CVWMA will be working over the next four years to implement the goals and objectives of the plan and explore innovative ways to continue and exceed the recycling and solid waste needs of the region in a cost effective manner.

The Authority is a good example of public-private partnership. We work closely with the private sector to provide cost effective regional programs that meet the needs of individual localities. We recognize that *"one size doesn't always fit all"* thus provide a menu of services for localities to pick and choose from depending on their individual needs.

The CVWMA and the City of Richmond took advantage of a grant from the Recycling Partnership, a national organization connecting private industry with municipal recycling programs to improve and expand recycling. This grant allowed the City of Richmond to expand its residential recycling program by providing each resident with a large 96-gallon recycling cart. As a result the volume of recycling in the City of Richmond increased 50% and the participation in the program doubled and even tripled in some areas! The cost of recycling increased somewhat, but was reduced by the reduction in waste disposal and hauling of trash under the City's refuse collection program.

Many CVWMA programs are no-cost programs or provide revenue from the sale of the various commodities. The Authority has successfully negotiated contracts that contain an increased share in the revenue. The CVWMA returned over $1.3 million back to localities in rebates on the sale of recyclable material in 2016, nearly double that of just two years ago. In addition, the Authority is excited to be expanding its residential and drop-off recycling program in 2017 to include new recyclable commodities. All plastic bottles and containers will now be acceptable for recycling in addition to the waxy coated cartons. Through negotiation opportunities, the Authority continues to provide added value to our member localities through cost savings and program enhancements.

FINANCIAL CONTROLS

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

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments made by management.

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

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

INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Brown, Edwards & Company, L.L.P. was selected by the Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2016. The independent auditors' report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

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

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

Kimberly A. Hynes CPA
Executive Director

Teresa L. Eckhout CPA
Accounting and Financial Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Virginia

Waste Management Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

2015-2016 Board of Directors

Robert C. Key, County of Chesterfield
Chair

William Hamby, Jr. County of Prince George
Vice Chair

J. Allen Lane, County of Henrico
Secretary

Mark Kukoski, City of Richmond
Treasurer

David L. Lloyd, County of Goochland
Director

Lee Sloppy, Town of Ashland
Zach Trogdon, County of Charles City
Marcia R. Phillips, County of Chesterfield
Robert L. Dunn, County of Chesterfield
Tom Mattis, City of Colonial Heights
Scott A. Wyatt, County of Hanover
Stephen E. Chidsey, County of Hanover

Marcia E. Kelley, County of Henrico
Robert Whiteman, County of Henrico
Ed Watson, City of Hopewell
Patricia A. Paige, County of New Kent
Daniel Harrison, City of Petersburg
Elliot Danburg, County of Powhatan
Emmanuel Adediran, City of Richmond

Administrative Staff

Kimberly A. Hynes CPA, Executive Director

Terry Eckhout CPA, Accounting and Financial Manager

Richard M. Nolan, Director of Operations

Nancy W. Drumheller, Public Information Coordinator

Reginald D. Thompson, Operations Technician

Denise Ritchie, Recycling Education and Outreach Specialist

Stephanie N. Breaker, Customer Service Supervisor

Angela Burley, Customer Service Representative

Myiesha Garner, Customer Service Representative

Erica Long, Administrative Assistant, part-time

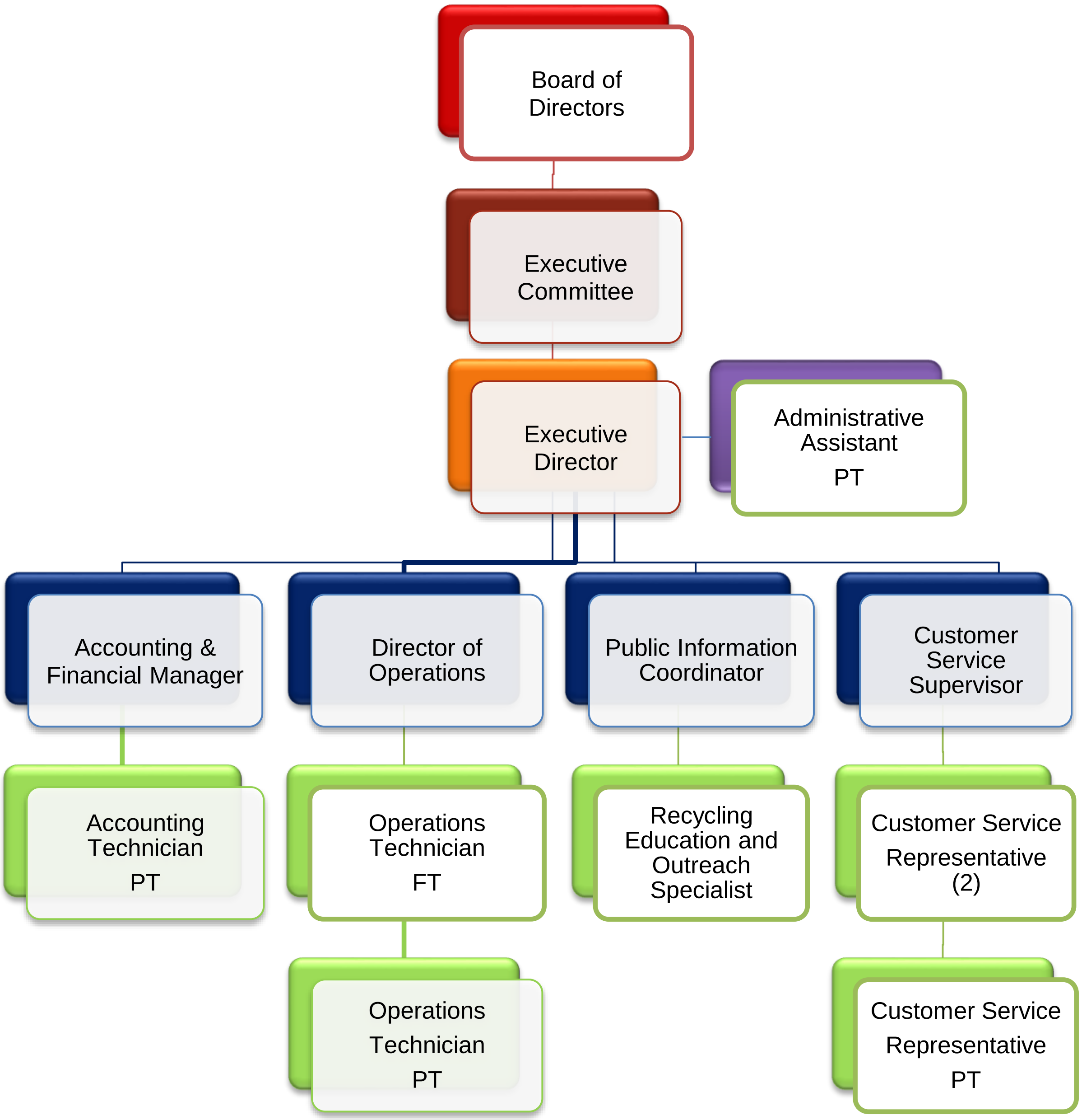
Charles R. Howe, Operations Technician, part-time

Barbara M. Trimmer, Accounting Technician, part-time

CVWMA General Counsel
James Snyder
McCandlish Holton PC

CVWMA

ORGANIZATIONAL CHART



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Financial Section

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BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2015 financial statements, and our report dated October 29, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
September 13, 2016

Management’s Discussion And Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion provides an overview of the financial activities of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the fiscal year ended June 30, 2016. This information should be read in conjunction with the letter of transmittal and the financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $688,919 at the close of the 2016 fiscal year. Total net position increased by $58,478. Operating revenues increased by 9% or $1,217,266 to $14,668,426. Operating expenses increased 9.3% or $1,252,639 to $14,655,568. Non-operating revenues increased by 43.4% as a result of $14,500 in sponsorships received toward the recognition of the Authority's 25th Anniversary. Revenues and expenses for contracted services have increased over the past year due to more jurisdiction participation in CVWMA programs and enhancement of existing programs. In addition, slight improvements in the economy have resulted in more disposable income, thus more consumer purchasing and more recycling and trash. Through procurement, the Authority continues to provide significant savings to member jurisdictions, both for residential collection of municipal solid waste and recycling and the hauling and disposal of waste and recycling from area convenience centers and drop-off recycling locations.

