ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

CVWMA

Central Virginia Waste Management Authority

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Annual Comprehensive Financial Report

July 1, 2022 Through June 30, 2023

Prepared By:

Adam George
Accounting and Financial Manager

Kimberly A. Hynes
Executive Director

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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Introductory Section

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CVWMA

CENTRAL VIRGINIA
WASTE MANAGEMENT AUTHORITY

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October 19, 2023

Board of Directors
Central Virginia Waste Management Authority
Richmond, Virginia

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

The Annual Comprehensive Financial Report ("ACFR") of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the year ended June 30, 2023 is submitted herewith. This report was prepared by the Accounting and Financial Manager and the Executive Director. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the undersigned management of the Authority. The financial statements have been audited by the independent accounting firm of Brown, Edwards & Company L.L.P., whose report is included herein. The ACFR has been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board.

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

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

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

ORGANIZATION AND FUNCTION

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

ECONOMIC CONDITION AND OUTLOOK

The US economy is performing better than projected a year ago. Gross domestic product expanded 2.0% - 2.4% through the first half of the calendar year and is expected to continue at that rate through the last half of the year. Inflation is gradually improving due in part to falling energy prices and as long as inflation continues downward, the Federal Reserve is expected to hold interest rates steady over the next year.

Unemployment is down compared to 2022 to pre-pandemic levels. Virginia's unemployment rate in August was 3.1%, lower than the national unemployment rate of 3.9%. In central Virginia, the average unemployment rate is consistent with the Commonwealth. A continued tight labor market coupled with above average compensation gains suggests a better balance between supply and demand for labor. The waste and recycling industry has struggled over the last couple of years in hiring and retaining a work force to keep up with collections, processing and hauling of waste and recyclables. This has improved in recent months as pay has stabilized in the workforce. However, higher pay means condensed profit margins which could cause employers to slow hiring and reduce employees in the near future.

Predictions of a recession have waned. While the economic impact of the recent Israel-Hamas conflict in the middle east is unknown, the threat of a broader war could potentially negatively impact the US economy. Oil prices have risen slightly since the invasion of Israel and if continues could lead to higher inflation, another interest rate hike and thus a slowing economy.

Residential volumes of trash and recycling have declined to more normal levels post-pandemic. Although much of the workforce continues to work remotely, schools and many businesses and offices are back to in-person, resulting in a shift in waste collection from residential to commercial. The mix of recyclables has changed in recent years as a result in an increase in demand for delivered goods, including groceries, clothing and other consumer goods and less shopping in stores. Consumer spending has remained strong despite inflation.

In and around central Virginia, landfill capacity is shrinking and siting new landfills and solid waste facilities has become increasingly difficult. Waste reduction and diversion efforts are becoming more and more essential as we plan for the future of our waste. Additionally, products such as lithium batteries, electric car batteries, and solar panels are becoming more prevalent in the waste stream, some of which can cause harm if discarded in normal recycling and waste streams.

On November 15, 2021, America Recycles Day, President Biden signed the Infrastructure Investment and Jobs Act that will provide $550 billion of investment in the infrastructure and economy of the US over fiscal years 2022 – 2026. Under the bill, the Environmental Protection Agency (EPA) is developing several new waste prevention, reuse and recycling programs including solid waste infrastructure for recycling grant program and recycling education and outreach grant program. This will help spur economic development, invest in new technologies and create jobs that will contribute to sustainable materials management and a more circular economy and CVWMA hopes to be a recipient.

The Authority is also an activator in the US Plastics Pact. The Pact is a collaborative, solutions-driven initiative to drive significant systems change for plastics in the US working to achieve lofty goals by 2025, including 1) defining a list of problematic or unnecessary packaging and take measures to eliminate; 2) all plastics packaging is 100% reusable, recyclable or compostable; 3) take action to effectively recycle or compost 50% of plastic packaging; and 4) the average recycled content or responsibly sourced bio-based content in plastic packaging will be 30%.

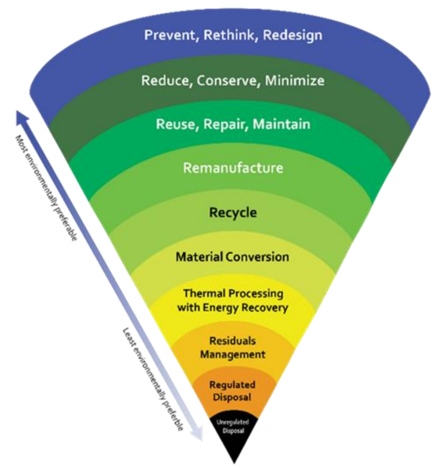
MAJOR INITIATIVES

The Authority strives to manage our waste that contributes to a more circular economy versus the traditional linear model of "produce, consume and discard." Planning for the future of our waste in a manner that that is sustainable and contributes to the economy is a top priority of the CVWMA Board of Directors and the region.

The Authority Board of Directors adopted a 20-year strategic plan in June 2022 with goals and objectives to address waste diversion, customer service, education, multi-family recycling and economic development.

The Strategic Plan focuses on the Sustainable Materials Management Hierarchy (SMMH), which is an expansion of the traditional reduce, reuse, recycle, energy recovery and landfill hierarchy established by the US Environmental Protection Agency. The SMMH is a systematic approach to using and reusing material over their entire life cycle, emphasizes using less and acknowledges that no single management strategy is suitable for all materials and waste streams.

Sustainable Materials Management Hierarchy



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

The residential recycling program is our largest and most visible program and provides easy access for residents to get involved in recycling. The Authority rolled out large (95 gallon) recycling carts with wheels and a lid to approximately 93,000 residents in the Counties of Goochland, Hanover and Henrico in May and June 2023. The carts were made from 35% post-consumer recycled plastic, 10% from our very own residential and drop off recycling programs and a portion of the other 25% recycled plastic came from Henrico County's old, recycled trash carts! We are truly closing the loop by recycling our own material back into the products we buy.

The new recycling carts have increased access and convenience for many to begin recycling and increased the opportunity for those already recycling to recycle more. The CVWMA was fortunate to receive a grant from the Recycling Partnership that helped with the cost of the recycling carts and the education and notification to residents. The Partnership is a non-governmental organization advancing the circular economy by building a better recycling system in US communities. The Authority has been fortunate to work with The Recycling Partnership and many projects and looks forward to many more as we advance recycling efforts in the region.

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

As the landscape of solid waste management and recycling is ever-changing in central Virginia, the Authority is committed to providing regional planning, initiatives and programs to member localities. The regional approach to solid waste management provides solutions to recycling and waste management challenges and opportunities that cross jurisdictional boundaries, while balances economics. Through strong public-private partnerships, we continue to create and build robust recycling programs, promote waste reduction, reuse and a more sustainable materials management plan that benefits our communities. We continue to increase awareness, knowledge and access to information and services that result in a positive environmental impact.

FINANCIAL CONTROLS

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

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

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

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

INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Brown, Edwards & Company, L.L.P. was selected by the Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2023. The independent auditors' report on the financial statements is included in the financial section of this report.

AWARDS AND ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Virginia Waste Management Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty sixth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

Kimberly A. Hynes

Adam George

Kimberly A. Hynes CPA
Executive Director

Adam George
Accounting and Financial Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Virginia Waste Management Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

2022-2023 Board of Directors

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Chair

Miles Jones, City of Richmond
Vice-Chair

Vacant
Secretary

John Mitchell, County of Henrico
Treasurer

Vacant
Director

Stephen Chidsey, Town of Ashland
Ricky Hicks, County of Charles City
Clay Bowles, County of Chesterfield
Cary Drane, County of Chesterfield
Doug Smith, City of Colonial Heights
Wendy Grady, County of Goochland
Randy Hardman, County of Hanover
Sue Dibble, County of Hanover

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Marilee Tretina, County of Henrico
Monique Robertson, City of Hopewell
Richard Stewart, County of New Kent
Karin Carmack, County of Powhatan
Dean Simmons, County of Prince George
Elizabeth Hall, City of Richmond
Carly Glenn, City of Richmond

