



## RIVANNA SOLID WASTE AUTHORITY

# Comprehensive Annual Financial Report

for the Fiscal Years Ended June 30, 2017 and 2016

*Serving the City of Charlottesville and Albemarle County, Virginia*



**RIVANNA SOLID WASTE AUTHORITY**

**CHARLOTTESVILLE, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

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**Prepared By:**

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Department of Finance and Administration



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**RIVANNA SOLID WASTE AUTHORITY**  
Comprehensive Annual Financial Report  
Fiscal Years Ended June 30, 2017 and 2016

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**BOARD MEMBERS**

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Doug Walker, Vice-Chairman

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Paul Oberdorfer

Trevor Henry

Kathleen Galvin

Dr. Liz Palmer

**EXECUTIVE DIRECTOR**

William I. Mawyer, Jr., P.E.

**DIRECTOR OF FINANCE/ADMINISTRATION**

Lonzy E. Wood, III, CPA

**GENERAL COUNSEL**

McGuire Woods, LLP  
Charlottesville, Virginia

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October 20, 2017

To the Board of Directors  
Rivanna Solid Waste Authority  
Charlottesville, Virginia

The Comprehensive Annual Financial Report (CAFR) of the Rivanna Solid Waste Authority (Authority) for the fiscal year end June 30, 2017 is submitted herewith. This report has been prepared in conformity with the reporting and accounting standards promulgated by the Government Accounting Standards Board, the Financial Accounting Standards Board, and with the accounting and reporting standards for enterprise funds set out by the Government Finance Officers Association of the United States and Canada, with such modifications as apply to our status as an independently chartered corporation.

Based upon a comprehensive framework of internal control that it has established for this purpose, management assumes responsibility for the completeness and reliability of the information contained in this report. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements, because the cost of each internal control should not outweigh the potential benefit.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **ORGANIZATION AND SERVICES PROVIDED**

The Rivanna Solid Waste Authority is a regional non-profit public corporation chartered in 1990 under the Virginia Water and Waste Authorities Act (1950, as amended), that currently provides solid waste disposal and recycling services to the region comprised of the City of Charlottesville (City) and Albemarle County (County). The Authority does not provide collection services, which are managed by the City's Public Service Division and various private haulers who serve customers in both the County and the City. The Authority operates under the terms of a Service Agreement signed October 6, 1990 by the officers of the City Council, the County Board of Supervisors, and the Authority. By this agreement, the Authority is to be the sole provider of any landfills, transfer stations, or other solid waste disposal facilities, including recycling and solid waste energy generation, for all solid waste generated within Charlottesville and Albemarle County. The Authority accepted donation of the assets and liabilities and assumed operational responsibility for the Ivy Sanitary Landfill as of February 1, 1991.

The Authority has determined that it is not part of the reporting entity of either the City of Charlottesville or the County of Albemarle (see Note 1 of the notes to the financial statements). The Board appoints an Executive Director, who manages Authority operations under their direction. The Authority's operations mainly consist of the Ivy Material Utilization Center (IMUC), Municipal Solid Waste (MSW) transfer station, recycling activities and supporting administrative functions.

## **LOCAL ECONOMIC CONDITIONS**

The University of Virginia provides a significant buffer against large swings in the economy of our service area. In addition, the Charlottesville urban area is a major retail trade center for the surrounding region. Housing growth remains steady. Although the majority of such growth occurs in County developments, in-filling in Charlottesville continues. Both Charlottesville and Albemarle County enjoy low unemployment rates, steady economic growth and high bond ratings.

A ten-year compilation analysis report dated September 2017 by the Charlottesville Regional Chamber of Commerce examining employment in the Greater Charlottesville Region concluded that combined private and public-sector employment grew by 11%, or 12,005 jobs, from 2006 to 2016, compared to a 4% increase in Virginia outside of the region. In 2016, 75% of jobs within the Region were located in the City of Charlottesville and Albemarle County, and the other 25% are reported in the Counties of Fluvanna, Green, Louisa, Nelson, and Orange.

The Charlottesville-Albemarle area attracts many visitors to its historic sites and the wine industry has been popular and has served to help benefit the tourism sector of the regional economy. The travel and tourism industry make a vital contribution to the local economy.

## **LONG-TERM FINANCIAL PLANNING**

The Authority is committed to the environmental remediation of the former Ivy Landfill. This challenge is immense in terms of management and economic resources. The next ten-year effort in this area for monitoring and remediation will cost an estimated \$5 to \$6 million.

A memorandum of understanding among the City, the County, the University of Virginia (UVA), and the Authority was signed on January 10, 2005 in which the City, County, and UVA agreed to share in funding the costs of environmental remediation at the former Ivy Landfill which includes implementing the Corrective Action Plan. Obviously, the remediation costs greatly outweigh the ability to generate revenues at Rivanna. This agreement clearly indicates that our associated local governments and UVA are committed to financially supporting this long-term effort to protect and correct adverse impacts on the environment.

## **MAJOR INITIATIVES**

RSWA is to build a new transfer station at the Ivy Material Utilization Center in FY 2018 to replace the aging facility currently in operation. The current transfer station has reached the end of its useful life and does not meet current standards. A new transfer station is being designed to accommodate 50 tons per day of MSW and will allow some growth in recycling services offered. The County of Albemarle has agreed to fund the construction of the new transfer station for a total budget of \$2.7 million. This project will begin construction in late October of 2017 and should be operational by December of 2018.

The Authority also began investigating the possibility of leasing out a portion of the closed landfill for the purposes of utilizing that space for a solar energy project. A Request for Proposal was issued late in FY 2017 to hire a firm that specializes in developing a renewable energy project on one of the closed cells at the Ivy Landfill. The project would use roughly 10 to 12 acres of land for a long-term lease to a provider that would construct the solar energy facility. The project would be constructed and operated by a third-party provider over a 25-year term.

See the MD&A for more information.

## **ACCOUNTING AND BUDGETARY CONTROLS AND FINANCIAL POLICIES**

The Authority's accounting records are maintained on the accrual basis of accounting. (See Note 1C of the notes to the financial statements). Internal controls are maintained by segregation of duties and physical and data security systems in all areas of record keeping, billing, cash receipts, disbursements and purchasing authority. These controls are reviewed regularly by staff and are evaluated as part of the annual financial audit (see the Compliance Section of this report).

The Authority is required by the Service Agreement to adopt an annual fiscal year budget for setting tipping fees as well as for fiscal guidance to staff. Budgets include direct costs and provision for equipment replacement as well as allocations of administrative, maintenance, site improvements funding, recycling, and other expenses. The Authority is in a position to offer only those services that can be supported either through fees charged or through local government contributions. Those contributions are governed by various annual agreements with the City and County. Projections of tonnages and expenses by waste category are used to calculate tipping fee requirements for each waste category (see Table 5). A proposed budget incorporating proposed tipping fees and local government contributions is prepared by the Director of Finance and the Executive Director and submitted to the Board of Directors. A public hearing is held on any proposed tipping fee changes with at least sixty days advance public notice. All budget items lapse at the end of the fiscal year, except encumbrances and contractual commitments.

Budgetary compliance is monitored and reported to the Board by the Director of Finance and Administration and the Executive Director. Projections of both revenues and expenses are understood to reflect anticipated service levels and to incorporate a variety of economic and demographic forecasts. Variances from budget line items are examined at least monthly to assure a direct relation between costs and actual service levels, emergencies or other contingent conditions.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Rivanna Solid Waste Authority for its Comprehensive Annual Financial Report for the year ended June 30, 2016. This was the twenty second consecutive year that this governmental unit has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles 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's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ANNUAL AUDIT**

State law and the Service Agreement require an annual audit of the books and records of the Authority. The opinion of our independent certified public accountants is included in the Financial Section. The concurrent reports on compliance are included in the Compliance Section.

## **ACKNOWLEDGEMENTS**

The help of staff and of our certified public accountants is gratefully acknowledged. Such help and the Board of Directors' support and commitment to financial reporting excellence are essential to the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lonzy E. Wood, III". The signature is fluid and cursive, with a large initial "L" and a stylized "W".

Lonzy E. Wood, III  
Director of Finance and Administration



Government Finance Officers Association

**Certificate of  
Achievement  
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**Rivanna Solid Waste Authority  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

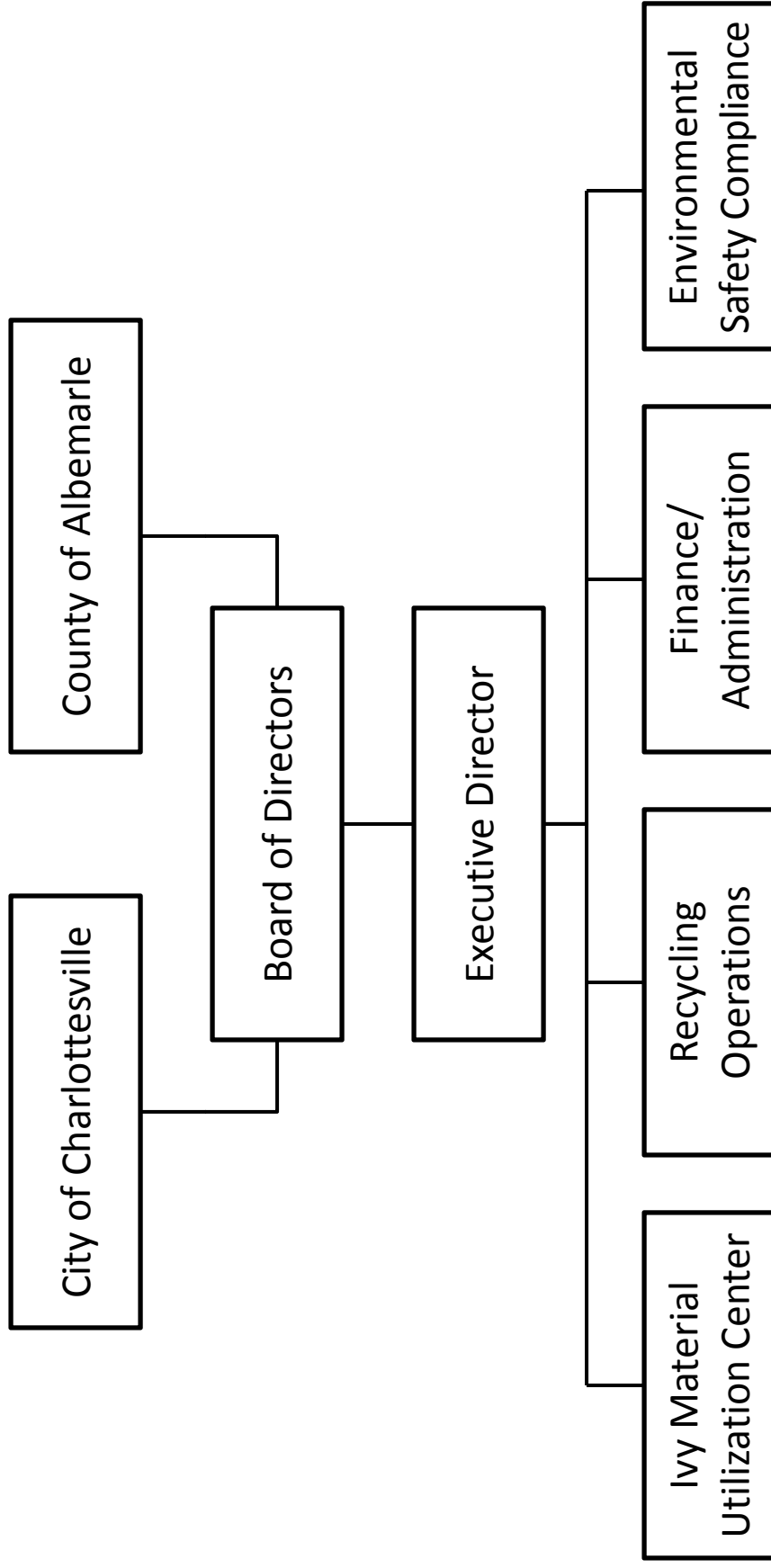
**June 30, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Enser". The signature is written in a cursive, flowing style.