Overview of the Financial Statements

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

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

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

The tables presented herein provide a summary of the CVWMA's financial position and operations for FY 2016 and 2015.

	2016	2015	Change Amount	%
Assets:				
Current	$ 4,485,127	$ 4,138,177	$ 346,950	8.38%
Capital assets, net	49,470	41,786	7,684	18.39%
Total assets	4,534,597	4,179,963	354,634	8.48%
Deferred Outflows of Resources	44,571	40,719	3,852	9.46%
Liabilities				
Current	3,786,699	3,447,004	339,695	9.85%
Long Term	50,169	59,085	(8,916)	-15.09%
Total liabilities	3,836,868	3,506,089	330,779	9.43%
Deferred Inflows of Resources	53,381	84,152	(30,771)	-36.57%
Net position:				
Net investment in capital assets	49,470	41,786	7,684	18.39%
Unrestricted	639,449	588,655	50,794	8.63%
Total net position	$ 688,919	$ 630,441	58,478	9.28%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position increased by $58,478 in Fiscal Year 2016. The majority of net income ($43,539) is a result of the current year actuarial evaluation of the retirement plan through the Virginia Retirement System. In addition, the Authority realized $36,157 in net revenue from the sale of recyclable material in the Drop-Off Recycling Program, $6,000 more than projected. Although appropriating and expending funds on a strategic planning consultant during the year, administrative expenses were reduced due mostly to a vacancy in a management level position. The regional approach to recycling and solid waste continues to be highly regarded by all thirteen member jurisdictions. Local governments continue to evaluate services and funding and have found that participation in Authority programs is efficient and cost effective, resulting in even more participation by members in various CVWMA programs. Approximately 92% of funds are passed on to member localities based on participation in the various programs offered by CVWMA. As the Authority enters FY 2017, Net Position represents 4.7% of the total budget. The Authority continues to remain in a strong financial position.

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

	2016	2015	Change Amount	%
Operating revenues:				
Local government assessments	$ 548,282	$ 533,205	$ 15,077	2.8%
Recycling	7,976,957	7,221,900	755,057	10.5%
Refuse and solid waste	4,245,042	3,871,868	373,174	9.6%
Composting and yard waste	306,797	326,904	(20,107)	-6.2%
Other project revenue and fees	247,500	174,062	73,438	42.2%
Material sales rebate	1,343,848	1,323,221	20,627	1.6%
Total operating revenues	14,668,426	13,451,160	1,217,266	9.0%
Operating expenses:				
Administrative/operating	258,964	241,959	17,005	7.0%
Salaries and benefits	688,984	667,420	21,564	3.2%
Professional service fees	80,241	61,985	18,256	29.5%
Depreciation	12,186	12,301	(115)	-0.9%
Program contractual services	12,307,502	11,130,568	1,176,934	10.6%
Material sales rebate	1,307,691	1,288,696	18,995	1.5%
Total operating expenses	14,655,568	13,402,929	1,252,639	9.3%
Operating income (loss)	12,858	48,231	(35,373)	-73.3%
Non-operating revenues:				
Grants and sponsorships	24,500	10,000	14,500	145.0%
Interest income	21,120	21,812	(692)	-3.2%
Non-operating revenues	45,620	31,812	13,808	43.4%
Change in net position	58,478	80,043	(21,565)	-26.9%
Beginning net position	630,441	550,398	80,043	14.5%
Ending net position	$ 688,919	$ 630,441	$ 58,478	9.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

As noted previously, the change in net position is due mostly to decrease in net pension liability and the net difference between projected and actual investment earnings on pension plan investments resulting in a significant reduction in pension expense. The remaining change of $14,939 is a result of an increase in net revenue from the sale of recyclable material, savings due to a vacancy in a management position for a few months and efficiencies realized in administrative expenses even though additional monies ($10,000) were appropriated for the strategic planning process. The Authority also provides 96-gallon recycling carts and 24 gallon bins for a fee, which net of fees results in some residual net income in the Curbside Recycling Fund.

Economic Factors and the FY 2016 Budget

As the economy continues to grow, member local governments have come out of the recession stronger and more resilient. CVWMA continues to do what it does best in negotiating cost effective, volume based contracts that best fit the needs of the diverse communities we serve. CVWMA has found ways to ensure our own financial stability without member governments having to bear that burden. The economies of scale provided in the regional approach to recycling and solid waste management have proven extremely valuable to our members.

Recycling markets are improving, particularly metal, cardboard and mixed paper. Oil prices have dropped resulting in less revenue from oil recycling. CVWMA has a long term contract which provides for a floor price for oil, and because of this contract we are able to provide jurisdictions some rebate for oil where most are not receiving any revenue. The Authority negotiated a renewal of the drop-off processing contract which will yield a higher revenue share per ton on the recyclable material collected in the program. Improving markets coupled with the renewal negotiation and adding other plastics and cartons to the program, will afford the Authority and thus participating jurisdictions more rebate offsetting operational costs.

About 93% of the Authority's $14.6 million budget is pass through to localities depending on their participation in CVWMA programs. Cost to localities for various programs has decreased since 2010, however our budget has increased as a result of more jurisdictions participating in various Authority programs. The rebate generated from the sale of recyclable material and provided back to localities has doubled in a two year period. The CVWMA has provided $1.3 million back to participating localities in 2016, and nearly $4 million over the last five years. The Authority retains 25% of the revenue received from the sale of mixed paper in the Drop Off Recycling Fund to maintain its financial health and has successfully avoided raising assessments to member localities.

Capital assets increased by $7,684 or 18.39%. A summary of changes in capital assets is scheduled on pg 17, section III.

Contacting CVWMA's Financial Management

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2016
With Comparative Totals at June 30, 2015

	General Operating Fund	Curbside Recycling	Drop-Off Recycling	Municipal Solid Waste	Waste Transfer & Disposal	Special Wastes	Total 2016	2015
Assets:								
Cash and cash equivalents	$ 340,105	$ 1,184,362	$ 123,028	$ 98,724	$ 197,367	$ 70,422	$ 2,014,008	$ 1,767,041
Accounts receivable	513,339	790,198	126,683	651,196	237,040	130,540	2,448,996	2,349,960
Prepaid expenses	10,895	9,699	269	1,260	-	-	22,123	21,176
Total current assets	864,339	1,984,259	249,980	751,180	434,407	200,962	4,485,127	4,138,177
Capital Assets:								
Furniture, fixtures & equipment	35,925	15,289	-	7,263	-	-	58,477	60,342
Computer equipment	28,966	43,405	-	5,000	-	-	77,371	183,656
Vehicles	59,336	-	-	-	-	-	59,336	39,466
Leasehold improvements	9,061	-	-	-	-	-	9,061	9,061
	133,288	58,694	-	12,263	-	-	204,245	292,525
Accumulated depreciation	(107,251)	(38,344)	-	(9,180)	-	-	(154,775)	(250,739)
Capital assets, net	26,037	20,350	-	3,083	-	-	49,470	41,786
							-	
Total assets	890,376	2,004,609	249,980	754,263	434,407	200,962	4,534,597	4,179,963
Deferred Outflows of Resources:								
Pension contributions subsequent to measurement date	28,711	14,318	395	1,147	-	-	44,571	40,719
Total deferred outflows of resources	28,711	14,318	395	1,147	-	-	44,571	40,719
Liabilities:								
Accounts payable	23,402	1,056,063	99,791	525,202	364,314	131,919	2,200,691	1,998,719
Other accrued liabilities	38,690	36,720	180	574	-	51,000	127,164	96,821
Unearned revenues	552,522	581,848	-	232,800	91,674	-	1,458,844	1,351,464
Total current liabilities	614,614	1,674,631	99,971	758,576	455,988	182,919	3,786,699	3,447,004
Long-term Liabilities:								
Other post employment benefits liability	10,340	8,605	276	879	-	-	20,100	20,100
Net pension liability	18,826	10,140	260	843	-	-	30,069	38,985
Total long-term liabilities	29,166	18,745	536	1,722	-	-	50,169	59,085
Deferred Inflows of Resources:								
Pension related deferred inflows	33,423	18,002	461	1,495	-	-	53,381	84,152
Total deferred inflows of resources	33,423	18,002	461	1,495	-	-	53,381	84,152
Net Position (Deficit)								
Net investment in capital assets	26,037	20,350	-	3,083	-	-	49,470	41,786
Unrestricted	215,847	287,199	149,407	(9,466)	(21,581)	18,043	639,449	588,655
Total net position (deficit)	$ 241,884	$ 307,549	$ 149,407	$ (6,383)	$ (21,581)	$ 18,043	$ 688,919	$ 630,441