Administrative Staff

Kimberly A. Hynes, Executive Director

Adam George, Accounting and Financial Manager

Richard M. Nolan, Director of Operations

Julie Buchanan, Public Relations Coordinator

Reginald D. Thompson, Operations Analyst

Adam Girard, Recycling Coordinator

Stephanie N. Breaker, Senior Customer Service Supervisor

Angela Burley, Customer Service Representative

Stephanie Anderson, Customer Service Representative

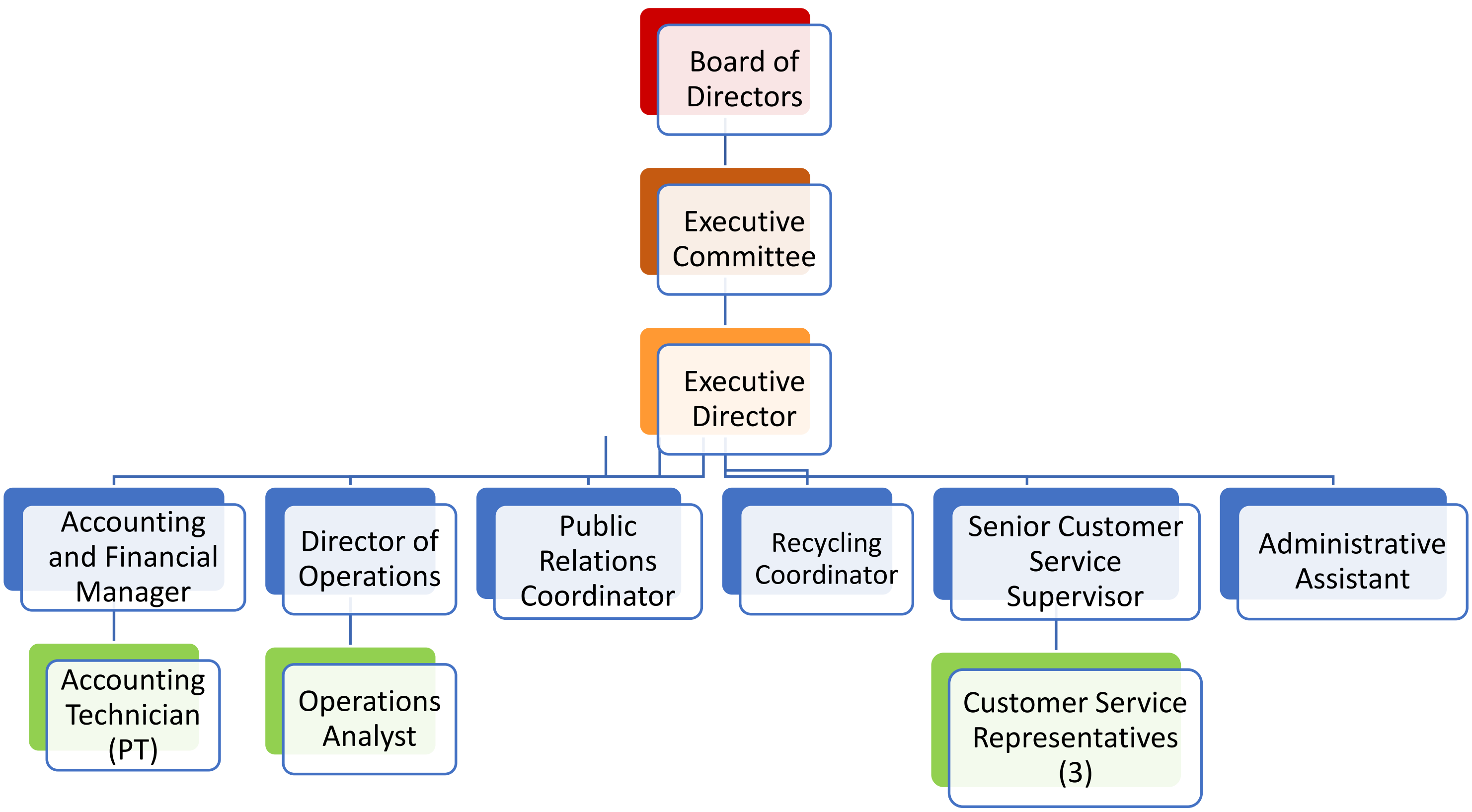
Latanya McBride, Administrative Assistant

Barbara Trimmer, Accounting Technician, part-time

CVWMA General Counsel
James Snyder
McCandlish Holton PC

CVWMA

ORGANIZATIONAL CHART



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Financial

Section

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds of the Central Virginia Waste Management Authority, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2022 financial statements, and our report dated October 19, 2022 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein for the year ending June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 19, 2023

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Management's Discussion And Analysis

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CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
Management's Discussion and Analysis

Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the fiscal year ended June 30, 2023. This information should be read in conjunction with the letter of transmittal and the financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $1,865,398 at the close of the 2023 fiscal year. Total net position increased by 247%. Operating revenues increased by 4% or $781,688 to $20,315,638. Operating expenses increased 4.9% or $957,801. Due to a one-time grant received from The Recycling Partnership, net non-operating revenues increased considerably from $431 to $1,434,748.

The Authority's capital assets consist of computer equipment, office furniture, vehicles. leasehold improvements, trash carts (new in 2022), recycling carts (new in 2023) and lease assets. Net capital assets increased $5,582,991 due to the purchase of approximately 95,000 recycling carts for the residential recycling program in the Counties of Goochland, Hanover and Henrico. More detailed capital asset activity can be found in Note III. Capital Assets.

Overview of the Financial Statements

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

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

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

The tables presented herein provide a summary of the CVWMA's financial position and operations for FY2023 and FY2022.

Condensed Statements of Net Position

			Change	
	2023	2022	Amount	%
Assets:				
Current	$ 6,527,180	$ 5,187,140	$ 1,340,040	25.83%
Capital assets, net	6,532,402	949,411	5,582,991	588.05%
Long term	-	16,987	(16,987)	100.00%
Total assets	13,059,582	6,153,538	6,906,044	112.23%
Deferred Outflows of Resources	66,228	132,402	(66,174)	-49.98%
Liabilities:				
Current	10,563,506	4,700,267	5,863,239	124.74%
Long Term	598,305	743,755	(145,450)	-19.56%
Total liabilities	11,161,811	5,444,022	5,717,789	105.03%
Deferred Inflows of Resources	98,601	304,333	(205,732)	-67.60%
Net position:				
Net investment in capital assets	219,449	40,831	178,618	437.46%
Restricted for net pension asset	-	16,885	(16,885)	100.00%
Restricted for net other post employment asset	-	102	(102)	100.00%
Unrestricted	1,645,949	479,767	1,166,182	243.07%
Total net position	$ 1,865,398	$ 537,585	$ 1,327,813	247.00%

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

			Change	
	2023	**2022**	**Amount**	**%**
Operating revenues:				
Local government assessments	$ 594,228	$ 579,188	$ 15,040	2.6%
Recycling	10,391,494	9,277,896	1,113,598	12.0%
Refuse and solid waste	6,357,495	5,277,307	1,080,188	20.5%
Composting and yard waste	1,076,922	675,760	401,162	59.4%
Other project revenue and fees	312,343	315,351	(3,008)	-1.0%
Material sales rebate	1,583,156	3,408,448	(1,825,292)	-53.6%
Total operating revenues	20,315,638	19,533,950	781,688	4.0%
Operating expenses:				
Administrative/operating	274,512	184,883	89,629	48.5%
Salaries and benefits	849,791	836,387	13,404	1.6%
Professional service fees	106,579	88,004	18,575	21.1%
Depreciation and amortization	162,635	94,498	68,137	72.1%
Program contractual services	17,478,263	14,971,276	2,506,987	16.7%
Material sales rebate	1,550,793	3,289,724	(1,738,931)	-52.9%
Total operating expenses	20,422,573	19,464,772	957,801	4.9%
Operating (loss)	(106,935)	69,178	(176,113)	-254.6%
Non-operating revenues (expenses):				
Grants and sponsorships	1,455,230	10,000	1,445,230	14452.3%
Gain (loss) on fixed assets	(1,254)	-	(1,254)	100.0%
Interest income	22,008	9,715	12,293	126.5%
Interest expense	(41,236)	(19,284)	(21,952)	113.8%
Non-operating revenues (expenses)	1,434,748	431	1,434,317	332788.2%
Change in net position	1,327,813	69,609	1,258,204	1807.5%
Beginning net position	537,585	467,976	69,609	14.9%
Ending net position	$ 1,865,398	$ 537,585	$ 1,327,813	247.0%

Net Position increased by $1,327,813 in Fiscal Year 2023. The Authority received a grant in the amount of $1,445,230 for switching nearly 95,000 residents from small recycling bins to large 95-gallon recycling carts in the residential recycling fund. The total amount of the grant is recorded in 2023. Recycling markets soared during and after the pandemic and have since declined to more normal levels, resulting in $80,000 less revenue to CVWMA this year. The impact of the most recent valuation of pension and other post-employment benefits resulted in a gain of $2,158 compared to loss of $42,690 in 2022.

Overall operating revenues have increased nearly 4.0% in FY 2023 over FY 2022. A combination of declining markets resulting in higher recycling costs (net of lower material sales), inflationary increases, significant yard waste griding project in the City of Richmond, and a new contract beginning July 1, 2022 for municipal solid waste collection in Colonial Heights and January 16, 2023 in the Town of Ashland, resulted in a net increase in operating revenues.

Similarly, to revenue, the Authority's operating expenses increased 4.9% due to increased operational costs offset by reduced material sales rebate back to the localities. About $110,000 was spent on communication of the large recycling cart roll-out, of which $93,000 of which was offset by the grant proceeds in non-operating revenues. Approximately 95% of total revenues are passed through to member localities based on their participation in various programs. Net Position increased to 8.0% of the total 2024 budget. The Authority continues to remain in a strong financial position.

Economic Factors and the FY 2023 Budget

Strategic planning for where our waste ends up has become increasingly important as landfill options are diminishing. The Authority and the region are at a pivotal point in creating recycling opportunities and exploring emerging technologies that provide alternatives to landfilling non-recyclable waste that will lessen the reliance on landfills.

Member local governments benefit from an economies of scale approach to solid waste planning and providing robust programs to citizens that positively impact the environment while balancing costs. Many operational programs and services cross jurisdictional boundaries, thus providing services regionally takes the burden off of localities for developing and maintaining their own solid waste plans, meeting the state's recycling goals and providing cost effective, volume-based programs that benefit multiple localities. The Authority strives to ensure economic resiliencies, not just for the Authority, but member localities too. About 95% of our revenues are passed through from localities based on participation in CVWMA programs. Since the Authority is funded by solely local government, the financial stability of our member jurisdictions is vital to CVWMA's financial health.

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

Recycling markets, particularly for steel, mixed paper, cardboard and plastics reached all-time highs in fiscal years 2021 and 2022 and have leveled off this last year. Several CVWMA contracts generate revenue from the sale of recyclable materials and because of the Authority's negotiations, more than $17 million has been provided back to participating jurisdictions since inception in 1990. CVWMA retains a portion of the material sales rebate to balance the budget. The CVWMA continues to be highly regarded for providing cost effective recycling and solid waste initiatives to our member governments and this benefit is proven during volatile economic times.

The Authority's budget has grown by more than $7 million, 45% over the last five years to over $23 million. This is a result of an increase level of participation by member localities, and increase costs of programs as a result of procurement and inflation. CVWMA maintains a strong and healthy net position and thus has successfully avoided raising assessments to member localities.