Executive Director/CEO

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# Rivanna Solid Waste Authority



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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

**To the Board of Directors  
Rivanna Solid Waste Authority  
Charlottesville, Virginia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Rivanna Solid Waste Authority, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Rivanna Solid Waste 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Rivanna Solid Waste Authority, as of June 30, 2017 and 2016, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 13-20 and 59-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Rivanna Solid Waste Authority's basic financial statements. The introductory section and statistical section 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017, on our consideration of Rivanna Solid Waste 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 Rivanna Solid Waste Authority's internal control over financial reporting and compliance.

*Robinson, Farmer, Co. Associates*

Charlottesville, Virginia

October 20, 2017

## Management's Discussion and Analysis

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**To the Board of Directors  
Rivanna Solid Waste Authority  
Charlottesville, Virginia**

As management of Rivanna Solid Waste Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 6 of this report.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

**Enterprise fund financial statements.** The enterprise fund financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The basic enterprise fund financial statements can be found on pages 22 through 25 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 27 through 55 of this report.

**Required supplementary information.** This report also includes required supplementary information concerning the Authority's progress in funding its obligation to provide pension and other postemployment benefits to its employees. It is located immediately following the notes to financial statements.

## **Financial Highlights**

- The Authority's total net position increased by approximately \$454,000 this year and by \$598,000 in the prior year, which indicates an improvement in its overall financial position.
- Total operating revenues increased by 25% or \$266,000 this year, due to increases in waste tonnages and recyclable materials received and higher prices received for recycled paper products.
- Ivy environmental expenses increased by \$278,000 due to an adjustment to accrued environmental remediation costs.

## **Financial Analysis**

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) at the close of the most recent fiscal year by \$4.9 million. Total net position increased by 10% this year and by 16% in FY 2016. Net position invested in capital assets increased by 9% this year due to increased capital expenditures this year after it remained relatively constant in the prior two years. The Authority uses these capital assets to provide services to its customers, so these assets are not available for future spending. Unrestricted net position has been negative for the past few years, because estimated landfill closure and post-closure costs for many years to come have been recorded as liabilities. However, these costs are funded on a pay-as-you-go basis through financial assurance provided by local government contributions which has not been recorded as a funding source. Changes in the balance in unrestricted net position are caused by changes in the accrued closure and post-closure. See Note 7 of the notes to the financial statements for details.

	<b>Net Position</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 4,716,992	\$ 4,969,865	\$ 4,911,252
Capital assets	6,840,559	6,268,650	6,246,134
Total assets	<u>\$ 11,557,551</u>	<u>\$ 11,238,515</u>	<u>\$ 11,157,386</u>
Deferred outflows of resources	<u>\$ 90,844</u>	<u>\$ 40,825</u>	<u>\$ 38,370</u>
Noncurrent liabilities	\$ 5,834,808	\$ 5,996,616	\$ 6,575,001
Current liabilities	919,337	755,283	645,549
Total liabilities	<u>\$ 6,754,145</u>	<u>\$ 6,751,899</u>	<u>\$ 7,220,550</u>
Deferred inflows of resources	<u>\$ 9,278</u>	<u>\$ 96,120</u>	<u>\$ 141,434</u>
Net position:			
Invested in capital assets	\$ 6,840,559	\$ 6,268,650	\$ 6,246,134
Unrestricted	(1,955,587)	(1,837,329)	(2,412,362)
Total net position	<u>\$ 4,884,972</u>	<u>\$ 4,431,321</u>	<u>\$ 3,833,772</u>

Total operating revenues rebounded this year with a 25% increase after a 2% decline in the prior year. Tipping fee revenues increased 21% this year, because higher volumes of waste were received at the transfer station, compared to a 6% increase in the prior year. Clean fill and vegetative materials were the waste types that saw the largest increases, probably due to large road construction projects. Recycling revenues increased 65% in FY 2017 due to a 16% rise in tonnages received and improved prices. Recycling revenues experienced a 10% increase in FY 2016 due to receiving higher tonnages of materials despite continued soft market pricing.

## **Financial Analysis: (Continued)**

Contributions received from the City of Charlottesville, the County of Albemarle, and the University of Virginia to fund remediation costs decreased by \$143,000 this year after a \$90,000 decrease in the previous year. The contributions were based on changes in estimated remediation costs budgeted for each fiscal year reduced by the planned use of \$597,000 of reserves over the two years. The County and City also contributed \$369,000 this year as budgeted to help fund operating expenses, which was \$174,000 less than the amount contributed in the prior year.

Total environmental expenses increased by \$278,000 this year after decreasing by \$332,000 in the prior year. Since the initial estimate of liability and related expense was recorded several years ago, the completion of certain landfill closure activities and changing estimates of future remediation costs associated with the permitted post-closure care can result in fluctuations in the liabilities and expenses. See the Review of Operations section for more information.

		<b>Changes in Net Position</b>		
		<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenues:				
Operating revenues:				
Tipping fees	\$	876,382	\$ 723,803	\$ 685,784
Recycling revenues		227,614	138,239	126,178
Other revenues		214,771	191,172	257,404
Nonoperating revenues:				
Government contributions - remediation support		576,714	720,151	809,908
Government contributions - operations support		368,856	542,926	398,040
Grant income - operating		27,811	28,878	28,562
Interest earned		31,333	16,107	8,745
Other income		5,220	31,800	-
Capital Grants		210,083	-	-
Total revenues	\$	<u>2,538,784</u>	\$ <u>2,393,076</u>	\$ <u>2,314,621</u>
Expenses:				
Operating expenses:				
Administration	\$	388,524	\$ 398,610	\$ 338,200
Transfer station		808,104	798,313	754,792
Ivy Material Utilization Center		259,669	257,481	205,089
Ivy environmental		264,995	(13,152)	318,515
Recycling programs		312,052	296,725	239,660
Depreciation		51,789	54,885	66,639
Nonoperating expenses:				
Loss on disposal of assets		-	2,665	-
Total expenses	\$	<u>2,085,133</u>	\$ <u>1,795,527</u>	\$ <u>1,922,895</u>
Increase (decrease) in net position	\$	453,651	\$ 597,549	\$ 391,726
Net position, beginning of year		<u>4,431,321</u>	<u>3,833,772</u>	<u>3,442,046</u>
Net position, end of year	\$	<u><u>4,884,972</u></u>	\$ <u><u>4,431,321</u></u>	\$ <u><u>3,833,772</u></u>

## **Capital Asset and Debt Administration**

**Capital Assets** - The Authority's investment in capital assets net of accumulated depreciation increased \$572,000 this year, due to construction costs of \$293,000 incurred on capital projects and equipment purchases totaling \$330,000. Design and site preparation costs of \$234,000 have been incurred this year for the new transfer station in Ivy, and \$60,000 has been spent on other capital projects. Only \$80,000 was spent on equipment purchases in FY 2016. Depreciation of \$52,000 and \$55,000 was recorded in fiscal year 2017 and 2016 respectively. Below is a comparison of the items that make up net capital assets at the end of the past three fiscal years.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land, land improvements and landfill site	\$ 5,943,439	\$ 5,943,439	\$ 5,943,439
Construction in progress	298,215	4,817	-
Buildings and fixtures	110,675	125,676	140,676
Vehicles and equipment	<u>488,230</u>	<u>194,718</u>	<u>162,019</u>
Total capital assets, net	<u>\$ 6,840,559</u>	<u>\$ 6,268,650</u>	<u>\$ 6,246,134</u>

Additional information about the Authority's capital assets may be found in Notes 3 and 4 of the notes to the financial statements.

**Long-Term Debt** - The Authority has a \$6 million obligation to close the transfer station and landfill site and to perform post-closure monitoring. This liability decreased slightly this year and decreased 7% in FY 2016 due to remediation work being done and adjustments being made to estimates of future costs. More detailed information on the Authority's long-term liabilities is presented in Notes 7 and 9 of the notes to the financial statements.

To meet the new reporting standards set forth by the Governmental Accounting Standards Board (GASB), the Authority recognized for the first time in FY 2015 the net pension obligation of \$242,000 as a long-term liability. This requirement is a result of GASB Statement No. 68 Accounting and Reporting for Pensions. That liability dropped 41% to \$143,000 in FY 2016 and increased to \$225,000 as of June 30, 2017. This liability represents the Authority's share of the Virginia Retirement System (VRS)'s actuarially determined total pension liability less plan assets or net position to pay for that liability. The actuary also determines the contribution rates needed in the future that the Authority pays directly to VRS to gradually fund this obligation. The contribution rate for FY 2017 was 7.92% of covered employee compensation, and the rate was 9.76% in the prior two years. The contributions were paid into VRS along with the 5% employee contributions to meet this future obligation. More detailed information regarding the Authority's pension plan and the net pension liability is presented in Note 6 of the notes to the financial statements.

## **Review of Operations**

**General:** The Authority's contract with Waste Management to exclusively use the Ivy Transfer Station within the Rivanna service area expired several years ago. With this contractual change, the Authority saw a 60% decrease in the MSW tonnages received that year. Because of the special pricing per ton, this represented only a 20% decrease in total transfer station revenues generated. The contractual change allowed more flexibility in the hours of operation at the Ivy facility. Hours of operation were reduced in FY 2014 by closing on all Mondays and recognizing all employee holidays. The work week was reduced to 40 hours which allowed downsizing in staff resources. Despite these changes, the Authority has seen MSW tonnages rebound somewhat. FY 2017 has been the busiest year since the changes in FY 2014 with a 21.5% increase over the last 4 years.

