

***CENTRAL VIRGINIA WASTE MANAGEMENT  
AUTHORITY***

**Comprehensive Annual Financial Report**

**July 1, 2009 Through June 30, 2010**

***Prepared By:***

***Kimberly A. Hynes CPA  
Executive Director***

***Nan B. Downey MBA  
Director of Administration and Finance***

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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# **Introductory**

## **Section**

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September 9, 2010

Board of Directors  
Central Virginia Waste Management Authority  
Richmond, Virginia

Members of the Board:

The Comprehensive Annual Financial Report (“CAFR”) of the Central Virginia Waste Management Authority (“Authority” or “CVWMA”) for the year ended June 30, 2010 is submitted herewith. This report was prepared by the Director of Administration and Finance 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 Cherry, Bekaert & Holland L.L.P., whose report is included herein. The CAFR has been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board.

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

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

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 satisfying Virginia’s recycling requirement and other waste management initiatives.

The Authority serves thirteen member local governments: the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; the Town of Ashland; and the Counties of Charles City,

Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George. A Board of Directors consisting of one or more representatives appointed by each of the member jurisdictions governs the operations of the CVWMA. The Authority is a primary government with no component units and each member government has a financial interest and responsibility to the Authority.

## **ECONOMIC CONDITION AND OUTLOOK**

While the nation is in recovery mode from the recent recession, growth has been slow and is projected to continue at a slow to moderate pace. Fortunately, Virginia and central Virginia have fared better than some areas of the country. The unemployment rate in the Commonwealth of 7.1% in July (down from last year) remains significantly below the national average of 9.7%. The decline in home values and rise in foreclosures locally have not been as significant as they have been in other parts of the Country. Some sectors of the economy are expanding while others are still struggling. Manufacturing and consumer spending have experienced some growth, while weakness persists in the labor market, construction and government spending.

Local governments have experienced significant loss in revenues due to declines in real estate values, retail sales and State spending and continue to struggle to provide the level of services their residents have come to expect. Municipalities have been forced to cutback services to their residents and residential recycling services are not immune. The commitment to recycling and environmental stewardship in central Virginia remains strong; however the economic reality of convenient recycling services has caused some to consider reductions in those services to their constituents. Jurisdictions that have traditionally paid for or subsidized some recycling services out of general tax dollars are now considering and implementing other revenue sources, which will ultimately be born by the resident.

The recession has changed the face of local government. The public sector has been faced with making decisions similar to those the private sector has always had to make during periods of reduced earning power. Cutbacks in services and jobs are expected to be permanent.

The recycling industry has also been hit by the recession. We have seen paper mills close because of reduced supply and demand. Although recycling markets saw sharp declines in the early part of the 2010 fiscal year, the paper and metal markets have rebounded somewhat. The price per ton is not back to pre-recession days, but they seem to be and are projected to hold steady.

CVWMA recognizes the need for efficient and sustainable government programs and services and is focused on sound financial management, cost effective and sustainable programs and contracts and customer service for its member localities. Prudent spending and planning over the years has resulted in the Authority's sound financial position.

## **MAJOR INITIATIVES**

The Authority's number one priority is to meet the recycling and solid waste management needs of our thirteen member jurisdictions. The Authority offers a variety of recycling and solid waste programs for members to choose from to best meet the needs of the more than 1 million residents in the region. The Authority has successfully negotiated more attractive contracts in the last couple of years for household hazardous waste disposal, electronic recycling, metal recycling, used oil recycling and lead acid battery recycling. The metal, used oil and battery

recycling programs are provided at no cost and generate revenue from the sale of the material. The calculation of the revenue is tied to market prices which has provided significant rebates to localities in recent years. For instance, revenue earned on used oil recycling is based on the barrel price which has remained strong. Because of these contracts, members have the opportunity to share in more of the revenue than under previous agreements. In addition, new contracts effective for household hazardous waste and electronics recycling has resulted in a reduction in expenditures for participants.

In addition, the Authority began partnering with the private sector, not only for contracted services, but also in the area of public education and awareness to help build the case for sustainability of recycling programs. Residents' awareness and participation in any government service further solidifies the sustainability of the service. The CVWMA works with businesses that share similar environmental goals in an effort to increase participation in programs, such as curbside recycling. The annual curbside recycling collection schedule is the Authority's largest piece and is distributed to the 250,000 households in the region. Dominion Resources Foundation served as our first sponsor of the annual calendar. More partnerships like this one will lead to reduced costs for localities and thus more financially stable programs.

## 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.

## CASH MANAGEMENT

The Authority's approach to managing cash is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Excess cash in the Authority's pooled operating account remains in the interest bearing checking account. Idle funds available for longer periods of time are invested in Certificates of Deposit, Bankers' Acceptances, Commercial Paper, term repurchase agreements and the Local Government Investment Pool (LGIP). The average yield

on Authority investments in fiscal year 2010 was about .62%. The total amount of interest earned on Authority investments was \$20,225 in 2010 compared to \$31,996 in 2009.

### **RISK MANAGEMENT**

The risk management program currently involves maintaining comprehensive insurance policies and identifying and monitoring loss exposure. The Authority's insurance coverage includes comprehensive property and casualty, healthcare, comprehensive vehicle liability and public official's liability policies.

### **INDEPENDENT AUDIT**

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Cherry, Bekaert & Holland L.L.P. was selected by the Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2010. The independent auditors' report on the financial statements is included in the financial section of this report.