Contacting CVWMA's Financial Management

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2023
With Comparative Totals at June 30, 2022

	General Operating Fund	Curbside Recycling	Drop-Off Recycling	Municipal Solid Waste	Waste Transfer & Disposal	Special Wastes	Total 2023	2022
Assets:								
Cash and cash equivalents	$ 427,208	$ 856,318	$ 171,885	$ 233,088	$ 226,374	$ 126,144	$ 2,041,017	$ 2,767,332
Accounts receivable	491,114	2,492,313	188,727	969,541	206,399	126,732	4,474,826	2,398,582
Prepaid expenses	5,489	5,257	149	442	-	-	11,337	21,226
Total current assets	923,811	3,353,888	360,761	1,203,071	432,773	252,876	6,527,180	5,187,140
Capital Assets:								
Capital assets, net of depreciation	17,543	5,671,053	-	84,111	-	-	5,772,707	65,546
Lease assets, net of amortization	139,263	101,979	4,586	513,867	-	-	759,695	883,865
Capital assets, net	156,806	5,773,032	4,586	597,978	-	-	6,532,402	949,411
Long-term Assets:								
Net OPEB asset	-	-	-	-	-	-	-	102
Net pension asset	-	-	-	-	-	-	-	16,885
Total long-term assets	-	-	-	-	-	-	-	16,987
Total assets	1,080,617	9,126,920	365,347	1,801,049	432,773	252,876	13,059,582	6,153,538
Deferred Outflows of Resources:								
Pension related deferred outflows	29,980	18,139	756	1,512	-	-	50,387	119,273
OPEB related deferred outflows	9,415	5,719	233	474	-	-	15,841	13,129
Total deferred outflows of resources	39,395	23,858	989	1,986	-	-	66,228	132,402
Liabilities:								
Accounts payable	233,887	6,330,495	101,220	841,690	293,369	221,248	8,021,909	2,517,333
Other accrued liabilities	50,145	25,131	242	492	-	13,114	89,124	80,451
Lease liability - current	47,969	35,775	1,515	175,355	-	-	260,614	224,681
Unearned revenues	598,419	969,975	-	462,736	160,729	-	2,191,859	1,877,802
Total current liabilities	930,420	7,361,376	102,977	1,480,273	454,098	234,362	10,563,506	4,700,267
Long-term Liabilities:								
Lease liability	104,138	78,644	3,582	231,670			418,034	683,899
Net OPEB liability	39,568	24,192	940	2,001	-	-	66,701	59,856
Net pension liability	67,574	40,885	1,704	3,407	-	-	113,570	-
Total long-term liabilities	211,280	143,721	6,226	237,078	-	-	598,305	743,755
Deferred Inflows of Resources:								
Pension related deferred inflows	49,735	30,092	1,254	2,508	-	-	83,589	283,007
OPEB related deferred inflows	8,919	5,423	219	451	-	-	15,012	21,326
Total deferred inflows of resources	58,654	35,515	1,473	2,959	-	-	98,601	304,333
Net Position (Deficit)								
Net investment in capital assets	4,699	24,308	(511)	190,953	-	-	219,449	40,831
Restricted for net pension asset	-	-	-	-	-	-	-	16,885
Restricted for net post-employment asset	-	-	-	-	-	-	-	102
Unrestricted	(85,041)	1,585,858	256,171	(108,228)	(21,325)	18,514	1,645,949	479,767
Total net position (deficit)	$ (80,342)	$ 1,610,166	$ 255,660	$ 82,725	$ (21,325)	$ 18,514	$ 1,865,398	$ 537,585

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	General Operating Fund	Residential Recycling	Drop-Off Recycling	Municipal Solid Waste	Waste Transfer & Disposal	Special Wastes	Total 2023	2022
Operating revenues:								
Local government assessments	$ 594,228	$ -	$ -	$ -	$ -	$ -	$ 594,228	$ 579,188
Recycling	-	8,850,143	1,541,351	-	-	-	10,391,494	9,277,896
Refuse and solid waste	-	-	-	4,775,508	1,581,987	-	6,357,495	5,277,307
Composting and yard waste	-	-	-	-	-	1,076,922	1,076,922	675,760
Other project revenues	-	-	-	-	-	312,343	312,343	315,351
Material sales rebates	-	508,676	209,134	-	-	865,346	1,583,156	3,408,448
Total operating revenues	594,228	9,358,819	1,750,485	4,775,508	1,581,987	2,254,611	20,315,638	19,533,950
Operating expenses:								
Administrative/operating	27,837	233,275	2,442	10,958	-	-	274,512	184,883
Salaries and benefits	489,751	318,854	13,804	27,382	-	-	849,791	836,387
Professional service fees	54,622	40,132	3,170	8,655	-	-	106,579	88,004
Depreciation and amortization	55,236	41,181	1,239	64,979	-	-	162,635	94,498
Project contractual services	-	8,320,480	1,541,292	4,645,321	1,581,977	1,389,193	17,478,263	14,971,276
Material sales rebate	-	508,674	176,986	-	-	865,133	1,550,793	3,289,724
Total operating expenses	627,446	9,462,596	1,738,933	4,757,295	1,581,977	2,254,326	20,422,573	19,464,772
Operating income (loss)	(33,218)	(103,777)	11,552	18,213	10	285	(106,935)	69,178
Non-operating revenues (expenses):								
Grants and sponsorships	-	1,455,230	-	-	-	-	1,455,230	10,000
Gain (loss) on fixed assets	(492)	(508)	-	(254)	-	-	(1,254)	-
Interest income	14,939	3,534	1,105	2,430	-	-	22,008	9,715
Interest expense	(8,504)	(6,859)	(237)	(25,636)	-	-	(41,236)	(19,284)
Non-operating revenues (expenses)	5,943	1,451,397	868	(23,460)	-	-	1,434,748	431
Interfund Transfers	12,420	-	(12,420)	-	-	-	-	-
Change in Net Position	(14,855)	1,347,620	-	(5,247)	10	285	1,327,813	69,609
Net position (deficit) - beginning of year	(65,487)	262,546	255,660	87,972	(21,335)	18,229	537,585	467,976
Net position (deficit) - end of year	$ (80,342)	$ 1,610,166	$ 255,660	$ 82,725	$ (21,325)	$ 18,514	$ 1,865,398	$ 537,585

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	General Operating Fund	*Residential Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*2023*	*2022*
Cash Flows From Operating Activities								
Receipts from local governments	$ 638,070	$ 8,825,548	$ 1,463,953	$ 4,476,311	$ 1,645,460	$ 1,351,719	$ 18,401,061	$16,764,912
Payments to contractors	-	(8,734,457)	(1,585,600)	(4,430,331)	(1,601,655)	(1,320,690)	(17,672,733)	(14,302,668)
Payments to suppliers	36,064	(270,761)	(5,509)	(19,423)	-	-	(259,629)	(312,193)
Payments to employees	(485,869)	(316,747)	(13,375)	(27,288)	-	-	(843,279)	(804,920)
Net cash provided by (used in) operating activiites	188,265	(496,417)	(140,531)	(731)	43,805	31,029	(374,580)	1,345,131
Cash Flows From Noncapital Financing Activities:								
Checks paid exceeding cash	-	-	-	-	-	-	-	(41,277)
Interfund transfers	12,420	-	(12,420)	-	-	-	-	-
Grants, sponsorships, and miscellaneous	-	10,000	-	-	-	-	10,000	10,000
Net cash provided by (used in) noncapital financing activities	12,420	10,000	(12,420)	-	-	-	10,000	(31,277)
Cash Flows From Capital and Related Financing Activities:								
Principal payments on leases	(43,286)	(33,886)	(1,174)	(166,730)	-	-	(245,076)	(70,819)
Interest payments on leases	(8,504)	(6,859)	(237)	(25,636)	-	-	(41,236)	(19,284)
Acquisitions of capital assets	(7,823)	(26,169)	-	(63,439)	-	-	(97,431)	(44,533)
Net cash used in capital financing activities	(59,613)	(66,914)	(1,411)	(255,805)	-	-	(383,743)	(134,636)
Cash Flows From Investing Activities:								
Interest received	14,939	3,534	1,105	2,430	-	-	22,008	9,715
Net Increase (decrease) in cash and cash equivalents	156,011	(549,797)	(153,257)	(254,106)	43,805	31,029	(726,315)	1,188,933
Cash and cash equivalents at June 30, 2022	271,197	1,406,115	325,142	487,194	182,569	95,115	2,767,332	1,578,399
Cash and cash equivalents at June 30, 2023	$ 427,208	$ 856,318	$ 171,885	$ 233,088	$ 226,374	$ 126,144	$ 2,041,017	$ 2,767,332

	General Operating Fund	*Residential Recycling*	*Drop-Off Recycling*	*Municipal Solid Waste*	*Waste Transfer & Disposal*	*Special Wastes*	*2023*	*2022*
Net operating income (loss)	$ (33,218)	$ (103,777)	$ 11,552	$ 18,213	$ 10	$ 285	$ (106,935)	$ 69,178
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:								
Depreciation and amortization	55,236	41,181	1,239	64,979	-	-	162,635	94,498
Pension expense net of employer contributions	542	(910)	294	(3)	-	-	(77)	44,190
OPEB expense net of employer contributions	(1,086)	(974)	42	(64)	-	-	(2,082)	(1,501)
(Increase)/decrease in Assets:								
Accounts receivable - local governments	39,651	(243,647)	(77,398)	(375,547)	63,473	(37,546)	(631,014)	490,650
Prepaid expenses	6,950	2,646	103	190	-	-	9,889	5,598
Increase/(decrease) in Liabilities:								
Accounts payable	111,570	(413,977)	(76,456)	214,990	(34,143)	68,290	(129,726)	507,884
Unearned revenue	4,191	219,051	-	76,350	14,465	-	314,057	145,856
Other accrued liabilities	4,429	3,990	93	161	-	-	8,673	(11,222)
Net cash provided by (used in) operating activities	$ 188,265	$ (496,417)	$ (140,531)	$ (731)	$ 43,805	$ 31,029	$ (374,580)	$ 1,345,131
Noncash capital and financing activities:								
Assets in Accounts Payable	$ -	$ 5,634,305	$ -	$ -	$ -	$ -	$ 5,634,305	$ -
Assets obtained through leases	15,144	-	-	-	-	-	15,144	561,547

The notes are an integral part of the financial statements.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

G. Capital Assets (Continued)

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

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

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

I. Pensions and Other Postemployment Benefits (OPEB) – For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deduction from the Authority's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Deferred Inflows and Outflows of Resources - In addition to liabilities, the statements that presents financial position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

- Differences between expected and actual experience, changes in proportion, and changes of assumptions for economic/demographic factors in the measurement of the total pension and OPEB liability. This difference will be recognized in expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences between projected and actual earnings on pension or OPEB plan investments. This difference will be recognized in pension expense or OPEB over a closed five-year period, and may be reported as a deferred inflow or outflow as appropriate.
- Contributions subsequent to the measurement date for pensions and OPEB; this will be applied to the net pension liability and the net OPEB liability in the next fiscal year.
- Changes in proportionate share that will be recognized in the pension or OPEB expense over the average expected remaining service lives of all employees provided with benefits. This may be reported as a deferred outflow or a deferred inflow as appropriate.
- Changes in assumptions that will be recognized in OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

K. Net Position - Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, reduced by any outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories. The

Authority's restricted net position as of June 30, 2023 and 2022, was $0 and $16,987, respectively as a result of net pension and net post-employment assets.