Municipal Solid Waste Annual Tonnages	
FY 2014	6,863.57
FY 2015	7,096.68
FY 2016	7,761.04
FY 2017	8,340.56

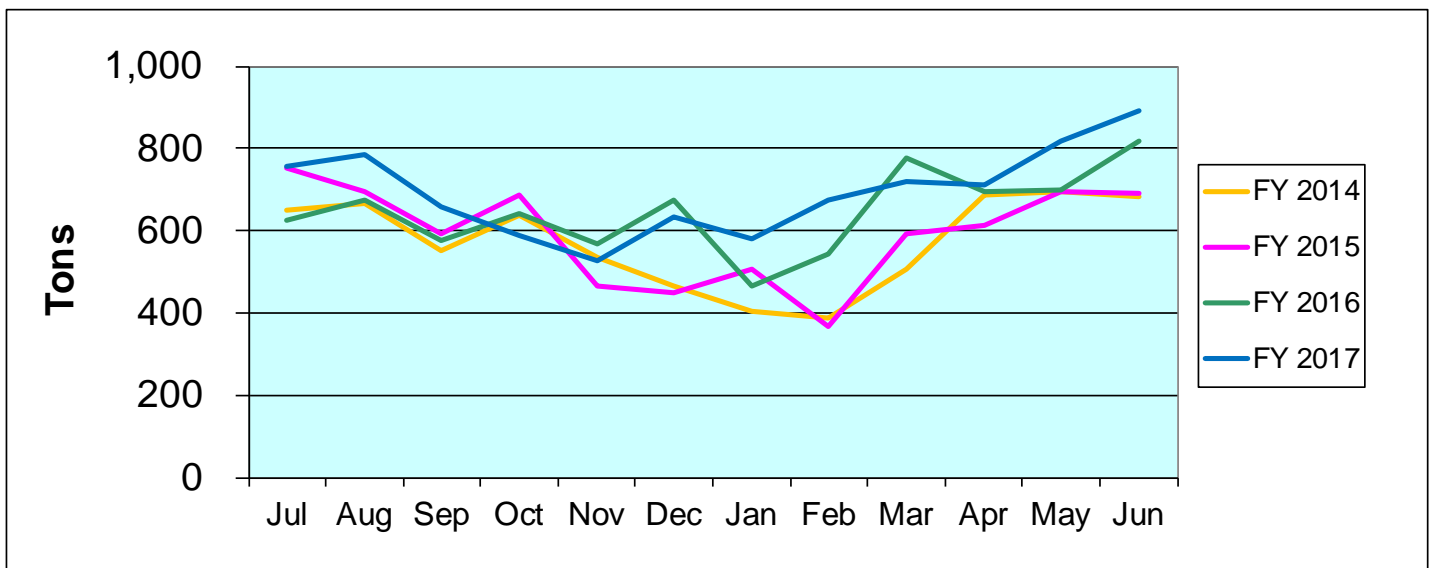
## **Review of Operations: (Continued)**

The McIntire Recycling Center began accepting household organic material which a local vendor picks up weekly and transports to a licensed composter in FY 2016. This program was offered on a trial basis to citizens that use the McIntire Center to see how much interest there is in this service and to see if the volume of waste received is manageable considering the resources available to the Authority. The program was well received and the Board decided to continue the program into the future. The Authority also worked with UVa Facilities Management this year to provide resources (drop off area and transportation to the service provider) for UVa Facilities Management to continue their composting program. UVa's vendor had to stop providing services and approached the Authority for assistance. This program processed nearly 235 tons of compostable material at a cost of \$42,800.

***Ivy Material Utilization Center (IMUC):*** Waste items are received at the IMUC, where most of the items are processed for sale or reuse, such as metals, tires, grindable vegetative material, and pallets. Clean fill, which is inert material, is accepted as well. Tipping fees from these items and the new compostable program with UVa previously mentioned generated \$274,000 in gross revenues for the Authority this year. This was a \$111,000 increase from the previous year mainly due to an increase in vegetative materials being received and the new compost services billed to UVa. The resale of items such as scrap metal and mulch resulted in revenues of \$61,000, and hauling fees decreased slightly to \$56,000 this year. The IMUC continues to have the semiannual household hazardous waste (HHW) events for collection of paint, batteries, and other HHW, which is a very popular program. The public drop-off recycling center and a "blue bag" drop-off center for Albemarle County haulers that collect waste paper remained at the center this year. IMUC operating costs were nearly flat for FY 2017 compared to FY 2016.

***Municipal Solid Waste Transfer Station:*** The Authority owns and operates a MSW transfer station at the IMUC that accepts MSW and small loads of construction debris from residential and commercial haulers. The waste is loaded into trailers, and a contractor hauls and disposes of the waste at a contracted facility in Amelia County. Tipping fees generated by this operation were \$584,000 this year, which was a 7% increase from the prior year. The increase was directly related to the increase of tonnages received as mention above. See the chart below for a monthly graphic of tonnages received.

**Ivy Transfer Station MSW Tonnages FY 2014-2017**



The preceding graph shows the monthly tonnage activity at the Ivy MSW transfer station compared to past fiscal years. Transfer Station waste tonnages received this year increased by 580 tons from 2016. As the economy improves, increases in small loads of construction debris would affect the tonnages in the construction season.

# RSWA FY 2017 Recycling & Reuse

**McIntire Recycling Center, Paper Sort Facility,  
and Ivy Material Utilization Center**



*10,046,000 Pounds of Waste Diverted for Reuse or Recycling*

**Recycling:** The Authority assumed operational responsibility as of February 1992 for the McIntire Road Recycling Center (a drop-off facility located in the City). This center collects many of the traditional items (paper, glass, plastic, and cans) for recycling and other non-traditional items, like used books, phone books, and Christmas trees.

The Paper Sort Facility functions as a transfer station where the Authority receives newspaper, magazines, cardboard, and file stock (fiber products), and plastic from the McIntire recycling center, other smaller collection sites in the County, and private haulers. The baler is used to ready the cardboard, boxboard, and plastic for transportation. Contracts are in place to sell and transport these products to mills and processors, and many of our contractors consider our recycled material to be high quality with little contamination. The recycling operation generated revenues of \$227,000 in FY 2017, which was an increase of about \$89,000 from the previous year due to higher tonnages of cardboard received and an increase in the market prices for these materials. This graphic shows the amounts of all materials that were diverted from the waste stream by both the recycling operations and the operations at Ivy in FY 2017. For more information, see Table 4 in the Statistical Section.

**Administration:** By mutual agreement of the respective Boards of Directors, the Authority shares administrative staff and office space with the Rivanna Water and Sewer Authority and pays an allocated share of joint expenses. Administrative procedures were implemented to ensure proper segregation of funds, purchasing activity, personnel and similar matters. The Solid Waste Authority paid the Water Authority \$328,000 for this joint administrative service this year.

**Environmental Remediation:** The Authority has long-term obligations for the remediation of the Ivy Landfill. In the late 1990s, it was confirmed that groundwater contamination had occurred at Ivy, contained within the boundary of the landfill property but beyond the footprint of the landfill cells. A remediation program was developed that began with a “pump and treat” system on the west side and replaced in 2006 by a broader site-wide enhanced bioremediation program. Enhanced Bioremediation included the injection of carefully selected substrate material into the groundwater to enhance the natural chemical reduction of the contamination to clean groundwater.



### Review of Operations: (Continued)

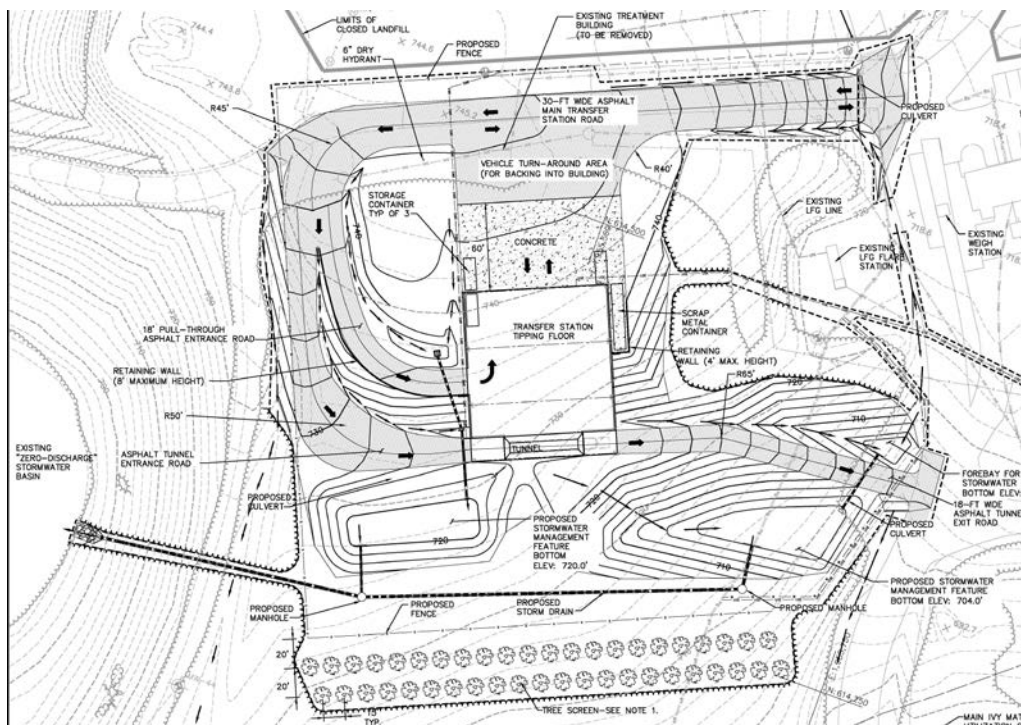
The Authority continues to implement its proactive strategy to meet the ongoing obligations and regulatory requirements at the Ivy Landfill. Through an extensive program of groundwater monitoring and remediation activities, historical contamination has been constrained onsite and continues to be closely monitored to observe the efficacy of the program and protection of human and ecological health. Air quality continues to be managed by operation of a site-wide, active gas collection system and continued system evaluation.