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016
With Comparative Totals for the Year Ended June 30, 2015

	General Operating Fund	*Curbside Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*Total 2016*	*2015*
Operating revenues:								
Local government assessments	$ 548,282	$ -	$ -	$ -	$ -	$ -	$ 548,282	$ 533,205
Recycling	-	7,426,459	550,498	-	-	-	7,976,957	7,221,900
Refuse and solid waste	-	-	-	2,973,941	1,271,101	-	4,245,042	3,871,868
Composting and yard waste	-	-	-	-	-	306,797	306,797	326,904
Other project revenues	-	-	-	-	-	247,500	247,500	174,062
Material sales rebates	-	728,200	271,964	-	-	343,684	1,343,848	1,323,221
Total operating revenues	548,282	8,154,659	822,462	2,973,941	1,271,101	897,981	14,668,426	13,451,160
Operating expenses:								
Administrative/operating	78,658	172,236	1,568	6,277	-	225	258,964	241,959
Salaries and benefits	446,114	220,354	5,373	17,143	-	-	688,984	667,420
Professional service fees	43,028	30,013	901	6,299	-	-	80,241	61,985
Depreciation	2,820	8,366	-	1,000	-	-	12,186	12,301
Project contractual services	-	6,993,772	549,998	2,939,317	1,269,993	554,422	12,307,502	11,130,568
Material sales rebate	-	728,200	235,807	-	-	343,684	1,307,691	1,288,696
Total operating expenses	570,620	8,152,941	793,647	2,970,036	1,269,993	898,331	14,655,568	13,402,929
Operating income (loss)	(22,338)	1,718	28,815	3,905	1,108	(350)	12,858	48,231
Non-operating revenues:								
Grants and sponsorships	14,500	10,000	-	-	-	-	24,500	10,000
Interest income	14,150	3,379	-	3,591	-	-	21,120	21,812
Total non-operating revenues	28,650	13,379	-	3,591	-	-	45,620	31,812
Change in Net Position	6,312	15,097	28,815	7,496	1,108	(350)	58,478	80,043
Net position (deficit) - beginning of year	235,572	292,452	120,592	(13,879)	(22,689)	18,393	630,441	550,398
Net position (deficit) - end of year	$ 241,884	$ 307,549	$ 149,407	$ (6,383)	$ (21,581)	$ 18,043	$ 688,919	$ 630,441

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
With Comparative Totals for the Year Ended June 30, 2015

	General Operating Fund	*Curbside Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*2016*	*2015*
Cash Flows From Operating Activities								
Receipts from local governments	$ 390,676	$ 7,785,667	$ 511,066	$ 2,851,124	$ 1,232,328	$ 551,934	$ 13,322,795	$ 12,150,219
Receipts from sale of carts/bins							-	-
Receipts from the sale of recyclables	-	-	36,157	-	-	343,685	379,842	34,525
Payments to contractors	-	(6,890,171)	(527,993)	(2,879,842)	(1,226,866)	(907,779)	(12,432,651)	(11,059,139)
Payments to suppliers	(122,934)	(203,268)	(2,463)	(12,567)	-	(225)	(341,457)	(284,185)
Payments to employees	(457,097)	(243,402)	(6,295)	(20,388)	-	-	(727,182)	(687,998)
Net cash provided by (used in) operating activities	(189,355)	448,826	10,472	(61,673)	5,462	(12,385)	201,347	153,422
Cash Flows From Noncapital Financing Activities:								
Grants, sponsorships, and miscellaneous	14,500	10,000	-	-	-	-	24,500	10,000
Interfund borrowing, net	-	-	-	-	-	-	-	(9,305)
Interfund transfers, net	-	-	-	-	-	-	-	9,305
Net cash provided by (used in) noncapital financing activities	14,500	10,000	-	-	-	-	24,500	10,000
Cash Flows From Capital and Related Financing Activities:								
Acquisitions of capital assets	-	-	-	-	-	-	-	(48,000)
Net cash provided by (used in) capital financing activities	-	-	-	-	-	-	-	(48,000)
Cash Flows From Investing Activities:								
Interest received	14,150	3,379	-	3,591	-	-	21,120	21,812
Net Increase (Decrease) in cash and cash equivalents	(160,705)	462,205	10,472	(58,082)	5,462	(12,385)	246,967	137,234
Cash and cash equivalents at June 30, 2015	500,810	722,157	112,556	156,807	191,905	82,806	1,767,041	1,629,807
Cash and cash equivalents at June 30, 2016	$ 340,105	$ 1,184,362	$ 123,028	$ 98,724	$ 197,367	$ 70,422	$ 2,014,008	$ 1,767,041

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
With Comparative Totals for the Year Ended June 30, 2015

	General Operating Fund	*Curbside Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*2016*	*2015*
Net operating income (loss)	$ (22,338)	$ 1,718	$ 28,815	$ 3,905	$ 1,108	$ (350)	$ 12,858	48,231
	-						$ -	
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:								
Depreciation	2,820	8,366	-	1,000	-	-	12,187	12,301
Pension expense net of employer contributions	(12,525)	(26,676)	(958)	(3,380)			(43,539)	(26,242)
(Increase)/decrease in Assets:								
Accounts receivable - local governments	(161,847)	286,332	(39,432)	(142,951)	(38,772)	(2,363)	(99,033)	60,899
Prepaid expenses	57	(1,020)	7	9	-	-	(947)	16,269
Increase/(decrease) in Liabilities:								
Accounts payable	(1,306)	103,602	22,004	59,475	32,997	(34,672)	182,101	119,178
Unearned revenue	4,240	72,877	-	20,134	10,129	-	107,380	(37,878)
Other accrued liabilities	1,544	3,627	36	135	-	25,000	30,342	(39,336)
Net cash provided by (used in) operating activities	$ (189,355)	$ 448,826	$ 10,472	$ (61,673)	$ 5,462	$ (12,385)	$ 201,347	$ 153,422

SCHEDULE OF NONCASH CAPITAL ACTIVITY

Capital assets acquired through accounts payable at year end	$ 19,870.00

Notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity - The Authority is a primary government with no component units. The members of the Authority are the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; the Town of Ashland; and the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George. The Authority is governed by a Board of Directors consisting of one or more representatives appointed by each of the member cities, town and counties. The Authority is a jointly governed organization of the thirteen member jurisdictions listed herein, however it is not a component unit of any of the participating governments. The participating governments do have a financial interest in and responsibility to the Authority.

B. Basis of Presentation – The Authority administers six enterprise funds: the General Operating Fund, the Curbside Recycling, the Drop-Off Recycling, the Municipal Solid Waste, the Waste Transfer and Disposal, and Special Wastes Funds are considered major funds.

C. Basis of Accounting - The accounting records for the Authority are maintained on the accrual basis with revenue recorded when earned and expenses recorded when incurred. The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB) for enterprise funds of governmental units.

D. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents - Cash and cash equivalents are defined as being cash and short-term interest bearing investments consisting of certificates of deposit, repurchase agreements and other income producing securities. These investments are readily convertible to cash and are stated at cost, which approximates fair value.

F. Receivables - All revenue and receivables are recognized when earned. Receivables consist of amounts due from the participating governments for services performed for residents. Each government is liable for the actual cost of service based on contractual arrangements; therefore, there is no allowance for doubtful accounts.

G. Capital Assets - Capital assets are stated at historical cost. The capitalization threshold for capital assets is $2,000. Expenses for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are charged to expense as incurred.