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

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

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

O. Summarized Comparative Information for 2022 - The financial information for the year ended June 30, 2022, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.

P. Subsequent Events – On July 21, 2023, the Authority was approved for a loan of $4,279,474 to finance amounts in accounts payable relating to the residential recycling cart program. The loan is through a private investment fund that sponsors the circular economy and carries a 0% interest rate. The Authority will make 87 monthly payments of $49,189.36 through September 30, 2030.

II. DEPOSITS AND INVESTMENTS

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

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

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

Cash and Cash Equivalents	2023	2022
Local Government Investment Pool	$ 4,274	$ 4,110
Money Market	1,017,496	999,748
Cash in Bank	1,019,147	1,763,374
Cash on Hand	100	100
Total Cash and Cash Equivalents	$ 2,041,017	$ 2,767,332

Interest Rate Risk. Investment maturity is managed to precede or coincide with expected need of funds to help limit exposure to fair value losses arising from rising interest rates. As of June 30, 2023, the Authority's investments were in a Money Market.

II. DEPOSITS AND INVESTMENTS (Continued)

The Money Market is a short-term investment with immediate liquidity and the Authority has $999,748 in the Money Market Fund. The LGIP is short-term investment pool offered through the State Treasurer to public entities in the Commonwealth. The Authority has $ 4,274 in the LGIP portfolio which provides daily liquidity and is reported at amortized cost. The carrying value of this portion of the Authority's investment in this pool is determined by the pool's share price in accordance with GASB Statement No. 79.

Credit Risk. Policy, consistent with state statute, requires commercial paper, including banker's acceptances, to have a short-term debt rating of no less than "P-1" from Moody's Investors Service, and "A-1" from Standard & Poor's (S&P). Corporate notes and bonds must have a rating of at least "AA" by S&P or "Aa" by Moody's. The Authority has no commercial paper instruments as of June 30, 2023 and 2022.

Concentration of Credit Risk. The Code of Virginia and the Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2023, the Authority's investment portfolio consisted of the following:

Issuer	Amount	% of Portfolio
Towne Bank Money Market	$ 1,017,496	99.6%
Local Government Investment Pool (LGIP)	4,274	0.4%
Total	$ 1,021,770	100.0%

III. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Furniture & equipment	$ 72,766	$ -	$ -	$ 72,766	$ 3,498	$ (43,155)	$ 33,109
Computer equipment	97,329	19,305	-	116,634	30,896	(17,985)	129,545
Vehicles	46,706	-	-	46,706	-	-	46,706
Trash and recycling carts	-	25,228	-	25,228	5,697,342	-	5,722,570
Leasehold improvements	15,001	-	-	15,001	-	(6,457)	8,544
Total capital assets	231,802	44,533	-	276,335	5,731,736	(67,597)	5,940,474
Accumulated depreciation:							
Furniture & equipment	65,496	3,008	-	68,504	3,299	(41,901)	29,902
Computer equipment	87,398	1,986	-	89,384	6,868	(17,985)	78,267
Vehicles	33,417	6,958	-	40,375	6,958	-	47,333
Trash and recycling carts	-	-	-	-	5,008	-	5,008
Leasehold improvements	11,338	1,188	-	12,526	1,188	(6,457)	7,257
Total accumulated depreciation	197,649	13,140	-	210,789	23,321	(66,343)	167,767
Capital assets being depreciated, net	$ 34,153	$ 31,393	-	$ 65,546	$5,708,415	$ (1,254)	$5,772,707

III. CAPITAL ASSETS (Continued)

A summary of changes in lease assets follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Office equipment	$ 17,945	$ -	$ -	$ 17,945	$ -	$ -	$ 17,945
Office building	465,672	-	-	465,672	-	-	465,672
Vehicle	-	-	-	-	15,144	-	15,144
Trash and recycling carts	-	561,547	-	561,547	-	-	561,547
Total leased assets	483,617	561,547	-	1,045,164	15,144	-	1,060,308
Accumulated amortization:							
Office equipment	2,331	3,744	-	6,075	3,744	-	9,819
Office building	77,612	77,612	-	155,224	77,612	-	232,836
Vehicle	-	-	-	-	1,803	-	1,803
Trash and recycling carts	-	-	-	-	56,155	-	56,155
Accumulated amortization	79,943	81,356	-	161,299	139,314	-	300,613
Leased assets being amortized, net	403,674	480,191	-	883,865	(124,170)	-	759,695
Total Capital Assets and Lease Assets, net	$ 437,827	$ 511,584	$ -	$949,411	$ 5,584,245	$ (1,254)	$ 6,532,402

Lease Assets

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

IV. LEASE LIABILITIES

In 2022, the Authority implemented the guidance of GASBS No. 87, *Leases,* for accounting and reporting leases that had previously been reported as operating and capital leases.

The Authority, as a lessee, has entered into lease agreements involving the Authority's office space, copier, postage meter, vehicle and trash carts. The total costs of the Authority's lease assets are recorded as $1,060,308, less accumulated amortization of $300,613 at June 30, 2023.

Future lease payments under lease agreements are as follows:

	Principal	Interest
2024	$ 260,614	$ 28,014
2025	276,054	14,621
2026	141,980	2,814
	$ 678,648	$ 45,449

IV. LEASE LIABILITIES (Continued)

A summary of changes in lease liabilities follows:

	Balance June 30, 2021	Additions	Principal Payments	Balance June 30, 2022	Additions	Principal Payments	Balance June 30, 2023
Office equipment	$ 15,813	$ -	$ 3,394	$ 12,419	$ -	$ 3,567	$ 8,852
Office building	402,039	-	67,425	334,614	-	73,531	261,083
Vehicle	-	-	-	-	15,144	3,964	11,180
Trash and recycling carts	-	561,547	-	561,547	-	164,014	397,533
Total lease liabilities	$ 417,852	$ 561,547	$ 70,819	$ 908,580	$ 15,144	$ 245,076	$ 678,648

V. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	7
Inactive members:	
Vested	5
Non-vested	2
Active Elsewhere in VRS	6
Total inactive members	13
Active members	9
Total covered employees	29

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.

V. DEFINED BENEFIT PENSION PLAN (Continued)

The political subdivision's contractually required contribution rate for the year ended June 30, 2023, was 8.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $49,885 and $45,244 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

The political subdivision's net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The net pension liability (asset) was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.5%
General Employees – Salary Increases, including inflation:	3.50% - 5.35%
Investment rate of return	6.75%, net pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2014 through June 30, 2018, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Long-Term Expected Rate of Return

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

V. DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
Multi-Asset Public Strategies	6.00	3.73	.22
Private Investment Partnership	3.00	6.55	.20
Total	100.00 %		5.33 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.83 %

* The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever is greater. From July 1, 2022 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.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2021	$ 2,428,876	$ 2,445,761	$ (16,885)
Changes for the year:			
Service cost	55,772	-	55,772
Interest	164,034	-	164,034
Changes of assumptions	-	-	-
Differences between expected and actual experience	(24,176)	-	(24,176)
Contributions – employer	-	42,468	(42,468)
Contributions – employee	-	27,203	(27,203)
Net investment income	-	(3,036)	3,036
Benefit payments, including refunds of employee contributions	(109,042)	(109,042)	-
Administrative expenses	-	(1,515)	1,515
Other changes	-	55	(55)
Net changes	86,588	(43,867)	130,455
Balances at June 30, 2022	$ 2,515,464	$ 2,401,894	$ 113,570

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Authority's net pension liability (asset)	$ 511,470	$ 113,570	$ (206,318)

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of $47,030.

V. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 13,743
Changes of assumptions	502	-
Net difference between projected and actual earnings on pension plan investments	-	69,846
Employer contributions subsequent to the measurement date	49,885	-
Total	$ 50,387	$ 83,589

The $49,885 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Increase (Reduction) in Pension Expense
2024	$ (37,918)
2025	(31,581)
2026	(46,938)
2027	33,350
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report (ACFR)*. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Healthcare Benefits

A. Plan description

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

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

B. Funding Policy

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

C. Funded Status and Funding Progress

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

Employees Covered by Benefit Terms

As of July 1, 2021 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries:	
Currently receiving benefits	0
Entitled to but not yet receiving benefits	0
Total inactive employees	0
Active plan members	8
	8

Total OPEB Liability

The Authority's total OPEB Liability of $30,059 was measured as of June 30, 2023, and was determined based on an actuarial valuation performed as of July 1, 2021.

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.65%
Inflation	2.5%
General Employees – Salary Increases, including inflation:	3.50%, average, including inflation with variable merit
Healthcare cost trend rates	8.5% for 2021, decreasing to an ultimate rate of 3.9%

The discount rate was based on the General Obligation 20-Bond Municipal Index as of June 30, 2021.

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the Virginia Retirement System covering the period July 1, 2012-June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2021	$ 27,024
Changes for the year:	
Service cost	1,131
Interest	993
Effect of economic/demographic gains or losses	-
Changes in assumptions or other inputs	1,141
Benefit payments	(230)
Net Changes	3,035
Balance at 6/30/2022	$ 30,059

Sensitivity Analysis

The following represents the Authority's total OPEB liability, calculated using a discount rate that is 3.65%. It also presents what the Authority's Total OPEB Liability would be if were calculated using a discount rate one percentage point lower (2.65%) and one percentage point higher (4.65%) than the current rate.