Additional activities related to the long-term care and maintenance of the closed landfill include procurement and construction of a new landfill gas flare that is sized appropriately for the much-reduced landfill gas quantities being produced by the landfill as well as a protocol for evaluating future needs to recap sections of the landfill that have witnessed significant settlement caused by the decay of buried wastes. This recapping will be necessary to limit the infiltration of precipitation into the waste. Due to recent changes in Virginia's dam safety requirements, the dam at the landfill, historically used as a source for irrigation water, is now required to be inspected and registered with the Virginia Department of Conservation and Recreation. A consultant has been procured that will aid the Authority in evaluating whether it is in our best interest to have the dam removed, modified, or fully brought into permitted compliance.

## Long-Term Trends

The Albemarle County Board of Supervisors approved a plan to construct a new transfer station facility at the closed Ivy Landfill to meet the needs of small haulers and residential waste disposal. This was prompted by a regulatory determination that the existing transfer station facility, which was built in the late 1990s, did not meet modern permitting requirements. The Virginia Department of Environmental Quality (DEQ) gave the Authority and the County a deadline of December 31, 2015 to formulate an action plan to reconfigure the current site, build a new site at Ivy or release the permit and become a convenience center that does not require a permit. After reviewing several options, the County concluded that a new facility on a vacant parcel of land on the closed landfill site was needed.

The Authority procured an engineering firm during the year to provide design, construction bidding and permitting services for the new facility. The new transfer station will be approximately 11,600 square feet, have a covered tipping floor area and will be able to top load trailers rather than using a compactor as is currently used.



### **Long-Term Trends: (Continued)**

Construction of the new transfer facility would start by October of 2017 for a substantial completion in October of 2018. The new facility would begin operating by December 2018. The existing facility would be decommissioned and properly closed through a Certificate of Closure by May of 2019. The new facility is being designed to accommodate 50 tons of MSW waste per day and will meet the current permit requirements. Remediation management of the Ivy site is ongoing for the next decade in terms of closure and over two decades on post-closure care. The overall budget for the transfer station is \$3.061 million all of which the County has agreed to fund directly, which will be included as capital grant revenue within the statement of Revenues and Expenses.

The Authority initiated a project this year to develop a renewable energy project on the closed landfill. Staff solicited proposals from qualified firms to construct and operate a solar energy facility using 10 to 12 acres of land on one of the closed cells at the Ivy site. The facility would be owned and operated by a third party and the Authority is looking to commit to a long-term land lease generating \$10,000-\$12,000 annually. The project is being looked at as part of Dominion Power's Community Solar Pilot Program required by recent actions from the Virginia State Senate (Senate Bill 1393). The energy produced by such a facility is estimated to power up to 1,000 homes annually.



### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at 695 Moores Creek Lane, Charlottesville, Virginia 22902-9016.

## **Basic Financial Statements**

**RIVANNA SOLID WASTE AUTHORITY**
**Exhibit 1**

Statement of Net Position  
At June 30, 2017 and 2016

	<b>At June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Notes 1 & 2)	\$ 4,429,331	\$ 4,712,950
Accounts receivable	109,244	82,500
Prepaid items	5,000	3,223
Total current assets	<u>\$ 4,543,575</u>	<u>\$ 4,798,673</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents (Notes 1 & 2)	\$ 173,417	\$ 171,192
Total restricted assets	<u>\$ 173,417</u>	<u>\$ 171,192</u>
Capital assets (Note 3):		
Land and improvements	\$ 5,943,439	\$ 5,943,439
Buildings and fixtures	633,119	633,248
Landfill site	5,665,500	5,665,500
Ivy landfill equipment	1,478,235	1,335,028
Vehicles	702,729	522,761
Office equipment	16,736	16,736
Paper facility equipment	323,987	316,862
Accumulated depreciation (Note 3)	<u>(8,221,401)</u>	<u>(8,169,741)</u>
Subtotal	<u>\$ 6,542,344</u>	<u>\$ 6,263,833</u>
Construction in progress (Note 4)	<u>298,215</u>	<u>4,817</u>
Total net capital assets	<u>\$ 6,840,559</u>	<u>\$ 6,268,650</u>
Total noncurrent assets	<u>\$ 7,013,976</u>	<u>\$ 6,439,842</u>
Total assets	<u>\$ 11,557,551</u>	<u>\$ 11,238,515</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Post measurement date employer pension contributions	\$ 32,319	\$ 40,825
Net difference of actual and expected pension plan earnings	<u>58,525</u>	<u>-</u>
Total deferred outflows of resources	<u>\$ 90,844</u>	<u>\$ 40,825</u>

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

Statement of Net Position (continued)  
 At June 30, 2017 and 2016

	At June 30,	
	2017	2016
<b>LIABILITIES</b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 376,529	\$ 214,956
Accrued landfill corrective action and post-closure costs	470,413	475,182
Other long-term obligation (Note 12)	44,395	37,145
Compensated absences - current portion (Note 9)	<u>28,000</u>	<u>28,000</u>
Total current liabilities	\$ <u>919,337</u>	\$ <u>755,283</u>
Noncurrent liabilities:		
Payable from restricted assets:		
Accrued transfer station closure costs (Note 7)	\$ 173,417	\$ 171,192
Accrued corrective action costs (Note 7)	2,833,308	2,894,206
Accrued post-closure monitoring costs (Note 7)	2,489,613	2,611,268
Other long-term obligation (Note 12)	112,292	131,392
Net OPEB obligation (Note 10)	-	26,912
Net pension liability (Note 6)	224,516	142,617
Compensated absences (net of current portion) (Note 9)	<u>1,662</u>	<u>19,029</u>
Total noncurrent liabilities	\$ <u>5,834,808</u>	\$ <u>5,996,616</u>
Total liabilities	\$ <u>6,754,145</u>	\$ <u>6,751,899</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Differences between expected and actual experience	\$ 9,278	\$ 33,419
Net difference of actual and expected pension plan earnings	<u>-</u>	<u>62,701</u>
Total deferred inflows of resources	\$ <u>9,278</u>	\$ <u>96,120</u>
<b>NET POSITION</b>		
Net position:		
Investment in capital assets	\$ 6,840,559	\$ 6,268,650
Unrestricted	<u>(1,955,587)</u>	<u>(1,837,329)</u>
Total net position	\$ <u>4,884,972</u>	\$ <u>4,431,321</u>

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

**RIVANNA SOLID WASTE AUTHORITY**
**Exhibit 2**
**Statement of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2017 and 2016**

	<b>Year Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues:		
Tipping fees	\$ 876,382	\$ 723,803
Recycling revenues	227,614	138,239
Other revenues	<u>214,771</u>	<u>191,172</u>
Total operating revenues	<u>\$ 1,318,767</u>	<u>\$ 1,053,214</u>
Operating expenses:		
Administration	\$ 388,524	\$ 398,610
Transfer station	808,104	798,313
Ivy Material Utilization Center	259,669	257,481
Ivy environmental	264,995	(13,152)
Recycling programs	312,052	296,725
Depreciation	<u>51,789</u>	<u>54,885</u>
Total operating expenses	<u>\$ 2,085,133</u>	<u>\$ 1,792,862</u>
Operating income (loss)	<u>\$ (766,366)</u>	<u>\$ (739,648)</u>
Nonoperating revenues (expenses):		
Interest earned	\$ 31,333	\$ 16,107
Local government contributions - remediation support	576,714	720,151
Local government contributions - operations support	368,856	542,926
Other income	5,220	31,800
Grants	27,811	28,878
Gain (loss) on disposal of assets	<u>-</u>	<u>(2,665)</u>
Total nonoperating revenues (expenses)	<u>\$ 1,009,934</u>	<u>\$ 1,337,197</u>
Income before capital grants	\$ 243,568	\$ 597,549
Capital grants	<u>\$ 210,083</u>	<u>\$ -</u>
Change in net position	\$ 453,651	\$ 597,549
Net position, beginning of year	<u>4,431,321</u>	<u>3,833,772</u>
Net position, end of year	<u><u>\$ 4,884,972</u></u>	<u><u>\$ 4,431,321</u></u>

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

Statement of Cash Flows  
Years Ended June 30, 2017 and 2016

	<u>Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,297,243	\$ 1,065,735
Payments to suppliers	(1,404,099)	(1,467,010)
Payments to and on behalf of employees	(765,637)	(787,387)
Net cash provided by (used for) operating activities	\$ (872,493)	\$ (1,188,662)
Cash flows from noncapital financing activities:		
Contributions from local governments	\$ 945,570	\$ 1,263,077
Grant income	27,811	28,878
Net cash provided by (used for) noncapital financing activities	\$ 973,381	\$ 1,291,955
Cash flows from capital and related financing activities:		
Additions to capital assets	\$ (623,698)	\$ (85,066)
Proceeds from the disposal of capital assets	-	5,000
Capital grants	210,083	-
Net cash provided by (used for) capital and related financing activities	\$ (413,615)	\$ (80,066)
Cash flows from investing activities:		
Interest received	\$ 31,333	\$ 16,107
Net cash provided by (used for) investing activities	\$ 31,333	\$ 16,107
Increase (decrease) in cash and cash equivalents	\$ (281,394)	\$ 39,334
Cash and cash equivalents at beginning of year (including \$171,192 and \$169,666, respectively reported in restricted accounts)	4,884,142	4,844,808
Cash and cash equivalents at end of year (including \$173,417 and \$171,192 respectively reported in restricted accounts)	\$ 4,602,748	\$ 4,884,142
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (766,366)	\$ (739,648)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	51,789	54,885
Other nonoperating income	5,220	31,800
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable and prepaid items	(28,521)	(19,279)
Increase (decrease) in accounts payable and accrued expenses	161,573	(45,457)
Increase (decrease) in net OPEB obligation	(26,912)	(14,000)
Increase (decrease) in other long-term obligations	(11,850)	168,537
Increase (decrease) in compensated absences	(17,367)	3,427
Increase (decrease) in net pension liability	81,899	(99,546)
(Increase) decrease in deferred outflows of resources - pension	(50,019)	(2,455)
Increase (decrease) in deferred inflows of resources - pension	(86,842)	(45,314)
Increase (decrease) in accrued landfill and transfer station obligations	(185,097)	(481,612)
Net cash provided by (used for) operating activities	\$ (872,493)	\$ (1,188,662)

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

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# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016

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## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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The Rivanna Solid Waste Authority is a jointly governed organization formed by the City of Charlottesville and the County of Albemarle pursuant to the Virginia Water and Waste Authorities Act (Code of Virginia, 1950 as amended). The Authority was formed to develop regional garbage and refuse disposal, as such terms are defined in Section 15.2-5101 of the Act, including development of systems and facilities for recycling, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and/or operating and maintaining regional solid waste disposal areas, systems and facilities, all pursuant to the provisions of the Act. The Authority began operations on February 1, 1991.