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

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

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

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

J. Deferred Inflows of Resources, Unearned Revenues and Deferred Outflows of Resources - In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two types of items that qualify for reporting under this category. The first item represents differences between projected and actual experience in the pension plan. The second item is the net difference between projected and actual earnings on pension plan investments. Both of these differences will be recognized in pension expense over a closed five year period.

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has only one item that qualifies for reporting in this category, which consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year.

K. Net Position - Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by any outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. The Authority did not have any restricted net position at June 30, 2016 or 2015, nor is there any debt associated with capital assets.

(Continued)

L. Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance for all risks of loss including general liability, employee health and accident, workers' compensation, automobile and public officials' liability insurance. Any settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

M. Revenue Classification - Revenues from recycling and solid waste collection, local government assessments and other program revenues are reported as operating revenues. All other revenues including certain grants, contributions and interest income are reported as non-operating revenues.

N. Unearned Revenues - In connection with certain contracts, the Authority bills for services and receives cash in advance. These amounts are recorded as unearned revenue until earned by the Authority.

O. Summarized Comparative Information for 2015 - The financial information for the year ended June 30, 2015, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.

II. DEPOSITS AND INVESTMENTS

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

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

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

Cash and Cash Equivalents	2016 Fair Value	2015 Fair Value
Local Government Investment Pool	$ 52,849	$ 2,791
Commercial Instrument	660,470	-
Corporate Bond	-	1,002,288
Money Market Investments	-	16,750
Cash in Bank	1,300,589	745,112
Cash on Hand	100	100
Total Deposits and Investments	$ 2,014,008	$ 1,767,041

Interest Rate Risk. Investment maturity is managed to precede or coincide with expected need of funds to help limit exposure to fair value losses arising from rising interest rates. As of June 30, 2016, the Authority's investments were in the Local Government Investment Pool (LGIP), Money Market Investments and a single Commercial Instrument, issued by Credit Agricole Corp, maturing March

(Continued)

2017. The Commercial Instrument is reported at cost. The LGIP is a short-term investment pool offered through the State Treasurer to public entities of the Commonwealth (a "2a7-like pool") providing daily liquidity. The fair value of the positions in the LGIP is the same as the value of the pool shares.

Credit Risk. Policy, consistent with state statute, requires commercial paper, including banker's acceptances, to have a short-term debt rating of no less than "P-1" from Moody's Investors Service, and "A-1" from Standard & Poor's (S&P). Corporate notes and bonds must have a rating of at least "AA" by S&P or "Aa" by Moody's. The Authority's commercial paper instrument, issued by Credit Agricole Corp, is rated "A-1" by S&P and "P-1" by Moody's. This rating meets the minimum financial ratings required by state statute. Maturity is an interest rate risk, not a credit risk. The investments in the LGIP are rated AAA by Standard's & Poor's. Certificates of Deposit and the Money Market account are fully collateralized by the banks and insured by the Federal Deposit Insurance Corporation (FDIC).

Concentration of Credit Risk. The Code of Virginia and the Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2016, the Authority's investment portfolio consisted of the following:

Issuer	Amount	% of Portfolio
Local Government Investment Pool (LGIP)	$ 52,849	7.41%
Credit Agricole Corp	660,470	92.59%
	$ 713,319	

III. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2014	Additions	Disposals	Balance June 30, 2015	Additions	Disposals	Balance June 30, 2016
Furniture, fixtures & equipment	$ 60,342	$ -	$ -	$ 60,342	$ -	(1,865)	$ 58,477
Computer equipment	138,224	48,000	(2,568)	183,656		(106,285)	77,371
Vehicles	39,466	-	-	39,466	19,870	-	59,336
Leasehold improvements	9,061	-	-	9,061	-	-	9,061
Total capital assets	247,093	48,000	(2,568)	292,525	19,870	(108,150)	204,245
Accumulated depreciation:							
Furniture, fixtures & equipment	60,175	167	-	60,342		(1,865)	58,477
Computer equipment	132,304	12,134	(2,568)	141,870	12,186	(106,285)	47,771
Vehicles	39,466	-	-	39,466	-	-	39,466
Leasehold improvements	9,061	-	-	9,061	-	-	9,061
Total accumulated Depreciation	241,006	12,301	(131,040)	250,739	12,186	(108,150)	154,775
Capital assets, net	$ 6,087	$ 35,699)	$ -	$ 41,786	$ 7,683	$ -	$ 49,470

(Continued)

IV. LEASES

The Authority has noncancelable operating leases for the rental of a vehicle, office space and equipment. Rental expense for operating leases during 2016 and 2015 was $74,170 and $69,991, respectively, and is included in administrative/operating expenses in the Statements of Revenues, Expenses and Changes in Net Position. The lease for office space contains an escalation clause which results in an annual increase of 3% in the rate per square foot.

Future minimum lease payments under noncancelable operating leases at June 30, 2016 are:

2017	$74,322
2018	73,540
2019	60,080
2020	2,340
	$ 210,282

V. DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the Authority, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia and is an agent multi-employer plan. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a 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:

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID
RETIREMENT PLAN</th></tr>
<tr>
<td>About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</td>
<td>About Plan 2

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

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)

• The defined benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula.
• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td>
</tr>
</table>

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V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

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. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**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. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Retirement Contributions	Retirement Contributions	Retirement Contributions
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5% by July 1, 2016.	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.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

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

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

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

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

		Vesting (Continued) **Defined Contributions Component: (Continued)** • 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. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **<u>Defined Benefit Component</u>:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **<u>Defined Contribution Component</u>:** Not applicable.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Plan Description</u> (Continued)

<table>
<tr>
<td>Earliest Reduced Retirement Eligibility

VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</td>
<td>Earliest Reduced Retirement Eligibility

VRS: Age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees: Same as Plan 1.</td>
<td>Earliest Unreduced Retirement Eligibility

<u>Defined Benefit Component</u>:

VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees: Not applicable.

<u>Defined Contribution Component</u>:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td>
</tr>
<tr>
<td>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%.

<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.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

<u>Eligibility:</u>

Same as Plan 1</td>
<td>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>

Same as Plan 1 and Plan 2.</td>
</tr>
</table>

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Cost-of-Living Adjustment (COLA) in Retirement (Continued)	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
Eligibility: (Continued) For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.		
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Cost-of-Living Adjustment (COLA) in Retirement (Continued) **Exceptions to COLA Effective Dates:** (Continued) • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Plan Description</u> (Continued)

<table>
<tr><th>Purchase of Prior Service</th><th>Purchase of Prior Service</th><th>Purchase of Prior Service</th></tr>
<tr><td>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</td><td>Same as Plan 1.</td><td><u>Defined Benefit Component</u>:

Same as Plan 1, with the following exceptions:

• Hybrid Retirement Plan members are ineligible for ported service.
• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.

<u>Defined Contribution Component</u>:

Not applicable.</td></tr>
</table>

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	6
Inactive members:	
Vested inactive members	2
Non-vested inactive members	2
Inactive members active elsewhere in VRS	6
Total inactive members	10
Active members	8
Total covered employees	24

Contributions

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

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Contributions (Continued)

The political subdivision's contractually required contribution rate for the year ended June 30, 2016 was 8.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $44,571 and $40,719 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

V. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-LEOS:

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

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

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

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

Long-Term Expected Rate of Return

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

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

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

V. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	$ 1,420,622	$ 1,381,637	$ 39,985
Changes for the year:			
Service cost	44,781	-	44,781
Interest	97,556	-	97,556
Differences between expected and actual experience	(24,167)	-	(24,167)
Contributions – employer	-	40,747	(40,747)
Contributions – employee	-	23,299	(23,299)
Net investment income	-	63,905	(63,905)
Benefit payments, including refunds of employee contributions	(53,934)	(53,934)	-
Administrative expenses	-	(851)	851
Other changes	-	(14)	14
Net changes	64,236	73,152	(8,916)
Balances at June 30, 2015	$ 1,484,858	$ 1,454,789	$ 30,069

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability	$ 268,932	$ 30,069	$ (163,348)

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

For the year ended June 30, 2016, the political subdivision recognized pension expense of $1,061. At June 30, 2016, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 16,775
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	36,606
Employer contributions subsequent to the measurement date	44,571	-
Total	$ 44,571	$ 53,381

(Continued)

V. DEFINED BENEFIT PENSION PLAN (Continued)

$44,571 is reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Reduction in Pension Expense
2017	$ (21,802)
2018	$ (21,802)
2019	$ (16,404)
2020	$ 6,627
2021	$ 0
Thereafter	$ 0

Payables to the Pension Plan

At June 30, 2016, approximately $6,304 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

VI. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Healthcare Benefits

A. Plan description

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

B. Funding Policy

By Authority resolution, the Authority allows qualified employees to participate in healthcare benefits at the retiree's expense. Local choice charges a blended rate which is 102% of the rate for participants that elect only to cover active employees. The only cost to the Authority is this implicit rate subsidy which does not result in a future outlay of Authority funds.