	1.0% Decrease (2.65%)	Current Discount Rate (3.65%)	1.0% Increase (4.65%)
Total OPEB Liability	$ 31,630	$ 30,059	$ 28,483

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

	1.00% 1.00% Decrease (4.90%)	Current Trend Rate (5.90%)	1.00% Increase (6.90%)
Total OPEB Liability	$ 27,153	$ 30,059	$ 33,312

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

For the year ended June 30, 2023, the Authority recognized OPEB expense of $1,475. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 1,609	$ 1,735
Change in assumptions	1,725	956
Total	$ 3,334	$ 2,691

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

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

Year Ending June 30,	Increase (Reduction) To OPEB Expense
2024	$ (649)
2025	(649)
2026	104
2027	423
2028	128
Thereafter	-

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

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

Plan Descriptions

Group Life Insurance Program

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

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

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

General Employee Health Insurance Credit Program

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

As of June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

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

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

Contributions

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

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2023 Contribution	$3,328
June 30, 2022 Contribution	$3,115

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

General Employee Health Insurance Credit Program

Governed by:	*Code of Virginia* 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	.12% of covered employee compensation.
June 30, 2023 Contribution	$ 739
June 30, 2022 Contribution	$ 865

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

The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities (asset) was determined by an actuarial valuation performed June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net OPEB liabilities (asset) were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2023 proportionate share of liability	$31,909
June 30, 2022 proportion	.00265%
June 30, 2021 proportion	.00282%
June 30, 2023 expense	$744

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

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

General Employee Health Insurance Credit Program

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2021	$ 13,992	$ 14,094	$ (102)
Changes for the year:			
Service cost	682	-	682
Interest	969	-	969
Changes in assumptions	5,036	-	5,036
Difference between expected and actual experience	(1,002)	-	(1,002)
Contributions – employer	-	863	(863)
Contributions – employee	-	-	-
Net investment income	-	12	(12)
Benefit payments, including refunds of employee contributions	(651)	(651)	-
Administrative expenses	-	(25)	25
Net changes	5,034	199	4,835
Balances at June 30, 2022	$ 19,026	$ 14,293	$ 4,733

In addition, for the year ended June 30, 2022, the Authority recognized OPEB expense of $801 related to General Employee Health Insurance Credit Program.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,527	$ 1,280
Change in assumptions	1,190	3,108
Net difference between projected and actual earnings on OPEB plan investments	-	1,994
Changes in proportion	924	2,556
Employer contributions subsequent to the measurement date	3,328	-
Total	$ 7,969	$ 8,938

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

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,235
Change in assumptions	4,442	165
Net difference between projected and actual earnings on OPEB plan investments	-	340
Employer contributions subsequent to the measurement date	739	-
Total	$ 5,181	$ 2,740

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ended June 30,	(Reduction) to OPEB Expense
2024	$ (835)
2025	(820)
2026	(1,975)
2027	(39)
2028	(628)
Thereafter	-

General Employee Health Insurance Credit Program

Year Ended June 30,	Increase to OPEB Expense
2024	$ 84
2025	137
2026	67
2027	516
2028	536
Thereafter	362

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI & HIC: 6.75%

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

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 75, less the associated fiduciary net position. As of June 30, 2022, net OPEB liability (assets) amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	$ 3,672,085
Plan fiduciary net position	2,467,989
Employers' net OPEB liability (asset)	$ 1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

Net OPEB Liabilities (Assets) (Continued)

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

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
Multi-Asset Public Strategies	6.00	3.73	.22
Private Investment Partnership	3.00	6.55	.20
Total	100.00 %		5.33 %
	Inflation		2.50 %
*Expected arithmetic nominal return			7.83 %

* The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimatelyprovide a median return of 6.72%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time providing a median return of 7.11%, including inflation of 2.5%

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates.

Discount Rate (Continued)

Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB Liability (Asset)	$ 46,431	$ 31,909	$ 20,173
General Employee HIC Net OPEB Liability (Asset)	7,004	4,733	2,817

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report (ACFR)*. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at https://varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VIII. SUMMARY OF OTHER POSTEMPLOYMENT BENEFITS ELEMENTS

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Local Plan	$ 2,691	$ 3,334
Group Life Insurance	5,181	8,938
Health Insurance Credit	7,969	2,740
Total	$ 15,841	$ 15,012

	Net OPEB Liability	OPEB Expense
Local Plan	$ 30,059	$ 1,475
Group Life Insurance	31,909	744
Health Insurance Credit	4,733	801
Total	$ 66,701	$ 3,020

IX. RELATED PARTIES

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

Total amounts due from and payable to the related jurisdictions at June 30, 2023 and 2022 are as follows:

	2023		2022	
	Due From	Due To	Due	Due To
Town of Ashland	$ 40,926	$ -	$ 4,507	$ -
County of Charles City	3,214	-	3,251	-
County of Chesterfield	509,913	2,478	742,301	2,478
City of Colonial Heights	256,105	-	280,547	-
County of Goochland	20,391	8,469	49,468	8,469
County of Hanover	179,294	26,735	75,960	26,735
County of Henrico	906,483	15,470	376,282	15,470
City of Hopewell	366,556	-	240,205	-
County of New Kent	57,389	2,804	34,976	2,804
City of Petersburg	506,805	-	157,269	-
County of Powhatan	93,585	2,662	88,625	2,662
County of Prince George	20,740	-	20,645	-
City of Richmond	44,952	-	304,194	-
Total	$ 3,006,353	$ 58,618	$ 2,378,230	$ 58,618

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2023 and 2022 are follows:

	2023		2022	
	Revenues	Expenses	Revenue	Expenses
Town of Ashland	$ 343,535	$ 5,690	$ 261,920	$ 14,183
County of Charles City	3,251	-	3,368	-
County of Chesterfield	3,900,064	175,467	3,663,033	454,569
City of Colonial Heights	1,543,177	17,242	934,976	48,284
County of Goochland	673,810	108,347	670,784	166,583
County of Hanover	627,495	400,857	564,985	604,511
County of Henrico	3,431,051	520,928	3,118,660	1,037,148
City of Hopewell	1,776,689	17,766	1,409,309	49,464
County of New Kent	472,737	57,096	481,961	104,135
City of Petersburg	1,838,985	-	1,564,559	6,522
County of Powhatan	635,038	73,706	593,454	128,610
County of Prince George	30,616	-	29,134	-
City of Richmond	3,326,541	172,274	2,498,645	672,303
Total	$ 18,602,989	$ 1,549,373	$ 15,794,788	$ 3,286,312

X. NET POSITION AND INTERFUND TRANSFERS

The following funds have deficit net position balances as of June 30, 2023 and 2022:

	2023	**2022**
General Fund	$ 80,342	$ 65,487
Waste Transfer & Disposal	21,325	21,335

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

XI. NEW ACCOUNTING STANDARDS

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

Statement No 99, “Omnibus 2022.” The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends June 30. 2023. The requirements related financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

Statement No. 100, “Accounting Changes and Error Corrections – an amendment of the GASB Statement No. 62.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

Statement No. 101, “Compensated Absences.” The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRUBITIONS
FOR THE YEAR ENDED JUNE 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 49,885	$ 49,885	$ -	$ 626,805	7.96%
2022	45,244	45,244	-	576,813	7.84%
2021	47,004	47,004	-	578,479	8.12%
2020	32,266	32,266	-	566,070	5.70%
2019	31,743	31,743	-	568,845	5.70%
2018	25,176	25,176	-	539,218	4.96%
2017	26,141	26,141	-	526,157	4.96%
2016	44,571	44,571	-	512,903	8.69%
2015	40,719	40,719	-	468,572	8.69%

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	Plan Year											
	2023	2022	2022	2021	2021	2020	2020	2019	2019	2018	2018	2017
	Local Plan	**VRS Health Insurance Credit General Employees**	**Local Plan**	**VRS Health Insurance Credit General Employees**	**Local Plan**	**VRS Health Insurance Credit General Employees**	**Local Plan**	**VRS Health Insurance Credit General Employees**	**Local Plan**	**VRS Health Insurance Credit General Employees**	**Local Plan**	**VRS Health Insurance Credit General Employees**
Total OPEB Liability												
Service Cost	$ 1,131	$ 682	$ 1,351	$ 719	$ 1,079	$ 706	$ 1,154	$ 755	1,382	736	1,382	817
Interest on total OPEB liability	993	969	544	896	516	919	986	885	758	818	758	790
Changes in benefit terms	-		-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	(1,002)	2,543	(541)	-	(1,366)	(4,405)	(469)	-	(8)	-	-
Changes of assumptions and other inputs	1,141	5,036	(1,233)	(51)	66	-	2,187	362	(2,140)	-	(2,140)	(704)
Benefit payments	(230)	(651)	(66)	(609)	(104)	(588)	(23)	(533)	-	(656)	-	(339)
Net change in total OPEB liability	3,035	5,034	3,139	414	1,557	(329)	(101)	1,000	-	890	-	564
Total OPEB liability - beginning	27,024	13,992	23,885	13,578	22,328	13,907	22,429	12,907	22,429	12,017	22,429	11,453
Total OPEB liability - ending	$ 30,059	$ 19,026	$ 27,024	$ 13,992	$ 23,885	$ 13,578	$ 22,328	$ 13,907	$ 22,429	$ 12,907	$ 22,429	$ 12,017
Plan Fiduciary Net Position												
Contributions - employer	$ -	$ 863	$ -	$ 872	$ -	$ 1,076	$ -	$ 1,052	$ -	$ 952	$ -	$ 946
Contributions - employee	-	-	-	-	-	-	-	-	-	-	-	-
Net investment income	-	12	-	2,923	-	205	-	613	-	650	-	834
Benefit payments	-	(651)	-	(609)	-	(588)	-	(533)	-	(656)	-	(339)
Administrative expenses	-	(25)	-	(35)	-	(21)	-	(14)	-	(15)	-	(14)
Other	-	-	-	-	-	-	-	(1)	-	(88)	-	40
Net change in plan fiduciary net position	-	199	-	3,151	-	672	-	1,117	-	843	-	1,467
Plan fiduciary net position - beginning	-	14,094	-	10,943	-	10,271	-	9,154	-	8,310	-	6,843
Plan fiduciary net position - ending	-	14,293	-	14,094	-	10,943	-	10,271	$ -	$ 9,153	$ -	$ 8,310
Net OPEB Liability (Asset)- ending	$ 30,059	$ 4,733	$ 27,024	$ (102)	$ 23,885	$ 2,635	$ 22,328	$ 3,636	$ 22,429	$ 3,754	$ 22,429	$ 3,707
Plan fiduciary net position as a percentage of total OPEB liability	0%	75%	0%	101%	0%	81%	0%	74%	0%	71%	0%	69%
Covered employee payroll	$ 626,805	$ 576,813	$ 589,770	578,479	$ 578,479	566,070	$ 568,848	$ 553,515	$ 553,515	$ 529,094	$ 529,094	$ 525,698
Net OPEB liability (asset) as a percentage of covered	4.8%	0.8%	4.6%	0.0%	4.1%	0.5%	3.9%	0.7%	4.1%	0.7%	4.2%	0.7%