### **A. Financial Reporting Entity**

The Rivanna Solid Waste Authority provides the services mentioned above to the citizens of its participating governments, City of Charlottesville and County of Albemarle. However, these participating governments do not have a financial interest in or responsibility to the Authority.

The Authority's governing body is comprised of three members appointed by the City, three members appointed by the County, and one member who is jointly appointed by the City and County. Therefore, none of the participants appoints a voting majority of board members.

The Authority is perpetual. No participating government has access to its resources or surpluses, nor is any participant liable for the Authority's debts or deficits. The Authority also has the ability to finance its capital projects through user charges or the sale of revenue bonds.

Based on the above representations, the Rivanna Solid Waste Authority has been determined to be a jointly governed organization of the City of Charlottesville and County of Albemarle. The Authority is not a component unit of either of the participating governments.

For purposes of reporting entity disclosure, it should be noted that a separate entity, the Rivanna Water & Sewer Authority, provides wholesale water and sewer services to the City of Charlottesville and the Albemarle County Service Authority. Although certain administrative employees provide services to both Authorities, each Authority is operationally and legally independent.

### **B. Basic Financial Statements**

As a requirement of GASB Statement 34, the financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

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

- Management's discussion and analysis

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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### **B. Basic Financial Statements (Continued)**

- Enterprise fund financial statements
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- Required Supplementary Information
  - Schedule of Changes in Net Pension Liability and Related Ratios
  - Schedule of Employer Contributions
  - Notes to Required Supplementary Information
  - Schedule of OPEB Funding Progress

### **C. Basis of Accounting**

The Rivanna Solid Waste Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **D. Cash and Cash Equivalents**

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

### **E. Restricted Assets**

Certain cash accounts held by the Authority are set aside for landfill and transfer station closure and landfill post-closure monitoring costs. The accounts are properly classified as restricted assets on the balance sheet. Regulations require the Authority to maintain the restricted accounts for the landfill and transfer station closure and landfill post-closure monitoring costs.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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### **F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The City of Charlottesville and the County of Albemarle contributed certain landfill assets to the Authority. These assets are all reported at their market value on the date donated. Landfill vehicles and equipment are valued based upon estimates by Authority personnel. Landfill cells and the landfill site were valued by the Authority's consulting engineer. The engineer also estimated the accrued landfill closure and related expenses. The remaining land area at the landfill site is reported at its value as a landfill site. If the Authority determines that the Ivy site will no longer be used for future waste disposal, the value will be adjusted to its fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous fiscal year.

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity.

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Fixtures	15
Vehicles	5 to 10
Office equipment	5
Landfill equipment	5 to 15

Total depreciation for the periods ended June 30, 2017 and 2016 was \$51,789 and \$54,885, respectively.

### **G. Other Significant Accounting Policies**

Accounts receivable are stated at book value utilizing the direct write-off method for immaterial uncollectible accounts.

## **RIVANNA SOLID WASTE AUTHORITY**

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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#### **H. Investments**

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools) are measured at amortized cost. All other investments are reported at fair value.

#### **I. Inventory**

Consumption of materials and supplies is recorded as an expense when used. No inventory amounts are recorded as an asset, as available inventories are not significant.

#### **J. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **K. Net Position**

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, reduced by accumulated depreciation and by any outstanding debt, and deferred outflows of resources and increased by deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

#### **L. Reclassification**

Certain amounts in previously issued financial statements have been restated to conform to current year classifications.

#### **M. Closure and Post-Closure Obligations**

The Authority records all estimated closure costs for existing cells as a liability. Upon final closure of the landfill site, the Authority is then responsible, under current Federal regulations, for maintaining the closed site for the following thirty years.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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### **N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category. Both items are related to the measurement of the net pension liability. The first is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year and the second item is the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. This item is related to the measurement of the net pension liability. This item reports the net difference between expected and actual experience. For more detailed information on this item, reference the pension note.

### **O. Net Position Flow Assumption**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **P. 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 Authority's Retirement Plan and the additions to/deductions from the Authority'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.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 2—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 the Authority 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 (LGIP).

The Authority does not have a formal investment policy that addresses credit risk or interest rate risk.

### Credit Risk of Debt Securities

The Authority’s rated debt investments as of June 30, 2017 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

<u>Authority's Rated Debt Investments' Values</u>	
	<u>Fair Quality Ratings</u>
<u>Rated Debt Investments</u>	<u>AAA</u>
Local Government Investment Pool	\$ <u>3,553,131</u>
Total	\$ <u><u>3,553,131</u></u>

### Interest Rate Risk

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ <u>3,553,131</u>	\$ <u>3,553,131</u>
Total	\$ <u><u>3,553,131</u></u>	\$ <u><u>3,553,131</u></u>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

### External Investment Pools

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio under the provision of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

## NOTE 3—CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
<b>Capital assets not being depreciated:</b>				
Land and improvements	\$ 5,943,439	\$ -	\$ -	\$ 5,943,439
Construction in progress	<u>4,817</u>	<u>293,398</u>	<u>-</u>	<u>298,215</u>
Total capital assets not being depreciated	<u>\$ 5,948,256</u>	<u>\$ 293,398</u>	<u>\$ -</u>	<u>\$ 6,241,654</u>
<b>Other Capital Assets:</b>				
Buildings & fixtures	\$ 633,248	\$ -	\$ 129	\$ 633,119
Accumulated depreciation	<u>(507,572)</u>	<u>(15,001)</u>	<u>(129)</u>	<u>(522,444)</u>
Landfill site	5,665,500	-	-	5,665,500
Accumulated depreciation	<u>(5,665,500)</u>	<u>-</u>	<u>-</u>	<u>(5,665,500)</u>
Ivy Landfill equipment	1,335,028	143,207	-	1,478,235
Accumulated depreciation	<u>(1,260,552)</u>	<u>(15,842)</u>	<u>-</u>	<u>(1,276,394)</u>
Vehicles	522,761	179,968	-	702,729
Accumulated depreciation	<u>(461,753)</u>	<u>(13,176)</u>	<u>-</u>	<u>(474,929)</u>
Office equipment	16,736	-	-	16,736
Accumulated depreciation	<u>(16,736)</u>	<u>-</u>	<u>-</u>	<u>(16,736)</u>
Paper facility equipment	316,862	7,125	-	323,987
Accumulated depreciation	<u>(257,628)</u>	<u>(7,770)</u>	<u>-</u>	<u>(265,398)</u>
Other capital assets, net	<u>\$ 320,394</u>	<u>\$ 278,511</u>	<u>\$ -</u>	<u>\$ 598,905</u>
Capital assets, net	<u><u>\$ 6,268,650</u></u>	<u><u>\$ 571,909</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,840,559</u></u>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 3—CAPITAL ASSETS: (CONTINUED)

A summary of changes in capital assets for the year ended June 30, 2016 follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
<b>Capital assets not being depreciated:</b>				
Land and improvements	\$ 5,943,439	\$ -	\$ -	\$ 5,943,439
Construction in progress	-	4,817	-	4,817
Total capital assets not being depreciated	\$ 5,943,439	\$ 4,817	\$ -	\$ 5,948,256
<b>Other Capital Assets:</b>				
Buildings & fixtures	\$ 633,248	\$ -	\$ -	\$ 633,248
Accumulated depreciation	(492,572)	(15,000)	-	(507,572)
Landfill site	5,665,500	-	-	5,665,500
Accumulated depreciation	(5,665,500)	-	-	(5,665,500)
Ivy Landfill equipment	1,645,302	27,500	337,774	1,335,028
Accumulated depreciation	(1,567,601)	(24,724)	(331,773)	(1,260,552)
Vehicles	522,761	-	-	522,761
Accumulated depreciation	(454,574)	(7,179)	-	(461,753)
Office equipment	16,736	-	-	16,736
Accumulated depreciation	(16,736)	-	-	(16,736)
Paper facility equipment	270,771	52,750	6,659	316,862
Accumulated depreciation	(254,640)	(7,982)	(4,994)	(257,628)
Other capital assets, net	\$ 302,695	\$ 25,365	\$ 7,666	\$ 320,394
Capital assets, net	\$ 6,246,134	\$ 30,182	\$ 7,666	\$ 6,268,650



## RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### NOTE 4—CONSTRUCTION IN PROGRESS:

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As of June 30, 2017 and 2016 the Authority had \$298,215 and \$4,817 construction in progress, respectively.

Details of construction in progress for the year ended June 30, 2017 are as follows:

	<b>Balance July 1, 2016</b>	<b>Cost of Construction</b>	<b>Expense/ Transfer to Capital Assets</b>	<b>Balance June 30, 2017</b>
New Ivy Transfer Station	\$ 4,817	\$ 233,759	\$ -	\$ 238,576
Landfill Cap Settlement Repairs	-	47,492		47,492
Flare Installation	-	12,147	-	12,147
Total	<u>\$ 4,817</u>	<u>\$ 293,398</u>	<u>\$ -</u>	<u>\$ 298,215</u>

### NOTE 5—COMPENSATED ABSENCES:

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Authority regular employees earn vacation leave each month at a scheduled rate in accordance with the years of service and sick leave at the rate of eight hours per month. Accumulated unpaid vacation amounts are accrued when incurred. At June 30, 2017 and 2016, the liability for accrued vacation leave was \$29,662 and \$47,029, respectively.