(Continued)

VI. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC). The Authority has elected to calculate the ARC and related information using the projected unit credit method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for fiscal year 2016, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	$ 2,600
Adjustments to ARC	(474)
Interest on OPEB	449
Annual OPEB cost	$ 2,575
Other adjustments made	2,575
Increase in OPEB obligation	$ -
Net OPEB obligation, beginning of year	20,100
Net OPEB obligation, end of year	$ 20,100

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years was:

Percentage of Annual OPEB

Year Ended June 30	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
2016	$2,575	0%	$20,100
2015	2,575	11.65%	20,100
2014	2,379	4.2%	20,100

D. Funded Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented following the notes as required supplementary information, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial value of assets was $ 0 resulting in an unfunded actuarial accrued liability (UAAL) of $20,100.

(Continued)

VI. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

E. Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. An inflation rate of 2.5% is assumed. A simplified version of projected unit credit cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was thirty years.

Payroll growth rate – The payroll growth rate is 3% per annum.

Discount rate – As of June 30, 2014, the discount rate has been set at 3.5%

VII. RELATED PARTIES

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

Total amounts due from and payable to the related jurisdictions at June 30, 2016 and 2015 are as follows:

	2016		2015	
	Due From	Due To	Due From	Due To
Town of Ashland	$ 18,419	$	$ -	$ 1,651
County of Charles City	3,480	-	3,489	-
County of Chesterfield	530,398	6,774	568,566	24,040
City of Colonial Heights	62,496	340	113,387	559
County of Goochland	87,025	3,772	75,477	7,988
County of Hanover	55,255	16,941	50,777	31,485
County of Henrico	263,652	11,936	378,104	23,901
City of Hopewell	100,174	-	188,889	-
County of New Kent	41,440	2,834	31,689	4,354
City of Petersburg*	638,273	-	393,918	-
County of Powhatan	59,562	2,666	60,037	6,628
County of Prince George	17,489	-	22,613	-
City of Richmond	511,729	-	440,717	78
Total	$ 2,389,391	$ 45,263	$ 2,327,663	$ 100,684

*The City of Petersburg is substantially behind on payments to the Authority and as of the date the financial statements were available to be issued, owed approximately $470,611 for services rendered in Fiscal Year 2016.

VII. RELATED PARTIES (Continued)

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2016 and 2015 are follows:

	2016		2015	
	Revenues	Expenses	Revenues	Expenses
Town of Ashland	$ 185,607	$ 6,392	$ 183,482	$ 6,245
County of Charles City	3,489	-	3,483	-
County of Chesterfield	3,292,107	285,985	2,884,903	309,740
City of Colonial Heights	679,296	26,754	679,484	25,300
County of Goochland	388,270	45,680	368,260	65,916
County of Hanover	405,224	258,727	362,405	223,012
County of Henrico	2,596,248	386,004	2,677,652	398,020
City of Hopewell	1,063,522	6,005	1,062,306	6,544
County of New Kent	327,154	26,464	304,021	42,298
City of Petersburg	1,515,803	7,490	1,514,083	6,161
County of Powhatan	294,421	39,355	281,417	51,569
County of Prince George	24,714	-	22,488	-
City of Richmond	2,417,762	218,834	1,652,241	153,891
Total	$13,193,618	$1,307,690	$ 11,996,225	$ 1,288,696

VIII. NET POSITION AND INTERFUND TRANSFERS

The following funds have deficit net position balances as of June 30, 2016 and 2015:

	2016	2015
Waste Transfer & Disposal	$ 21,581	$ 22,689
Municipal Solid Waste	6,383	13,879

These deficits are expected to be eliminated through future revenues.

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

IX. NEW ACCOUNTING STANDARDS

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

(Continued)

IX. NEW ACCOUNTING STANDARDS (Continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 78*, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions

(Continued)

IX. NEW ACCOUNTING STANDARDS (Continued)

of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017.

Management has not yet evaluated the effects, if any, of adopting these standards.

(Continued)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2016

	2016	*2015*
Total Pension Liability		
Service Cost	$ 44,781	$ 48,867
Interest on total pension liability	97,556	91,297
Difference between expected and	(24,167)	-
actual experience	-	-
Benefit payments, including refunds of member contributions	(53,934)	(47,567)
Net change in total pension liability	64,236	92,597
Total pension liability - beginning	1,420,622	1,328,025
Total pension liability - ending	$ 1,484,858	$ 1,420,622
Plan Fiduciary Net Position		
Contributions - employer	$ 40,747	$ 48,571
Contributions - employee	23,299	22,865
Net investment income	63,905	187,946
Benefit payments, including refunds of member contributions	(53,934)	(47,567)
Administrative expenses	(851)	(982)
Other changes	(14)	10
Net change in plan fiduciary net position	73,152	210,843
Plan fiduciary net position - beginning	1,381,637	1,170,794
Plan fiduciary net position - ending	$ 1,454,789	$ 1,381,637
Net pension liability - ending	$ 30,069	$ 38,985
Plan fiduciary net position as a percentage of total pension liability	98%	97%
Covered employee payroll	$ 468,572	$ 457,725
Net pension liability as a percentage of covered employee payroll	6%	9%

Schedule is intended to show information for 10 years. Fiscal Year 2015 is the first year for this presentation, additional years will be included as they become available.

(Continued)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2016

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 44,571	$ 44,571	$ -	$ 512,903	8.69%
2015	40,719	40,719	-	468,572	8.69%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

(Continued)

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS

FOR THE YEAR ENDED JUNE 30, 2016

Other Postemployment Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
July 1, 2014	$ -	$ 20,100	$ 20,100	0.00%	$ 457,700	4.39%
July 1, 2011	$ -	$ 11,433	$ 11,433	0.00%	$ 467,144	2.45%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2016	$ 2,575	0.00%
2015	2,575	0.00%
2014	2,379	0.00%
2013	2,615	0.00%
2012	2,615	0.00%
2011	2,615	0.00%

(Continued)

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

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

(Continued)

Statistical Section

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

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

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

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

Curbside Recycling and Municipal Solid Waste Rates

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

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

Revenue by Locality
Demographic and Economic Statistics
Principal Employers

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Net Position by Component – Last Nine Fiscal Years

Fiscal Year	Capital Assets Net	Unrestricted	Total Net Position
2016	$ 49,470	$ 639,449	$ 688,919
2015	41,786	588,655	630,441 *
2014	6,087	652,971	659,058
2013	11,375	629,728	641,103
2012	11,981	615,825	627,806
2011	31,268	609,446	640,714
2010	52,702	610,693	663,395
2009	74,016	811,699	885,715
2008	67,300	886,033	953,333

*GASB Statement No. 68 was adopted in fiscal year 2015.