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRUBITIONS – GROUP LIFE
JUNE 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2023	$ 3,328	$ 3,328	$ -	$ 626,805	0.53%
2022	3,115	3,115	-	576,813	0.54%
2021	3,124	3,124	-	578,479	0.54%
2020	2,942	2,942	-	566,070	1.30%
2019	2,870	2,870	-	553,515	1.30%
2018	7,063	7,063	-	529,094	1.34%

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

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRUBITIONS - HIC
JUNE 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Employer Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit General Employees					
2023	$ 739	$ 739	$ -	$ 626,805	0.12%
2022	865	865	-	576,813	0.15%
2021	868	868	-	578,479	0.15%
2020	1,076	1,076	-	566,070	0.19%
2019	1,043	1,043	-	553,515	0.19%
2018	970	970	-	529,094	0.18%

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE
JUNE 30, 2023

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2022	0.0027%	$ 31,909	$ 589,770	5.41%	67.21%
2021	0.0028%	32,832	578,479	5.68%	67.45%
2020	0.0028%	45,893	566,070	8.11%	52.64%
2019	0.0028%	46,002	553,515	8.31%	52.00%
2018	0.0028%	43,000	529,094	8.13%	51.22%
2017	0.0029%	43,000	525,698	8.17%	48.86%

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Note 1. Changes of Benefit Terms

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

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

All Others (Non 10 Largest) – Non-Hazardous Duty:

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

Statistical Section

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

Financial Trends

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

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

Revenue Capacity

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

Curbside Recycling and Municipal Solid Waste Rates

Debt Capacity

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

Economic and Demographic Information

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

Revenue by Locality
Demographic and Economic Statistics
Principal Employers

Operating Information

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Net Position by Component – Last Nine Fiscal Years

Fiscal Year	Capital Assets Net	Restricted for net pension and post-employment assets	Unrestricted	Total
2023	$ 219,449	$ -	$ 1,645,949	$1,865,398
2022	40,831	16,987	479,767	537,585
2021	99,918	-	368,058	467,976
2020	36,805	-	654,166	690,971
2019	48,479	-	729,152	777,631
2018	58,286	-	722,481	780,767
2017	69,658	-	683,708	753,367
2016	49,470	-	639,449	688,919
2015	41,786		588,655	630,441

Changes in Net Position – Last Ten Fiscal Years

Fiscal Year	*Operating Revenues*	*Operating Expenses*	*Operating Income (Loss)*	*Total Non-operating Revenues (Expenses)*	*Change in Net Position*
2023	$ 20,315,638	$ 20,422,573	$ (106,935)	$ 1,434,748	$ 1,327,813
2022	19,533,950	19,464,772	69,178	431	69,609
2021	18,550,869	18,775,490	(224,624)	1,626	(222,995)
2020	17,915,547	18,041,980	(126,433)	39,773	(86,660)
2019	16,474,821	16,548,024	(73,203)	70,067	(3,136)
2018	15,843,573	15,830,244	13,329	63,001	76,330
2017	15,809,592	15,792,426	17,166	47,282	64,448
2016	14,668,426	14,655,568	12,858	45,620	58,478
2015	13,451,160	13,402,929	48,231	31,812	80,043
2014	13,444,295	13,441,342	2,953	15,002	17,955

Notes:

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

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Revenues by Source – Last Ten Fiscal Years

	Local Gov't Assmts	*Recycling(1)*	*Refuse and Solid Waste(2)*	*Composting and Yard Waste(3)*	*Other Projects(4)*	*Material Sales(5)*	*Total*
2023	$ 594,228	$ 10,391,494	$ 6,357,495	$ 1,076,922	$ 312,343	$ 1,583,156	$ 20,315,638
2022	579,188	9,277,896	5,277,307	675,760	315,351	3,408,448	19,533,950
2021	575,228	10,449,464	5,292,545	860,806	337,016	1,035,810	18,550,869
2020	567,956	10,675,991	5,116,607	649,687	276,468	628,838	17,915,547
2019	561,661	9,624,916	4,612,401	490,231	331,592	854,020	16,474,821
2018	558,825	8,294,822	4,614,706	478,302	324,940	1,571,978	15,843,573
2017	552,522	8,140,823	4,583,544	545,261	260,544	1,726,898	15,809,592
2016	548,282	7,976,957	4,245,042	306,797	247,500	1,343,848	14,668,426
2015	533,205	7,221,900	3,871,868	326,904	174,062	1,323,221	13,451,160
2014	533,205	7,250,055	4,502,336	478,503	204,355	475,841	13,444,295

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

(1) Recycling programs include residential and drop off recycling services, which include the recycling of traditional materials such as paper, cardboard and aluminum, plastic and glass bottles, and containers and cartons. The City of Richmond rolled out large recycling carts to about 61,500 equivalent residential units in July 2015. In addition, the City of Hopewell joined the curbside recycling program in July 2014. Currently, nine localities participate in residential recycling and ten participate in drop off recycling. In fiscal year 2019, the Authority renegotiated the contract for residential recycling collection with the vendor now servicing 8 of the 9 jurisdictions participating in curbside recycling. This was due to the significant disruption in the global recycling markets for 2/3 of the volume of material. CVWMA negotiated a sliding scale where depending on markets could pay a maximum $30/ton for each ton of material collected on the curb or could pay less or even receive a rebate. Since FY2019, CVWMA and thus participating localities have been paying for processing. In fiscal year 2022, recycling markets have improved significantly to the point where the Authority has received $30-$50/per ton in rebate.

(2) The refuse and solid waste programs include municipal solid waste collection and disposal in Ashland, Colonial Heights, Hopewell, Petersburg and certain residential units in Chesterfield; and transfer and disposal from the convenience centers in Chesterfield, Goochland, New Kent and Powhatan. A new procurement for trash collection in 2022 resulted in increased costs for waste collection and disposal in Ashland, Colonial Heights, Hopewell and Petersburg. The new contract started in July 2022 in the City of Colonial Heights and Ashland transitioned to the new contract in January 2023. In 2016, Chesterfield began providing trash collection to nearly 2,500 tax-relief customers through the Authority.

(3) The yard waste grinding and leaf composting contracts are on an as needed basis with no minimum volume guaranteed. The increase in activity in fiscal years 2020 and 2021 is a result of Covid-19. In fiscal year 2023, the significant increase is due to a large yard waste grinding project for the City of Richmond.

(4) Other projects include other waste disposal and recycling programs such as waste tire recycling, appliance and scrap metal recycling and household hazardous waste disposal are provided on an “as needed” basis.

(5) The revenue generated from the sale of recyclables is dependent upon the market at the time of the sale. Markets have fluctuated in the last ten years typically related to the fluctuation in the economy. In FY 2014, the Authority negotiated a renewal of the curbside recycling contract to include a rebate effective May 1, 2014, however due to significant downturns in the market, the rebate was suspended effective April 1, 2018. As a result the CVWMA renegotiated its contract with its largest residential recycling vendor, paying a maximum of $30/ton in FY 2019. In FY2020, a further reduction in revenue received from the sale of used oil and scrap metal due to COVID-19. In FY2021 and FY2022, the demand for fiber, plastics and scrap metal resulted in significant increased rebates in both the curbside recycling and drop-off recycling programs. Sharp declines in demand for recycled materials such as paper and metals resulted in significantly lower rebates from the sale of recycled goods in fiscal year 2023.

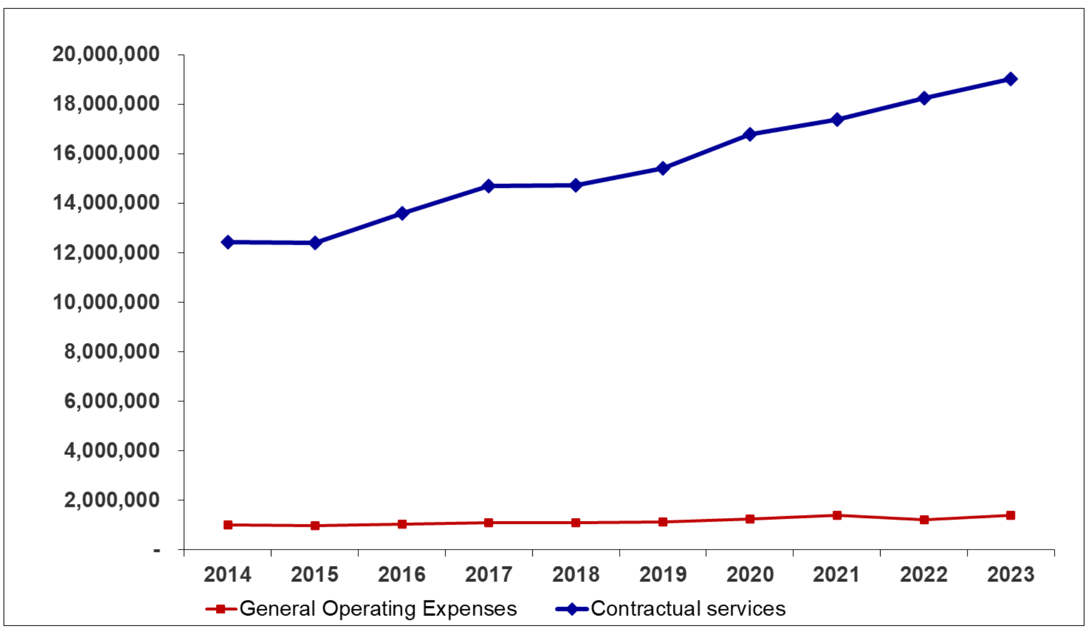
CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Operating Expenses – Last Ten Fiscal Years