### NOTE 6—PENSION PLAN:

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#### ***Plan Description***

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent Multiple-Employer Pension Plan  
Administering Entity: Virginia Retirement System

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

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—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 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
<p><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> 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.</p>	<p><b>About the Hybrid Retirement Plan</b> 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")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>Eligible Members</b> 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.</p> <p><b>Hybrid Opt-In Election</b> 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>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.</p>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Retirement Contributions</b> 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 are paying the full 5% as of 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.</p>	<p><b>Retirement Contributions</b> 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 are paying the full 5% as of July 1, 2016.</p>	<p><b>Retirement Contributions</b> 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.</p>
<p><b>Creditable Service</b> 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.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component:</u></b> 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</p>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Creditable Service (Cont.)</b>	<b>Creditable Service (Cont.)</b>	<b>Creditable Service (Cont.)</b> <u><b>Defined Benefit Component (Cont.)</b></u> count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.  <u><b>Defined Contributions Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
<b>Vesting</b> 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.	<b>Vesting</b> Same as Plan 1.	<b>Vesting</b> <u><b>Defined Benefit Component:</b></u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of 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 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.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Vesting (Cont.)</b>	<b>Vesting (Cont.)</b>	<b>Vesting (Cont.)</b> <u><b>Defined Contributions Component: (Cont.)</b></u>  <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<b>Calculating the Benefit</b> <p>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.</p>	<b>Calculating the Benefit</b> <p>See definition under Plan 1.</p>	<b>Calculating the Benefit</b> <u><b>Defined Benefit Component:</b></u> <p>See definition under Plan 1.</p>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Calculating the Benefit (Cont.)</b> 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.	<b>Calculating the Benefit (Cont.)</b>	<b>Calculating the Benefit (Cont.)</b> <u><b>Defined Contribution Component:</b></u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> <b>VRS:</b> 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%.  <b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.  <b>Political subdivision hazardous duty employees:</b> 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.	<b>Service Retirement Multiplier</b> <b>VRS:</b> 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.  <b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.  <b>Political subdivision hazardous duty employees:</b> Same as Plan 1.	<b>Service Retirement Multiplier</b> <u><b>Defined Benefit Component:</b></u> <b>VRS:</b> 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.  <b>Sheriffs and regional jail superintendents:</b> Not applicable.  <b>Political subdivision hazardous duty employees:</b> Not applicable.  <u><b>Defined Contribution Component:</b></u> Not applicable.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Normal Retirement Age</b> <b>VRS:</b> Age 65.  <b>Political subdivisions hazardous duty employees:</b> Age 60.	<b>Normal Retirement Age</b> <b>VRS:</b> Normal Social Security retirement age.  <b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.	<b>Normal Retirement Age</b> <u><b>Defined Benefit Component:</b></u> <b>VRS:</b> Same as Plan 2.  <b>Political subdivisions hazardous duty employees:</b> Not applicable.  <u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b> <b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.  <b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b> <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.  <b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.	<b>Earliest Unreduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.  <b>Political subdivisions hazardous duty employees:</b> Not applicable.  <u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	<b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.	<b>Earliest Reduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> <b>VRS:</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.



# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.</p> <p><b><u>Eligibility:</u></b> 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.</p> <p>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.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

### Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> 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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>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.</p>
<p><b>Purchase of Prior Service</b> 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.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• 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.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

## RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### NOTE 6—PENSION PLAN: (CONTINUED)

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#### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### ***Employees Covered by Benefit Terms***

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	13
Inactive members:	
Vested inactive members	1
Non-vested inactive members	7
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	13
Active members	<u>9</u>
Total covered employees	<u><u>35</u></u>

#### ***Contributions***

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

The Authority's contractually required contribution rate for the year ended June 30, 2017 was 7.92% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$32,319 and \$40,825 for the years ended June 30, 2017 and June 30, 2016, respectively.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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## NOTE 6—PENSION PLAN: (CONTINUED)

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### *Net Pension Liability*

The Authority's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

### *Actuarial Assumptions – General Employees*

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates: 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 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

## RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### **NOTE 6—PENSION PLAN: (CONTINUED)**

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#### ***Actuarial Assumptions – General Employees (Continued)***

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 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, 2015 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:

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

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
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	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

\* 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%.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—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 Rivanna Solid Waste Authority 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, 2015	\$ 2,460,020	\$ 2,317,403	\$ 142,617
Changes for the year:			
Service cost	\$ 47,552	\$ -	\$ 47,552
Interest	167,674	-	167,674
Differences between expected and actual experience	(34,352)	-	(34,352)
Contributions - employer	-	40,825	(40,825)
Contributions - employee	-	20,729	(20,729)
Net investment income	-	38,903	(38,903)
Benefit payments, including refunds of employee contributions	(129,362)	(129,362)	-
Administrative expenses	-	(1,465)	1,465
Other changes	-	(17)	17
Net changes	\$ 51,512	\$ (30,387)	\$ 81,899
Balances at June 30, 2016	\$ 2,511,532	\$ 2,287,016	\$ 224,516



# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 6—PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 7.00%, as well as what the Authority'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:

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Rivanna Solid Waste Authority's Net Pension Liability	\$ 481,464	\$ 224,516	\$ 4,036

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

For the year ended June 30, 2017, the Authority recognized pension expense of (\$22,643). At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,278
Net difference between projected and actual earnings on pension plan investments	58,525	-
Employer contributions subsequent to the measurement date	32,319	-
Total	\$ <u>90,844</u>	\$ <u>9,278</u>

\$32,319 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2018	\$ (9,614)
2019	(338)
2020	35,021
2021	24,178
Thereafter	-

## **RIVANNA SOLID WASTE AUTHORITY**

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### **NOTE 7—CLOSURE AND POST-CLOSURE CARE COSTS:**

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State and federal laws and regulations require the Authority to place a final cover on its Ivy landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although the landfill has stopped operating as a landfill, the Authority must recognize the estimated costs of closure corrective action and post-closure care as a liability on the financial statements. As work is completed, the liability recognized by the Virginia Department of Environmental Quality is reduced. The Authority is implementing a corrective action plan to correct detected environmental issues at the landfill. The amount recorded as accrued corrective action costs is \$3,148,120 at June 30, 2017. The \$2,645,214 reported as post-closure monitoring liability at June 30, 2017 represents the cumulative amount reported to date based on the use of 100% of the currently permitted cells at the landfill. In addition to the costs reported for the Ivy landfill site, the Authority has accrued closure costs for the Ivy transfer station in the amount of \$173,417. Total closure corrective action and post-closure care costs and post-closure monitoring costs accrued at June 30, 2017 are \$5,966,751. The Authority will recognize any remaining costs of closure corrective action and post-closure care and post-closure monitoring as the closure is completed. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to meet certain financial assurance requirements. The Authority has opted to meet these requirements through agreements with the participating localities, County of Albemarle and City of Charlottesville. The agreement provides guarantees by the County of Albemarle in the amount of \$3,688,747 and the City of Charlottesville in the amount of \$2,030,241 for a total guarantee of \$5,718,988. The Authority expects that future inflation costs will be paid from interest earned on the annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or other sources. Additionally, the Authority has set aside a cash account restricted for payment of the transfer station closure costs in the amount of \$173,417.

On behalf of the Authority, the City of Charlottesville and the County of Albemarle demonstrate financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with section 9VAC-20-70 of the Virginia Administrative Code.

### **NOTE 8—RISK MANAGEMENT:**

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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 joined together with other local governments in the Commonwealth to form the Virginia Association of Counties Group Self-Insurance Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The Authority pays an annual premium to the pool for its workers compensation, property and liability insurance. The Agreement for Formation of the association provides that the association will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

# RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

## NOTE 9—SUMMARY OF LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligations transactions for the year ended June 30, 2017:

	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2017</b>	<b>Due Within One Year</b>
Landfill closure/corrective action/ postclosure costs	\$ 6,151,848	\$ 76,572	\$ 261,669	\$ 5,966,751	\$ 470,413
Net pension liability	142,617	216,708	134,809	224,516	-
Net OPEB obligation	26,912	-	26,912	-	-
VERIP liability	168,537	25,295	37,145	156,687	44,395
Compensated absences	47,029	36,299	53,666	29,662	28,000
<b>Totals</b>	<b>\$ 6,536,943</b>	<b>\$ 354,874</b>	<b>\$ 514,201</b>	<b>\$ 6,377,616</b>	<b>\$ 542,808</b>

The following is a summary of long-term obligations transactions for the year ended June 30, 2016:

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
Landfill closure/corrective action/ postclosure costs	\$ 6,633,460	\$ 54,873	\$ 536,485	\$ 6,151,848	\$ 475,182
Net pension liability	242,163	218,807	318,353	142,617	-
Net OPEB obligation	40,912	1,000	15,000	26,912	-
VERIP liability	-	168,537	-	168,537	37,145
Compensated absences	43,602	34,396	30,969	47,029	28,000
<b>Totals</b>	<b>\$ 6,960,137</b>	<b>\$ 477,613</b>	<b>\$ 900,807</b>	<b>\$ 6,536,943</b>	<b>\$ 540,327</b>

## NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE:

### Background

In fiscal year 2010 the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how governmental reporting entities should account for and report their costs related to postemployment healthcare and non-pension benefits, such as the Authority's retiree health benefit. Historically, the Authority's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the Authority accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the Authority. This funding methodology mirrors the funding approach used for pension benefits.

## **RIVANNA SOLID WASTE AUTHORITY**

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### **NOTE 10—OTHER POSTEMPLOYMENT BENEFITS—HEALTH INSURANCE: (CONTINUED)**

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#### Plan Description

In addition to the pension benefits described in Note 6, the Authority previously provided post-retirement healthcare benefits for employees who were eligible under a single-employer defined benefit plan. The plan and benefits have been terminated except for a closed group of retirees, who will continue to receive benefits under the previous plan policy. The Authority permitted retirees to participate and purchase medical benefits under the Authority's existing plan for current employees. Retirees were responsible for the entire cost of the benefits. Benefits were available for a period of five years or until age 65, whichever came first. As of June 30, 2017 the Plan was inactive and any remaining liability is immaterial for reporting in the financial statements.

### **NOTE 11—RELATED PARTIES:**

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Rivanna Solid Waste Authority (RSWA) and Rivanna Water and Sewer Authority (RWSA) share office space and administrative staff. Procedures are in place to ensure proper segregation of funds, purchasing activity, personnel and similar matters. RSWA pays RWSA monthly for its share of joint administrative expenses, which totaled \$328,000 in FY 2017 and \$299,000 in FY 2016 and for leachate acceptance and treatment of \$732 in FY 2017 and \$1,974 in FY 2016. Rivanna Solid Waste Authority billed Rivanna Water & Sewer Authority \$58,060 for hauling and tipping fees in FY 2017 and \$60,875 in the previous year. RSWA owed RWSA \$22,331 and \$19,187 at June 30, 2017 and 2016, respectively.

### **NOTE 12—VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM:**

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Rivanna Solid Waste Authority has a Voluntary Early Retirement Incentive Program (VERIP) which provides for monthly payments to eligible employees for a period of up to five years after early retirement or until age 65, whichever comes first. Participants in the VERIP must be regular full-time employees eligible for early or full retirement under the provisions of the Virginia Retirement System (VRS) who have been employed by the Authority for 10 of the last 13 years prior to retirement. Employees retiring under the disability provisions of VRS and/or Social Security are not eligible for the VERIP. VERIP participants receive a stipend equal to the difference between (1) the annual VRS retirement benefit amount as reduced for early VRS retirement if appropriate and (2) the recomputed annual VRS benefit with the addition of the lesser of five more years of service or the number of additional years needed to reach age 65. The stipend is paid on a monthly basis. The participant may also receive a monthly payment equal to the amount of the health insurance premium that was being paid for by the Authority on the employee's behalf upon termination, for as long as the employee is covered by VERIP benefits. Applications for the VERIP must be submitted to the Executive Director for approval. The Authority's estimated VERIP liability as of June 30, 2017 and 2016 was \$156,687 and \$168,537, respectively. The amount payable within the next year is \$44,395.