Changes in Net Position – Last Ten Fiscal Years

Fiscal Year	*Operating Revenues*	*Operating Expenses*	*Operating Income (Loss)*	*Total Non-operating Revenues (Expenses)*	*Change in Net Position*
2016	$ 14,668,426	$ 14,655,568	$ 12,858	$ 45,620	$ 58,478
2015	13,451,160	13,402,929	48,231	31,812	80,043
2014	13,444,295	13,441,342	2,953	15,002	17,955
2013	14,288,408	14,291,731	(3,323)	16,620	13,297
2012	14,858,298	14,913,076	(54,778)	41,870	(12,908)
2011	14,044,355	14,116,751	(72,396)	49,715	(22681)
2010	13,818,000	13,924,345	(106,345)	34,025	(222,320)
2009	13,337,165	13,458,101	(120,936)	53,318	(67,618)
2008	12,959,991	12,979,129	(19,138)	117,458	98,320
2007	12,484,272	12,512,725	(28,453)	164,375	135,922

Notes:

The significant change in Net Position for fiscal year 2010 was due mostly to a rebate of $150,000 of accumulated funds given back to the member jurisdictions. This rebate was based on each member's prorated earnings in the recycling markets. CVWMA's Net Position Policy allows the Authority to consider a rebate of unrestricted net assets in excess of 5% of total operating budget.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Revenues by Source – Last Ten Fiscal Years

	Local Gov't Assmts	*Recycling(1)*	*Refuse and Solid Waste(2)*	*Composting and Yard Waste(3)*	*Other Projects(4)*	*Material Sales(5)*	*Total*
2016	$548,282	$ 7,976,957	$4,245,042	$ 306,797	$ 247,500	$1,343,848	$14,668,426
2015	533,205	7,221,900	3,871,868	326,904	174,062	1,323,221	13,451,160
2014	533,205	7,250,055	4,502,336	478,503	204,355	475,841	13,444,295
2013	533,205	7,048,641	5,633,416	474,475	202,976	395,695	14,288,408
2012	515,894	6,766,758	6,144,498	675,122	221,092	534,934	14,858,298
2011	508,688	6,405,782	6,009,299	429,922	210,715	479,949	14,044,355
2010	503,312	6,270,895	6,053,238	445,477	209,243	335,835	13,818,000
2009	497,069	5,677,879	6,023,046	471,765	228,914	438,492	13,337,165
2008	491,808	5,231,168	6,153,941	426,106	313,343	343,625	12,959,991
2007	483,888	5,159,923	5,530,833	842,723	315,866	151,039	12,484,272

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

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

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

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

(4) Other projects include other waste disposal and recycling programs such as waste tire recycling, appliance and scrap metal recycling and household hazardous waste disposal.

(5) The revenue generated from the sale of recyclables is dependent upon the market at the time of the sale. Markets have fluctuated in the last ten years typically related to the fluctuation in the economy. In FY 2014, the Authority negotiated a renewal of the curbside recycling contract to include a rebate effective May 1, 2014.

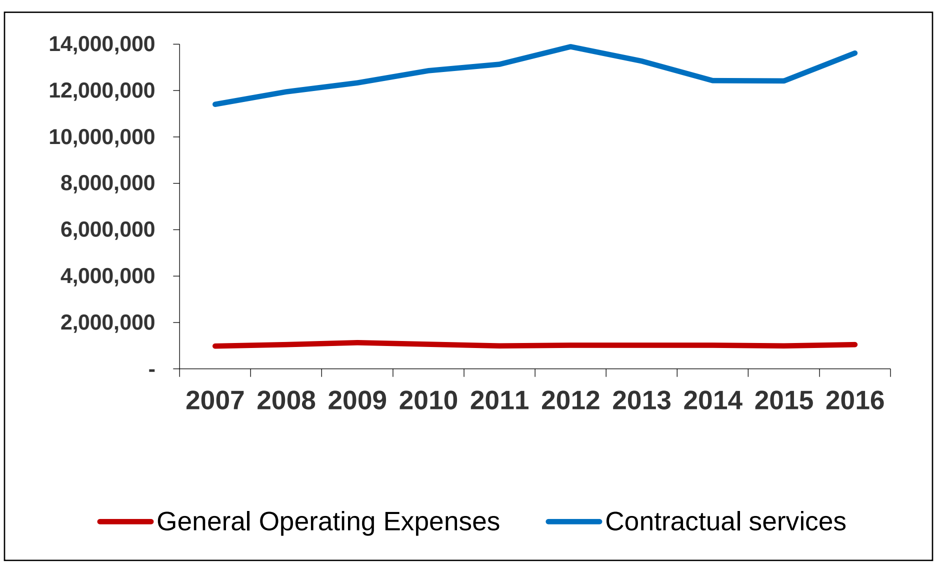
CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Expenses – Last Ten Fiscal Years

	Administrative /Operating	*Salaries And Benefits*	*Professional Service Fees*	*Depreciation*	*Project Contractual Services*	*Material Sales Rebates**	*Total Operating Expenses*
2016	$ 258,964	$688,984	$ 80,241	$ 12,186	$12,307,502	$1,307,691	$14,655,568
2015	241,959	667,420	61,985	12,301	11,130,568	1,288,696	13,402,929
2014	234,949	707,418	65,959	5,288	11,985,140	442,588	13,441,342
2013	225,782	714,568	67,346	10,606	12,923,072	350,357	14,291,731
2012	257,528	679,827	63,857	19,288	13,391,649	500,927	14,913,076
2011	214,794	679,960	70,356	23,453	12,658,523	469,665	14,116,751
2010	270,952	690,548	75,274	27,485	12,533,001	327,085	13,924,345
2009	332,276	671,271	94,522	30,577	11,912,611	416,844	13,458,101
2008	347,610	601,933	56,730	31,278	11,660,096	281,482	12,979,129
2007	336,010	546,538	67,941	29,136	11,406,423	126,677	12,512,725

Notes:

The Authority implemented the results of a pay, classifications and benefits study conducted in 2008. In addition, the Authority conducted a study of eligible curbside recyclers in 2009 in an effort to ultimately increase participation and usage of the program by residents. The Authority, in partnership with the Curbside Value Partnership (a national non-profit firm dedicated to increasing recycling rates at the curb through promotion and outreach), implemented and executed a campaign in FY 2012 in an effort to increase recycling participation rates and volumes in the curbside recycling program. In FY 2013 the Authority completed the phase-in of the VRS employee contribution of 5%, which resulted in pay increases of 5%. Three full-time employees retired from the Authority in calendar year 2013. General operating expenses, including salaries, benefits and professional fees have remained relatively constant in relation to program costs over the last ten years. A rebate of $669,367 was received in FY 2015 as a result of an early renewal of the residential recycling contract provided to our 255,000 households. In FY 2016, the Authority hired Zellos to consult and assist with the implementation of the Authority's Strategic Plan. In late 2015, the Authority increased the Recycling Education and Outreach Specialist from part-time to a full-time position under the Public Affairs program.



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Nonoperating Revenues – Last Ten Fiscal Years

Fiscal Year	*Grants and Sponsorships*	*Interest Income*	*Miscellaneous*	*Total Nonoperating Revenues*
2016	$ 24,500	$ 21,120	$ -	$ 45,620
2015	10,000	21,812	-	31,812
2014	10,000	4,702	300	15,002
2013	10,000	6,075	545	16,620
2012	27,500	14,370	-	41,870
2011	10,000	28,415	11,300	49,715
2010	13,800	20,225	-	34,025
2009	17,448	31,996	3874	53,318
2008	8,390	108,252	816	117,458
2007	20,700	143,675	-	164,375

Notes:

The Authority has negotiated with Tidewater Fiber Corporation to contribute $10,000 annually to promote curbside recycling through FY2023. In addition, seven sponsors contributed $14,500 toward the CVWMA's 25th Anniversary events in 2015.

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Curbside Recycling and Municipal Solid Waste Rates
Last Ten Fiscal Years

Curbside Recycling – Rates per household per month

	Bi-Weekly Collection	***Bi-Weekly Collection w/ cart***	***Weekly Collection***	***Public Information***	***Customer Service***
2016	$1.800	$ 1.490-2.860	$ -	$ .063	$ .067
2015	1.800	1.470-2.420	-	.063	.067
2014	1.800	2.420	-	.063	.066
2013	1.815	2.872	2.872	.062	.065
2012	1.767	-	2.797	.060	.063
2011	1.721	-	2.723	.060	.061
2010	1.682	-	2.662	.080	.060
2009	1.479	-	2.332	.086	.070
2008	1.422	-	2.242	.083	.067

Notes:

The curbside recycling program collection rates vary based on the participating jurisdictions level of service desired. In 2015, the City of Hopewell added curbside recycling to its menu of services. In Fiscal Year 2013, both Ashland and Colonial Heights converted from a weekly collection program to bi-weekly with 95-gallon carts and the City of Richmond began conversion from bins to carts with 6,000 homes in 2015. Therefore, no jurisdiction is providing weekly collection anymore. The current contract became effective July 1, 2009 and an early renewal was negotiated effective May 1, 2014 resulting in reduced per household fees and rebate on each ton collected at the curb from one vendor. A fee is charged participating localities for public education and the CVWMA uses those funds to promote the program regionally. A separate fee is charged for customer service provided by the Authority. The public relations rate was reduced in FY 2011 to 6 cents/household per month during the budget process.