	Administrative /Operating	*Salaries And Benefits*	*Professional Service Fees*	*Depreciation And Amortization*	*Project Contractual Services*	*Material Sales Rebates*	*Total Operating Expenses*
2023	$ 274,512	$ 849,791	$ 106,579	$ 162,635	$ 17,478,263	$ 1.550.793	$ 20,422,573
2022	184,883	836,387	88,004	94,498	14,971,276	3,289,724	19,464,772
2021	181,135	939,550	164,848	92,526	16,401,262	996,169	18,775,490
2020	259,382	855,018	113,395	17,614	16,173,543	623,028	18,041,980
2019	288,088	755,092	71,426	24,847	14,562,931	845,640	16,548,024
2018	270,770	728,456	71,422	21,664	13,201,409	1,598,671	15,830,244
2017	300,345	720,328	61,356	15,961	13,041,006	1,653,430	15,792,426
2016	258,964	688,984	80,241	12,186	12,307,502	1,307,691	14,655,568
2015	241,959	667,420	61,985	12,301	11,130,568	1,288,696	13,402,929
2014	234,949	707,418	65,959	5,288	11,985,140	442,588	13,441,342

Notes:

General operating expenses, including salaries, benefits and professional fees have remained relatively constant in relation to program costs over the last ten years. In FY 21, retirement costs through the Virginia Retirement System increased significantly. A rebate of $669,367 was received in FY 2015 as a result of an early renewal of the residential recycling contract provided to 255,000 households and that rebate was suspended in April 1, 2018 due to significant downturns in the recycling markets. Three years after the collapse of the recycling markets for fiber, increased domestic capacity for paper and cardboard coupled with the impacts and demand for fiber products as a result of the pandemic resulted in significantly improved recycling markets. The Authority received and provided to the participating localities, triple the rebates over previous years. In FY 2016, the Authority hired Zellos to consult and assist with the implementation of the Authority's Strategic Plan. In late 2015, the Authority increased the Recycling Education and Outreach Specialist from part-time to a full-time position under the Public Affairs program. In FY2019, the Authority hired a consultant to provide a pay, classification and benefits study for full-time staff positions and the results were fully implemented in March 2019. In FY2020, the CVWMA hired a recycling and solid waste management consultant to evaluate the regional residential recycling program and in FY2021, hired a consultant to facilitate and draft a strategic plan for the Authority. Administrative and Operating expenses in fiscal year 23 include approximately $100,000 in communications related to the recycling cart roll-out at the end of the year. This was mostly offset by the grant revenue also recorded in fiscal year 2023.



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Nonoperating Revenues (Expenses) – Last Ten Fiscal Years

Fiscal Year	*Grants and Sponsorships*	*Interest Income*	*Interest Expense*	*Miscellaneous*	*Total Nonoperating Revenues*
2023	$ 1,455,230	$ 22,008	$ (41,236)	$ (1,254)	$ 1,434,748
2022	10,000	9,715	(19,284)	-	431
2021	10,000	11,907	(20,281)	-	1,626
2020	10,000	29,773	-	-	39,773
2019	10,000	60,067	-	-	70,067
2018	15,000	47,995	-	6	63,001
2017	10,000	29,453	-	7,829	47,282
2016	24,500	21,120	-	-	45,620
2015	10,000	21,812	-	-	31,812
2014	10,000	4,702	-	300	15,002

Notes:

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

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

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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Residential Recycling and Municipal Solid Waste Rates
Last Ten Fiscal Years

Residential Recycling – Rates per household per month

	Bi-Weekly Collection	*Bi-Weekly Collection w/ cart*	*Public Information*	*Customer Service*
2023	$ 2.080	$ 2.080-3.270	$ .077	$ .084
2022	2.030	2.030-3.190	.075	.082
2021	1.980	1.980-3.110	.068	.072
2020	1.950	1.950-3.060	.067	.071
2019	1.910	1.650-3.000	.066	.070
2018	1.860	1.600-2.930	.065	.069
2017	1.840	1.540-2.930	.064	.068
2016	1.800	1.490-2.860	.063	.067
2015	1.800	1.470-2.420	.063	.067
2014	1.800	2.420	.063	.066

Notes:

	Municipal Solid Waste Collection per household Per month	*Tipping Fees Range Dollars Per Ton*
2023	$11.32 - $15.29	$20.83 – $23.40
2022	$7.80 - $10.87	$19.91 - $22.37
2021	$7.63 - $10.87	$19.09 - $21.45
2020	$7.46 - $10.87	$18.55 - $20.45
2019	$7.00 - $10.35	$17,85 - $20.07
2018	$7.00 - $10.35	$17.24 - $19.39
2017	$7.00 - $10.35	$17.29 - $19.01
2016	$5.02 - $10.35	$16.90 - $22.50
2015	$5.02 - $10.35	$16.00 - $22.50
2014	$5.02 - $15.40	$16.00 - $22.50

The curbside recycling program collection rates vary based on the participating jurisdictions level of service desired. In 2015, the City of Hopewell added residential recycling to its menu of services. The City of Richmond converted from bins to carts in 62,000 homes in 2016. The contract became effective July 1, 2009 and an early renewal was negotiated effective May 1, 2014 resulting in reduced per household fees and rebate on each ton collected at the curb from one vendor. The contract ended June 30, 2023 and after a procurement, a new contract with TFC Recycling began July 1. A fee is charged participating localities for public education and the CVWMA uses those funds to promote the program regionally. A separate fee is charged for customer service provided by the Authority.

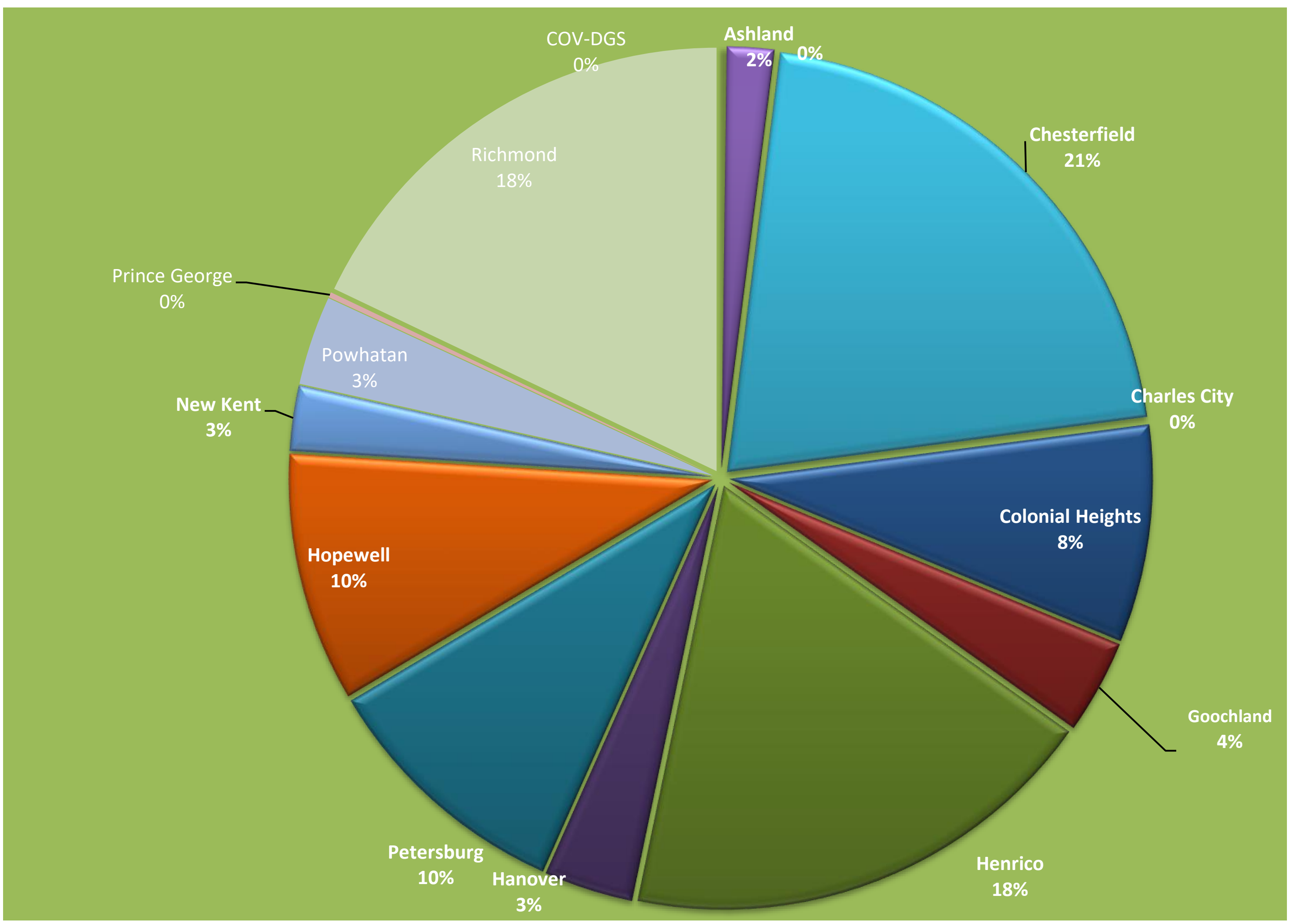
The current municipal solid waste contracts include the Cities of Colonial Heights, Hopewell and Petersburg, the Town of Ashland and the County of Chesterfield. The rates include collection and disposal except in the City of Petersburg where disposal is free based on a host agreement between the City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

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Revenue by Locality – Current Year and Nine Years Ago

Locality	*2023 Operating Revenues*	*2023 Percent of Revenue*	*Locality*	*2014 Operating Revenues*	*2014 Percent of Revenue*
County of Chesterfield	$ 3,900,064	20.9%	**County of Chesterfield**	$ 2,973,622	23.2%
County of Henrico	3,431,051	18.4%	**County of Henrico**	2,765,484	21.6%
City of Richmond	3,326,541	17.9%	**City of Richmond**	1,689,218	13.2%
City of Petersburg	1,838,985	9.9%	**City of Petersburg**	1,524,737	11.9%
City of Hopewell	1,776,689	9.5%	**City of Hopewell**	1,502,043	11.7%
City of Colonial Heights	1,543,177	8.3%	**City of Colonial Heights**	712,519	5.6%
County of Goochland	673,810	3.6%	**County of Goochland**	449,006	3.5%
County of Powhatan	635,038	3.4%	**Town of Ashland**	337,461	2.6%
County of Hanover	627,495	3.4%	**County of New Kent**	292,853	2.3%
County of New Kent	472,737	2.5%	**County of Hanover**	274,694	2.1%
Town of Ashland	343,535	1.8%	**County of Powhatan**	268,888	2.1%
Commonwealth VA-DGS	33,219	0.2%	**County of Prince George**	17,148	.1%
County of Prince George	30,616	0.2%	**County of Charles City**	3,483	0.0%
County of Charles City	3,251	0.0%	**Commonwealth VA-DGS**	0	0.0%
Totals	$18,636,208	100.0%		$ 12,811,156	100.0%



CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

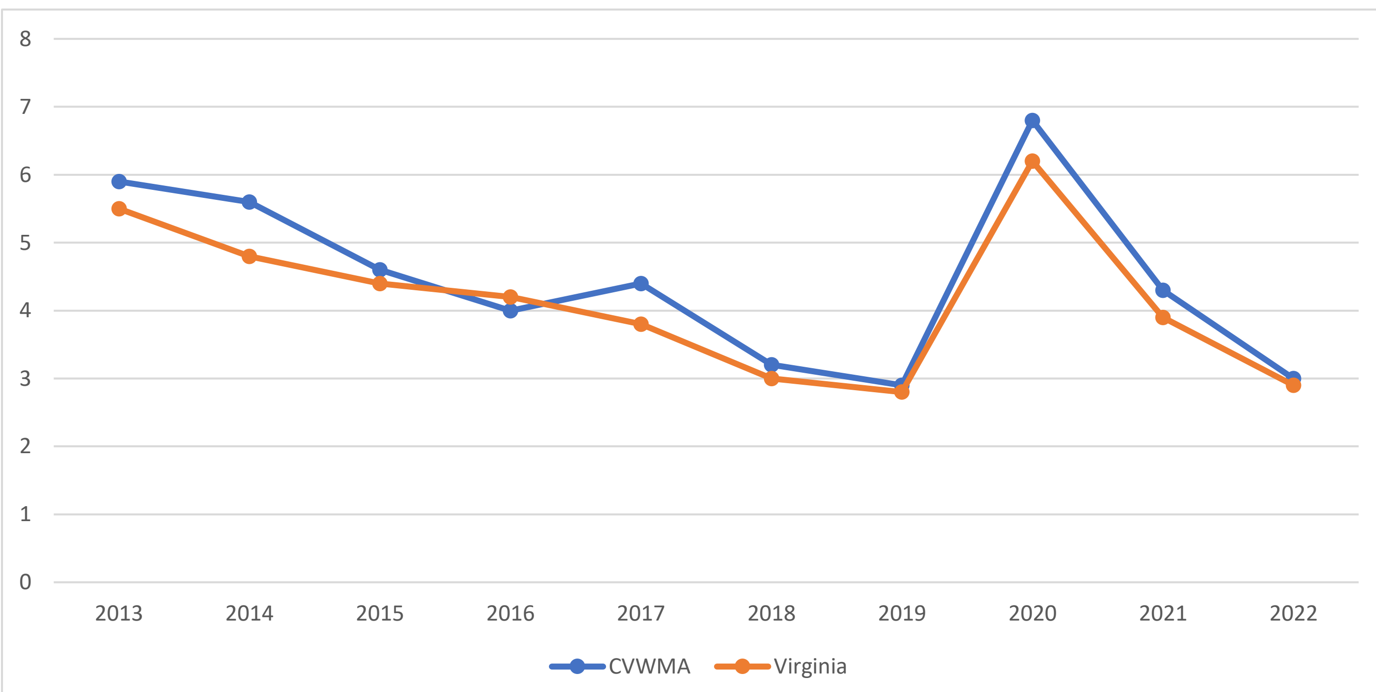
Demographic and Economic Statistics – Last Ten Calendar Years

Calendar Year	Population	Average Income	Unemployment Rate CVWMA	Unemployment Rate Virginia
2022	1,263,709	$ 70,369	3.0%	2.9%
2021	1,246,707	62,632	4.3%	3.9%
2020	1,218,399	64,695	6.8%	6.2%
2019	1,206,641	57,018	2.9%	2.8%
2018	1,199,092	59,010	3.2%	3.0%
2017	1,183,241	57,772	4.4%	3.8%
2016	1,170,128	53,723	4.0%	4.2%
2015	1,164,023	52,136	4.6%	4.4%
2014	1,151,077	50,405	5.6%	4.8%
2013	1,142,254	46,730	5.9%	5.5%

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

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

Unemployment Rate Comparison



Central Virginia Principal Employers

Current Year and Nine Years Ago

*Employer ***	*Calendar Year 2022**	*Calendar Year 2013**
	Rank	Rank
MCV Hospitals/VCU Health Systems	1	6
Chesterfield County School Board	2	3
Amazon Fulfillment Services Inc.	3	n/a
Henrico County School Board	4	4
Virginia Commonwealth University	5	2
Bon Secours Richmond Health Systems	6	8
HCA Virginia Health Systems	7	5
Capital One Bank	8	1
County of Henrico	9	n/a
Wal Mart	10	7
US Department of Defense	n/a	9
Integrity Staffing Solutions	n/a	10

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Material Collected – Last Ten Fiscal Years

Fiscal Year	*Tons Recycled**	*Tons of Municipal Solid Waste*	*Cubic Yards of Yard Waste*	*Gallons of Paint Collected*	*Gallons of Used Oil Collected*	*Tons of Batteries Recycled*	*Propane Tanks Recycled*	*Tons of Tires Recycled*	*Tons of Electronics Recycled*	*Tons of Textiles*
2023	44,871	78,352	146,692	14,080	161,197	85.0	-	365	71	540
2022	45,883	80,330	106,753	13,805	159,685	89.2	6,367	367	104	766
2021	51,191	89,076	141,267	17,490	160,996	85.8	779	445	61	707
2020	49,174	84,970	113,883	18,370	160,482	85.9	2,650	324	155	824
2019	48,059	79,887	105,184	15,985	172,825	75.3	2,296	893	169	774
2018	48,238	76,512	86,796	14,355	166,390	67.6	2,342	939	154	786
2017	49,138	71,899	115,284	12,540	179,319	60.3	1,994	702	229	946
2016	46,347	68,097	167,360	11,440	176,887	55.0	1,411	707	274	1,012
2015	45,049	65,059	180,092	10,560	112,143	35.2	1,408	724	185	1,033
2014	40,007	65,095	269,604	9,075	105,713	29.5	1,082	766	405	814

* Includes paper, metals, plastic and glass.

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Customers by Type – Last Ten Fiscal Years

Residential Recycling

Fiscal Year	*Ashland*	*Chesterfield*	*Colonial Heights*	*Goochland*	*Hanover*	*Henrico*	*Hopewell*	*Petersburg*	*Richmond*	*Total*
2023	1,877	94,352	6,994	1,954	3,825	85,043	8,786	12,381	61,558	276,770
2022	1,815	94,352	6,934	1,758	3,825	85,043	8,766	12,316	61,558	276,367
2021	1,706	94,352	6,701	1,758	3,723	85,007	8,448	11,036	61,558	274,289
2020	1,706	94,930	6,701	1,592	3,723	85,007	8,644	11,025	61,558	274,886
2019	1,465	94,930	6,701	1,637	3,705	85,007	8,644	11,064	61,588	274,741
2018	1,465	94,930	6,701	1,495	3,705	84,909	8,644	11,021	61,521	274,434
2017	1,465	95,007	6,701	1,336	3,553	84,909	8,644	11,064	61,487	274,166
2016	1,465	95,693	6,701	1,242	3,257	84,909	8,644	11,064	61,487	274,462
2015	1,465	97,600	6,635	1,238	2,837	84,909	8,649	11,199	61,487	276,019
2014	1,465	97,585	6,701	1,238	2,837	84,909	-	11,203	61,487	267,425

Municipal Solid Waste Collection

Fiscal Year	*Ashland*	*Chesterfield*	*Colonial Heights*	*Hopewell*	*Petersburg*	*Total*
2023	1,877	1,098	6,994	8,786	12,381	31,136
2022	1,770	1,613	6,922	8,548	11,036	29,889
2021	1,706	1,698	6,882	8,545	11,033	29,864
2020	1,706	1,819	6,815	8,678	11,025	30,043
2019	1,465	1,999	6,751	8,644	11,021	29,908
2018	1,465	2,115	6,701	8,644	11,064	29,954
2017	1,465	2,301	6,632	8,648	11,064	30,110
2016	1,465	-	6,635	8,647	11,199	27,946
2015	1,465	-	6,701	8,644	11,203	28,013
2014	1,465	-	6,701	8,644	10,998	27,808

Notes:

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

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

The City of Hopewell implemented residential recycling in July 2014.

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

Source of Data: CVWMA Operations Department

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Number of Employees by Function – Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Program Management and Operations	2.50	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Public Information and Education	1.50	1.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0	1.5
Finance and Administration	3.25	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	3.0
Call Center Operations	4.00	4.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.0
Total Employees	11.25	10.0	10.5	10.0	11.0	11.0	11.0	11.0	10.5	10.0

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

Source of Data: CVWMA Administrative Office

Compliance Section

BROWNEDWARDS
certified public accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of each major fund of the Central Virginia Waste Management Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item 2023-001, that we consider to be a material weakness.**

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Report on Compliance and Other Matters

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

Authority's Response to Finding

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
October 19, 2023

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

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

STATE COMPLIANCE MATTERS

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

CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

A. SUMMARY OF AUDITORS RESULTS

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

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

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

A. SUMMARY OF AUDITORS RESULTS

2023-001: SEGREGATION OF DUTIES (Material Weakness)

Condition:

We noted extended turnover in the accounting manager position, which is a key position that provides significant oversight and responsibility in financial reporting, payment processing and receipting, and payroll management. During this time of turnover, there was significant access and decision making provided to the Executive Director with minimal oversight, including areas of payroll processing, check processing, billing, bank reconciliations, and recording journal entries.

Criteria:

More than one staff should be involved in reviewing or processing key procedures, transactions, and estimates that may impact the financial statements.

Cause:

Turnover in the accounting manager position.

Effect:

Errors in reporting or potentially fraudulent misuse of company resources could go undetected due to lack of segregation of duties.

Recommendation:

During instances of turnover or diminished oversight, we recommend providing board oversight monthly for review of significant processes.

Views of Responsible Officials and Planned Corrective Action:

It is the goal of the Authority to have the accounting manager position always staffed and providing oversight over key accounting functions. The Authority has employed a competent individual into this role by the end of the fiscal year and has begun training the individual on key reporting and oversight responsibilities.