## RIVANNA SOLID WASTE AUTHORITY

Notes to the Financial Statements  
At June 30, 2017 and 2016 (Continued)

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### **NOTE 13—UPCOMING FINANCIAL REPORTING PRONOUNCEMENTS:**

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The primary objective of statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

The primary objective of statement No. 81, *Irrevocable Split-Interest Agreements* is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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### **Required Supplementary Information**

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# RIVANNA SOLID WASTE AUTHORITY

## Schedule of Changes in Net Pension Liability and Related Ratios For the Year Ended June 30, 2017

	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 47,552	\$ 44,891	\$ 57,148
Interest	167,674	172,433	165,972
Differences between expected and actual experience	(34,352)	(157,193)	-
Benefit payments, including refunds of employee contributions	(129,362)	(126,868)	(134,796)
<b>Net change in total pension liability</b>	<b>\$ 51,512</b>	<b>\$ (66,737)</b>	<b>\$ 88,324</b>
<b>Total pension liability - beginning</b>	<b>2,460,020</b>	<b>2,526,757</b>	<b>2,438,433</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,511,532</b>	<b>\$ 2,460,020</b>	<b>\$ 2,526,757</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 40,825	\$ 38,370	\$ 44,486
Contributions - employee	20,729	19,552	18,368
Net investment income	38,903	103,238	317,095
Benefit payments, including refunds of employee contributions	(129,362)	(126,868)	(134,796)
Administrative expense	(1,465)	(1,462)	(1,754)
Other	(17)	(21)	17
<b>Net change in plan fiduciary net position</b>	<b>\$ (30,387)</b>	<b>\$ 32,809</b>	<b>\$ 243,416</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,317,403</b>	<b>2,284,594</b>	<b>2,041,178</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,287,016</b>	<b>\$ 2,317,403</b>	<b>\$ 2,284,594</b>
<b>Authority's net pension liability - ending (a) - (b)</b>	<b>\$ 224,516</b>	<b>\$ 142,617</b>	<b>\$ 242,163</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>91.06%</b>	<b>94.20%</b>	<b>90.42%</b>
<b>Covered payroll</b>	<b>\$ 422,207</b>	<b>\$ 395,326</b>	<b>\$ 367,351</b>
<b>Authority's net pension liability as a percentage of covered payroll</b>	<b>53.18%</b>	<b>36.08%</b>	<b>65.92%</b>

This schedule is intended to report information for 10 years. Fiscal year 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

# RIVANNA SOLID WASTE AUTHORITY

## Schedule of Employer Contributions

For the Years Ended June 30, 2008 through 2017

<b>Fiscal Year</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2017	\$ 32,319	\$ 32,319	\$ -	\$ 429,354	7.53%
2016	40,825	40,825	-	422,207	9.67%
2015	38,370	38,370	-	395,326	9.71%
2014	44,486	44,486	-	367,351	12.11%
2013	66,260	66,260	-	547,151	12.11%
2012	57,640	57,640	-	506,945	11.37%
2011	56,790	56,790	-	499,468	11.37%
2010	58,158	58,158	-	592,844	9.81%
2009	60,170	60,170	-	613,355	9.81%
2008	80,235	80,235	-	589,097	13.62%

## RIVANNA SOLID WASTE AUTHORITY

Notes to Required Supplementary Information  
For the Year Ended June 30, 2017

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**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 is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is 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

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

# RIVANNA SOLID WASTE AUTHORITY

## Schedule of OPEB Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
07/01/10 \$	-	\$ 280,255	\$ 280,255	0.00%	\$ 619,441	45.24%
07/01/13	-	66,000	66,000	0.00%	n/a	n/a
07/01/14	-	53,000	53,000	0.00%	n/a	n/a
07/01/15	-	40,000	40,000	0.00%	n/a	n/a
07/01/16	-	-	-	0.00%	n/a	n/a

The amounts reported on the schedule for the valuation dates of 7/1/14 and 7/1/15 are prepared from a roll forward of the complete valuation prepared as of 7/1/13.

The plan was terminated and closed to new enrollees in a prior year. The plan is now inactive and therefore the Authority has no assets or liabilities to report.

## Statistical Section

### Contents

### Tables

#### Financial Trends

This table contains trend information to help the reader understand how the the Authority's financial performance has changed over time.

1

#### Revenue, Expenses, Rates and Tonnage Information

These tables contain information to help the reader assess the factors affecting the Authority's change in revenues and it's ability to generate revenues as well as operating expenses the Authority generates.

2-6

#### Debt Capacity

This table presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue debt in the future.

7

#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time.

8-9

#### Operating Information

These tables contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the activities it performs.

10-11

#### Other Information

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*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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# RIVANNA SOLID WASTE AUTHORITY

Table 1

Net Position by Component  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 6,840,559	\$ 6,268,650	\$ 6,246,134	\$ 6,232,154	\$ 6,333,722	\$ 6,488,690	\$ 6,566,617	\$ 6,720,624	\$ 7,092,475	\$ 6,944,530
Unrestricted	(1,955,587)	(1,837,329)	(2,412,362)	(2,437,339)	493,493	144,228	1,308,953	1,345,007	(234,255)	(720,509)
Total net position	\$ 4,884,972	\$ 4,431,321	\$ 3,833,772	\$ 3,794,815	\$ 6,827,215	\$ 6,632,918	\$ 7,875,570	\$ 8,065,631	\$ 6,858,220	\$ 6,224,021

**RIVANNA SOLID WASTE AUTHORITY**

**Table 2**

Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating revenues:										
Tipping fees	\$ 876,382	\$ 723,803	\$ 685,784	\$ 693,865	\$ 915,834	\$ 862,422	\$ 1,040,183	\$ 1,900,713	\$ 2,813,022	\$ 3,570,946
Recycling revenues	227,614	138,239	126,178	153,443	174,674	236,130	272,016	283,130	285,201	470,098
Other revenue	214,771	191,172	257,404	239,958	231,447	214,836	165,626	140,112	88,707	95,840
Total operating revenues	\$ 1,318,767	\$ 1,053,214	\$ 1,069,366	\$ 1,087,266	\$ 1,321,955	\$ 1,313,388	\$ 1,477,825	\$ 2,323,955	\$ 3,186,930	\$ 4,136,884
Operating expenses:										
Administration	\$ 388,524	\$ 398,610	\$ 338,200	\$ 385,056	\$ 345,206	\$ 344,974	\$ 352,179	\$ 1,149,318	\$ 581,007	\$ 800,288
Transfer station	808,104	798,313	754,792	694,271	894,903	875,498	859,182	1,458,446	2,249,955	2,459,504
Ivy Material Utilization Center	259,669	257,481	205,089	217,787	299,122	258,343	273,268	305,547	340,882	376,063
Ivy environmental ***	264,995	(13,152)	318,515	3,472,632	528,473	1,680,530	826,564	(155,371)	1,504,531	2,166,892
Recycling programs	312,052	296,725	239,660	244,506	250,385	253,873	290,298	400,034	618,223	656,369
Depreciation	51,789	54,885	66,639	98,568	154,968	148,071	175,814	199,117	191,320	209,996
Total operating expenses	\$ 2,085,133	\$ 1,792,862	\$ 1,922,895	\$ 5,112,820	\$ 2,473,057	\$ 3,561,289	\$ 2,777,305	\$ 3,357,091	\$ 5,485,918	\$ 6,669,112
Operating income (loss)	\$ (766,366)	\$ (739,648)	\$ (853,529)	\$ (4,025,554)	\$ (1,151,102)	\$ (2,247,901)	\$ (1,299,480)	\$ (1,033,136)	\$ (2,298,988)	\$ (2,532,228)
Nonoperating revenues (expenses):										
Interest earned	\$ 31,333	\$ 16,107	\$ 8,745	\$ 7,766	\$ 10,963	\$ 11,590	\$ 12,438	\$ 18,028	\$ 107,753	\$ 239,879
Local government contributions - remediation support	576,714	720,151	809,908	817,348	770,722	755,253	875,480	409,624	1,729,082	3,031,949
Local government contributions - operations support	368,856	542,926	398,040	135,286	517,344	203,978	192,372	905,087	1,084,673	-
Settlement income	-	-	-	-	-	10,997	-	900,000	-	-
Grant income	27,811	28,878	28,562	28,554	32,370	23,431	26,714	23,408	29,087	31,012
Other income	5,220	31,800	-	7,200	14,000	-	7,130	-	-	-
Gain (loss) on disposal of assets	-	(2,665)	-	(3,000)	-	-	1,527	2,081	11,855	(176,080)
Interest expense	-	-	-	-	-	-	(6,242)	(17,681)	(29,263)	(40,665)
Total nonoperating revenues (expenses)	\$ 1,009,934	\$ 1,337,197	\$ 1,245,255	\$ 993,154	\$ 1,345,399	\$ 1,005,249	\$ 1,109,419	\$ 2,240,547	\$ 2,933,187	\$ 3,086,095
Income before capital grants	\$ 243,568	\$ 597,549	\$ 391,726	\$ (3,032,400)	\$ 194,297	\$ (1,242,652)	\$ (190,061)	\$ 1,207,411	\$ 634,199	\$ 553,867
Capital grants	210,083	-	-	-	-	-	-	-	-	-
Change in net position	\$ 453,651	\$ 597,549	\$ 391,726	\$ (3,032,400)	\$ 194,297	\$ (1,242,652)	\$ (190,061)	\$ 1,207,411	\$ 634,199	\$ 553,867

\*\*\* Ivy Environmental expenses include landfill closure and post-closure costs.