	Municipal Solid Waste Collection per household Per month	***Tipping Fees Range Dollars Per Ton***
2016	$5.02 - $10.35	$16.90 - $22.50
2015	$5.02 - $10.35	$16.00 - $22.50
2014	$5.02 - $15.40	$16.00 - $22.50
2013	$5.02 - $15.19	$28.05 - $38.30
2012	$9.51 - $14.93	$29.34 - $37.66
2011	$9.18 - $14.41	$29.25 - $36.30
2010	$9.00 - $14.13	$27.76 - $35.59
2009	$9.00 - $14.13	$27.76 - $35.59
2008	$8.64 - $15.27	$26.64 - $34.16
2007	$6.12 - $10.611	$24.89 - $31.92

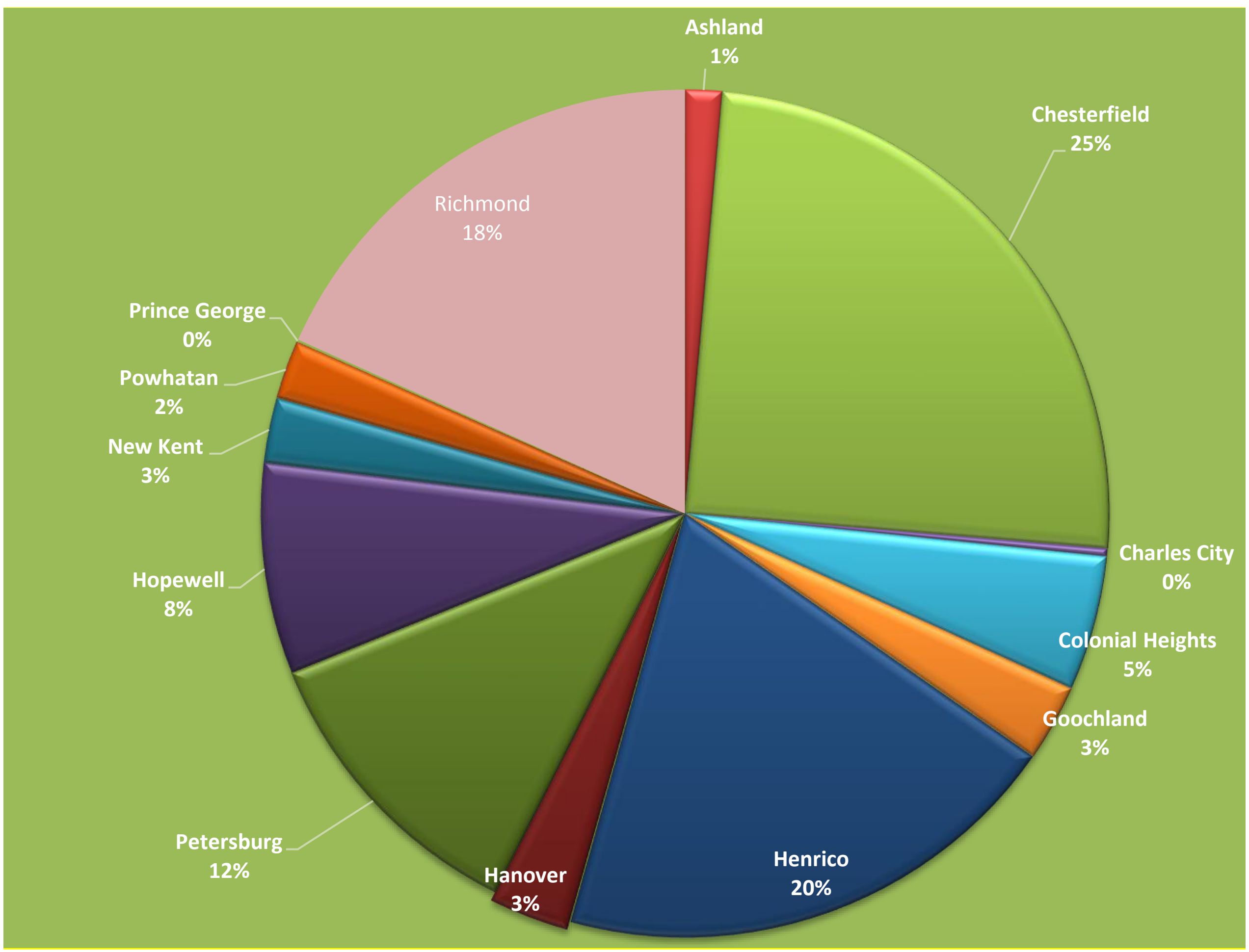
The current municipal solid waste contracts include the Cities of Colonial Heights, Hopewell and Petersburg and the Town of Ashland. The rates include collection and disposal except in the City of Petersburg where disposal is free based on a host agreement between the City and the privately owned landfill. In fiscal year 2010, rates remained the same due to a deflation in the economy.

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Revenue by Locality – Current Year and Nine Years Ago

Locality	*2016 Operating Revenues*	*2016 Percent of Revenue*	*Locality*	*2007 Operating Revenues*	*2007 Percent of Revenue*
County of Chesterfield	$ 3,292,108	24.95%	**County of Chesterfield**	$ 3,161,772	25.64%
County of Henrico	2,596,248	19.68%	**County of Henrico**	2,196,730	17.82%
City of Richmond	2,417,762	18.33%	**City of Richmond**	1,789,826	14.52%
City of Petersburg	1,515,803	11.49%	**City of Colonial Heights**	1,087,617	8.82%
City of Hopewell	1,063,522	8.06%	**City of Hopewell**	966,693	7.84%
City of Colonial Heights	679,297	5.15%	**City of Petersburg**	823,333	6.68%
County of Goochland	388,270	2.94%	**County of Goochland**	623,620	5.06%
County of Hanover	405,224	3.07%	**County of New Kent**	513,906	4.17%
County of New Kent	327,154	2.48%	**County of Powhatan**	483,406	3.92%
County of Powhatan	294,421	2.23%	**County of Prince George**	242,259	1.96%
Town of Ashland	185,606	1.41%	**Town of Ashland**	239,245	1.94%
County of Prince George	24,714	0.19%	**County of Hanover**	198,396	1.61%
County of Charles City	3,489	0.03%	**County of Charles City**	3,360	0.03%
Totals	$13,193,618	100.0%	**Sub-totals**	$ 12,330,163	100.0%