# RIVANNA SOLID WASTE AUTHORITY

Table 3

Annual Tonnages of Selected Categories of Waste Received  
Last Ten Fiscal Years

Years Ended June 30,	Municipal Solid Waste	White Goods	Tires	Clean Fill	Sludge	Grindable Vegetative Material
2008	69,252	260	129	11,329	1,264	3,949
2009	56,536	188	142	8,004	1,165	2,714
2010	42,163	153	154	5,760	1,091	2,756
2011	26,735	120	151	10,763	1,231	2,912
2012	21,448	87	158	6,648	878	1,877
2013	18,124	76	131	10,489	0	3,714
2014	6,864	73	92	9,087	0	2,016
2015	7,097	80	133	5,952	0	1,874
2016	7,761	107	169	5,889	0	1,560
2017	8,341	123	87	6,354	0	2,864

# RIVANNA SOLID WASTE AUTHORITY

Table 4

Waste Tonnages Diverted for Reuse or Recycling  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cardboard (corrugated)	812	459	278	279	358	359	482	482	769	865
Newspaper, magazines, catalogs	419	512	524	640	782	765	858	1,150	1,590	1,945
Mixed paper and phone books	156	214	212	265	214	258	228	412	702	732
File stock (office paper)	122	125	125	164	192	172	220	288	345	323
Glass ***	252	191	219	249	398	357	413	684	895	825
Metal cans	31	32	30	34	47	55	41	100	111	93
Plastic	86	82	95	98	69	82	81	160	135	170
White goods (scrap metal)	123	107	80	73	76	87	120	153	188	260
Vegetation	2,864	1,560	1,874	2,016	3,714	1,877	2,912	2,756	2,714	3,949
Pallets	72	55	79	71	81	88	89	114	153	194
Tires	87	169	133	92	131	158	151	154	142	129
	<u>5,024</u>	<u>3,506</u>	<u>3,649</u>	<u>3,981</u>	<u>6,062</u>	<u>4,258</u>	<u>5,595</u>	<u>6,453</u>	<u>7,744</u>	<u>9,485</u>

Note:

\*\*\* Glass includes glass crushed and reused on roads at Ivy MUC for FY 2012 and prior years.

**RIVANNA SOLID WASTE AUTHORITY**

**Table 5**

Tipping Fees Per Ton By Waste Category  
Last Ten Fiscal Years

Waste Category	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Municipal:										
Ivy Transfer Station	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00
BFI Transfer Station	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62.00	62.00	62.00
Vegetative	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	46.00
Tires:										
Whole Tires	190.00	190.00	190.00	190.00	190.00	190.00	190.00	173.10	173.10	166.00
White Goods:										
Non-Freon	105.00	105.00	105.00	105.00	105.00	105.00	105.00	104.30	104.30	100.00
Clean-Fill	10.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.50
Sludge	N/A	N/A	N/A	N/A	N/A	8.00	8.00	7.30	7.30	7.00
Pallets	48.00	48.00	48.00	48.00	48.00	48.00	48.00	46.00	46.00	46.00

# RIVANNA SOLID WASTE AUTHORITY

Table 6

Top Ten Customers Current Year and Nine Years Ago		
Fiscal Year 2017 (Current Year):		
	Operating Revenues	
	Amount	% of Total
Sonoco Recycling	\$ 204,660	16%
Rivanna Water & Sewer Auth.	58,090	4%
Lane-Corman Construction	48,262	4%
UVA Facilities Management	48,052	4%
Gerdau	33,829	3%
Albemarle County	33,060	3%
VDOT	19,587	1%
Martin Horn, Inc.	17,764	1%
Digs, Incorporated	12,118	1%
Real Property, Inc.	11,552	1%
Subtotal (top ten customers)	\$ 486,974	37%
Other customers	831,793	63%
Total	\$ 1,318,767	100%
Fiscal Year 2008 (Nine Years Ago):		
	Operating Revenues	
	Amount	% of Total
City of Charlottesville	\$ 553,849	13%
Waste Management of VA-Blue Ridge	523,565	13%
Weyerhaeuser	429,521	10%
Martin Horn, Inc.	137,029	3%
Dixon's Trash Disposal	115,824	3%
Barnett's Trash Service	80,065	2%
Albemarle Recycling & Container	72,415	2%
McCauley's Disposal Service, Inc.	69,713	2%
Efficient Roll-Off & Recycling	56,365	1%
Container Rentals	52,409	1%
Subtotal (top ten customers)	\$ 2,832,247	51%
Other customers	1,304,637	32%
Total	\$ 4,136,884	100%

# RIVANNA SOLID WASTE AUTHORITY

Table 7

Outstanding Debt by Type  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bank notes payable	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	206,827 \$	413,655 \$	620,483 \$
Total outstanding debt	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	206,827 \$	413,655 \$	620,483 \$
Debt per capita	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.47	\$ 2.97	\$ 4.54

Note: Debt per capita was calculated based on population figures for the calendar year ending within the fiscal year obtained from U.S. Department of Commerce - Bureau of Economic Analysis for the City of Charlottesville and County of Albemarle.

# RIVANNA SOLID WASTE AUTHORITY

Table 8

Demographic Data for the Service Area  
City of Charlottesville & Albemarle County, Virginia  
Last Ten Calendar Years

Calendar Year	Population (2)	Personal Income (thousands of \$) (2)	Per Capita Personal Income (\$) (2)	Unemployment Rate (1)
2007	136,547	6,944,900	50,861	2.5%
2008	139,211	7,235,166	51,973	3.4%
2009	141,125	6,869,941	48,680	5.8%
2010	142,751	7,172,019	50,241	6.5%
2011	144,364	7,549,474	52,295	5.9%
2012	146,445	8,301,835	56,689	5.5%
2013	147,878	8,124,880	54,943	5.0%
2014	149,973	8,681,505	57,887	4.5%
2015	152,300	9,182,721	60,294	3.6%
2016	not available	not available	not available	3.5%

- (1) Virginia Employment Commission - Virginia Workforce Connection - for Charlottesville Metropolitan Service Area  
(2) U.S. Department of Commerce - Bureau of Economic Analysis - for City of Charlottesville and Albemarle County

# RIVANNA SOLID WASTE AUTHORITY

Table 9

Principal Employers in the Charlottesville Area  
Current Year and Nine Years Ago

Employer	Fourth Quarter of 2016		Fourth Quarter of 2007	
	Number of Employees	Rank	Number of Employees	Rank
University of Virginia/ Blue Ridge Hospital	1,000 & over	1	1,000 & over	1
University of Virginia Medical Center	1,000 & over	2	1,000 & over	2
County of Albemarle	1,000 & over	3	1,000 & over	3
Sentara Health Care	1,000 & over	4		
Martha Jefferson Hospital			1,000 & over	4
UVA Health Services Foundation	1,000 & over	5	1,000 & over	7
City of Charlottesville	1,000 & over	6	1,000 & over	5
State Farm Mutual Automobile Insurance	1,000 & over	7	1,000 & over	6
Charlottesville City School Board	500-999	8	500-999	8
U.S. Department of Defense	500-999	9		
Fluvanna County Public School Board	500-999	10		
Northrop Grumman Corporation			500-999	9
Aramark Campus LLC			500-999	10

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages  
- for Charlottesville Metropolitan Service Area (MSA)

Each employer's percentage of total employment is not available.

# RIVANNA SOLID WASTE AUTHORITY

Table 10

Number of Positions by Activity  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Number of budgeted full-time equivalent positions:										
Ivy Operations and Environmental	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
MSW Transfer Operations Allocated										
Between Transfer and Ivy Operations	3.2	3.2	3.2	3.2	7.5	7.5	6.0	9.5	9.5	9.5
CDL Drivers	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Recycling	-	-	-	-	-	-	2.1	3.1	4.6	4.6
Dedicated Administrative Position	-	-	-	-	-	-	-	-	1.0	1.0
Joint Administrative Staff	3.4	3.5	2.6	2.6	2.6	2.8	2.8	4.9	4.9	4.9
Total	12.6	12.7	11.8	11.8	16.1	16.3	15.9	22.5	25.0	25.0

Rivanna Water & Sewer Authority shares its administration staff with Rivanna Solid Waste Authority.  
The number noted above is the number of full time employee equivalents allocated to Rivanna Solid Waste Authority.



# RIVANNA SOLID WASTE AUTHORITY

Table 11

Operating and Capital Indicators  
Last Ten Fiscal Years

	Fiscal Years Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Waste facilities:</b>										
Rivanna-owned MSW/CDD transfer stations:										
Number of owned MSW/CDD transfer stations	1	1	1	1	1	1	1	1	1	1
Ivy Material Utilization Center (IMUC)										
Total MSW/CDD tonnage received	8,341	7,761	7,097	6,864	18,124	21,448	26,735	30,311	34,134	39,817
Average daily tonnage received	33	31	28	27	59	69	87	98	110	129
Design capacity in tons per day	150	150	150	150	150	150	150	150	150	150
All other waste tonnage received (Ivy MUC)	9,499	7,780	8,117	11,340	14,491	10,094	15,670	10,723	13,260	17,951
Number of vehicles visiting IMUC	37,207	34,596	33,793	34,335	42,121	41,957	47,827	48,896	50,066	56,311
Number of transactions	71,827	67,258	64,818	65,944	80,037	78,531	92,399	50,887	52,134	58,700
<b>Contracted MSW/CDD transfer stations:</b>										
Number of contracted MSW/CDD transfer stations	0	0	0	0	0	0	0	1	1	1
Total MSW/CDD tonnage received	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,852	22,402	29,436
Number of transactions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,220	5,880	8,946
Average daily tonnage received	N/A	N/A	N/A	N/A	N/A	N/A	N/A	38	72	95
Design capacity (Note 1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Recycling facilities:</b>										
Number of recycling centers	2	2	2	2	2	2	2	2	2	2
Number of newspaper-only drop off sites	2	3	3	3	3	3	2	2	2	2
Tons of recyclable materials received	1,878	1,615	1,483	1,729	2,060	2,048	2,323	3,073	4,547	4,953

Note 1:  
Design capacity of the contracted MSW/CDD transfer station is not applicable, because it accepted waste from sources other than Rivanna.

**RIVANNA SOLID WASTE AUTHORITY**

**Table 12**

Schedule of Insurance in Force  
June 30, 2017

<u>Type Of Coverage/Company Name</u>	<u>Coverage Limits</u>	<u>Annual Premium</u>
<u>Commercial Property</u> Virginia Association of Counties 07/01/16-07/01/17	\$ 5,325,574 Property Value and Business Income/ Extra Expense	\$ 5,808
<u>Worker's Compensation</u> Virginia Municipal Group Self Insurance Association 07/01/16-07/01/17	\$ 1,000,000 Each Occurrence	\$ 28,867
<u>Comprehensive Automobile</u> Virginia Association of Counties 07/01/16-07/01/17	\$ 10,000,000 Comprehensive & Collision	\$ 3,825
<u>Crime Policy</u> Virginia Association of Counties 07/01/16-07/01/17	\$ 500,000	\$ 950
<u>General Liability</u> Virginia Association of Counties 07/01/16-07/01/17	\$ 10,000,000	\$ 2,712
<u>Public Officials Liability</u> Virginia Association of Counties 07/01/16-07/01/17	\$ 10,000,000	\$ 1,064

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **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***

**To the Board of Directors  
Rivanna Solid Waste Authority  
Charlottesville, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Rivanna Solid Waste Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Rivanna Solid Waste Authority's basic financial statements and have issued our report thereon dated October 20, 2017.

### **Internal Control over Financial Reporting**

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

## Purpose of this Report

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

*Robinson, Farmer, & Associates*  
Charlottesville, Virginia  
October 20, 2017