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

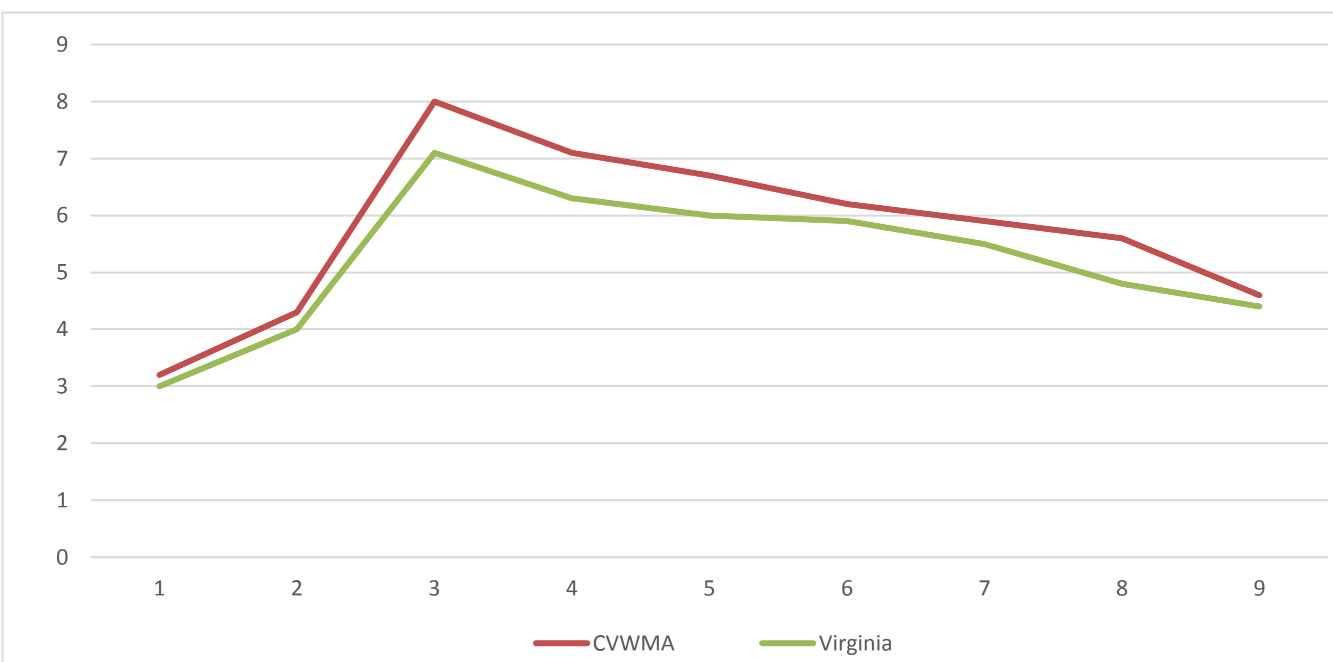
Demographic and Economic Statistics – Last Ten Calendar Years

Calendar Year	*Population*	*Personal Income*	*Per Capita Personal Income*	*Unemployment Rate*	
				CVWMA	*Virginia*
2015	1,164,023	Not Available	$ 52,136	4.6%	4.4%
2014	1,151,077	$56,454,774	50,405	5.6%	4.8%
2013	1,142,254	54,848,899	46,730	5.9%	5.5%
2012	1,132,928	53,122,366	45,339	6.2%	5.9%
2011	1,112,543	49,246,121	43,468	6.7%	6.0%
2010	1,110,843	47,833,944	41,370	7.1%	6.3%
2009	1,085,076	46,894,089	40,927	8.0%	7.1%
2008	1,070,522	47,917,871	41,510	4.3%	4.0%
2007	1,061,818	44,839,275	39,329	3.2%	3.0%
2006	1,044,658	42,324,089	37,110	3.2%	3.0%

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

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

Unemployment Rate Comparison



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Central Virginia Principal Employers

Current Year and Nine Years Ago

Employer **	Calendar Year 2015*	Calendar Year 2006*
	Rank	Rank
Virginia Commonwealth University	1	4
Capital One Bank	2	3
Henrico County School Board	3	2
Chesterfield County School Board	4	1
MCV Hospital/VCU Medical Center	5	6
Bon Secours Health Systems	6	-
HCA Virginia Health System	7	7
US Department of Defense	8	9
Wal-Mart	9	5
Integrity Staffing Solutions	10	-
Philip Morris U.S.A., Inc.	-	8
Federal Government	-	10

* Final Quarter data for most recent calendar year (2015 and 2005).
** The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347. All employers have over 1,000 individuals employed.

Source of Data: Virginia Employment Commission

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Material Collected – Last Ten Fiscal Years

Fiscal Year	*Tons Recycled**	*Tons of Municipal Solid Waste*	*Cubic Yards of Yard Waste*	*Gallons of Paint Collected*	*Gallons of Used Oil Collected*	*Tons of Batteries Recycled*	*Propane Tanks Recycled*	*Tons of Tires Recycled*	*Tons of Electronics Recycled*	*Tons of Textiles*
2016	46,347	68,097	167,360	11,440	161,701	55.0	1,411	707	274	1,012
2015	45,049	65,059	180,092	10,560	112,143	35.2	1,408	724	185	1,033
2014	40,007	65,095	269,604	9,075	105,713	29.5	1,082	766	405	814
2013	42,943	61,923	234,460	8,745	114,804	30.4	1,105	787	410	548
2012	41,936	72,272	363,219	12,045	112,230	42.2	1,141	736	406	423
2011	41,886	72,434	255,388	12,155	116,805	19.1	1,597	778	365	333
2010	42,824	74,646	257,925	12,485	131,025	33.5	974	882	320	290
2009	43,750	75,154	419,465	13,475	49,660	56.8	1,789	652	398	177
2008	42,580	120,287	343,540	13,255	45,795	99.2	2,029	756	173	56

* Includes paper, metals, plastic and glass.

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Customers by Type – Last Ten Fiscal Years

Curbside Recycling

Fiscal Year	*Ashland*	*Chesterfield*	*Colonial Heights*	*Goochland*	*Hanover*	*Henrico*	*Hopewell*	*Petersburg*	*Richmond*	*Total*
2016	1,465	95,693	6,701	1,242	3,257	84,909	8,644	11,064	61,487	274,462
2015	1,465	97,600	6,635	1,238	2,837	84,909	8,649	11,199	61,487	276,019
2014	1,465	97,585	6,701	1,238	2,837	84,909	-	11,203	61,487	267,425
2013	1,465	97,585	6,701	1,238	2,837	84,528	-	10,998	61,428	266,780
2012	1,465	97,566	6,360	1,146	2,837	84,361	-	-	61,159	254,894
2011	1,465	95,744	6,335	957	2,760	83,760	-	-	60,826	251,847
2010	1,465	94,347	6,308	1,232	2,728	82,720	-	-	60,508	249,308
2009	1,465	93,767	6,279	1,207	1,031	82,031	-	-	60,179	245,959
2008	1,465	91,983	6,246	1,166	-	80,584	-	-	61,306	242,750
2007	1,465	91,017	6,216	1,099	-	79,026	-	-	61,007	239,830

Municipal Solid Waste Collection

Fiscal Year	*Ashland*	*Chesterfield*	*Colonial Heights*	*Hopewell*	*Petersburg*	*Total*
2016	1,465	2,301	6,632	8,648	11,064	30,110
2015	1,465	-	6,635	8,647	11,199	27,946
2014	1,465	-	6,701	8,644	11,203	28,013
2013	1,465	-	6,701	8,644	10,998	27,808
2012	1,465	-	6,250	8,644	11,810	28,169
2011	1,465	-	6,337	8,644	11,810	28,256
2010	1,465	-	6,488	8,768	11,811	28,532
2009	1,465	-	6,500	8,768	12,041	28,774
2008	1,465	-	6,498	8,768	12,041	28,772
2007	1,465	-	6,494	8,768	12,032	28,759

Notes:

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

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

The County of Hanover decided to stop offering curbside recycling to its residents effective July 1, 2002, but reinstated some subdivisions on July 1, 2008.

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

The City of Hopewell implemented curbside recycling in July 2014.

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

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Employees by Function – Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Management and Operations	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Public Information and Education	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Finance and Administration	3.0	2.5	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Call Center Operations	3.5	3.5	3.0	3.5	3.5	3.5	4.0	4.0	4.0	4.0
Total Employees	11.0	10.5	10.0	11.0	11.0	11.0	11.5	11.5	11.5	11.5

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

Source of Data: CVWMA Administrative Office

Compliance Section

BROWNEDWARDS
certified public accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 13, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2016-001.**

Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
September 13, 2016

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2016

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

STATE COMPLIANCE MATTERS

Code of Virginia:
Cash and Investment Laws
Debt Provisions
Local Retirement Systems
Procurement Laws

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2016-001: Commonwealth of Virginia Disclosure Statements

Condition:

Certain members of the Board of Directors did not file statements of economic interest by the December deadline as set forth by the *Code of Virginia*.

Recommendation:

Steps should be taken to ensure that these statements are filed by all required individuals in a timely manner.

Management's Response:

The auditee concurs with this recommendation.