### **AWARDS AND ACHIEVEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Virginia Waste Management Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the thirteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

### **ACKNOWLEDGMENTS**

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

Respectfully submitted,



Kimberly A. Hynes CPA  
Executive Director



Nan B. Downey MBA  
Director of Administration and Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Virginia  
Waste Management Authority

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to be "J. R. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## 2009-2010 Board of Directors

Marcia R. Phillips, County of Chesterfield  
**Chair**

Mark Kukoski, City of Richmond  
**Vice Chair**

Elliot A. Danburg, County of Powhatan  
**Secretary**

Matthew D. Benka, City of Richmond  
**Treasurer**

Leigh Dunn, County of Goochland  
**Director**

W. C. Lawing, Town of Ashland

John F. Miniclier, County of Charles City

Robert L. Dunn, County of Chesterfield

Richard A. Anzolut, City of Colonial Heights

Robert Setliff, County of Hanover

Steve Chidsey, County of Hanover

Marcia E. Kelley, County of Henrico

Gentry Bell, County of Henrico

Robert C. Whiteman, County of Henrico

Phillip E. Elliott, City of Hopewell

James H. Burrell, County of New Kent

Michael D. Briddell, City of Petersburg

William G. Kuthy, County of Prince George

Dexter White, City of Richmond

## Administrative Staff

Kimberly A. Hynes CPA, Executive Director

Nan B. Downey MBA, Director of Administration and Finance

Bernard B. Harris, Director of Operations

Nancy W. Drumheller, Public Information Coordinator

Reginald D. Thompson, Operations Technician

Valerie Pegues-Johnson, Administrative Assistant

Stephanie N. Breaker, Customer Service Supervisor

Carolyn M. Bagby, Customer Service Representative

Mecca M. Anderson, Customer Service Representative

Mariette Robinson, Customer Service Representative

Charles R. Howe, Operations Technician, part-time

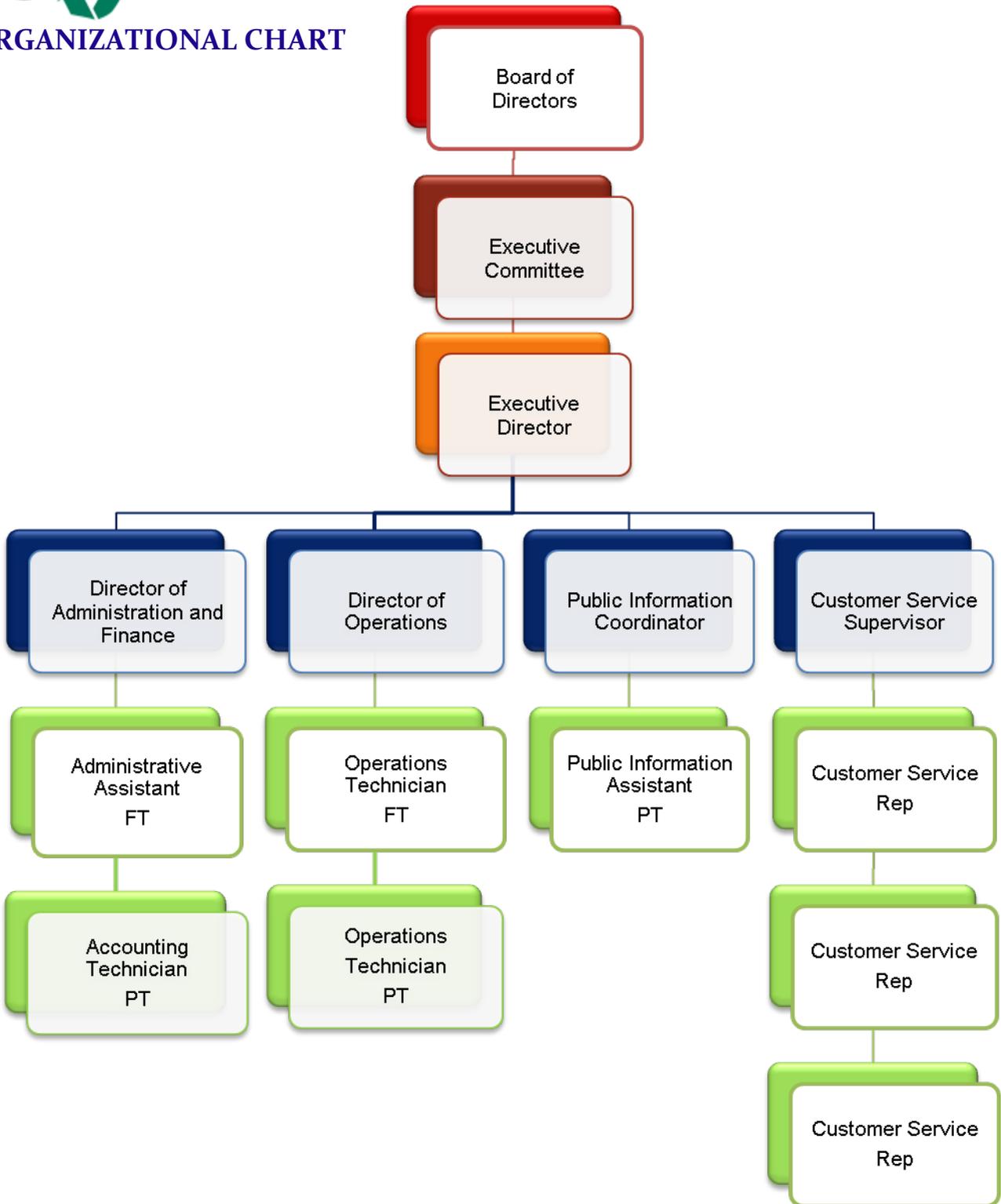
Stephanie Feaser, Public Information Assistant, part-time

Barbara M. Trimmer, Accounting Technician, part-time

CVWMA General Counsel  
Patricia Collins McCullagh  
McCandlish Holton PC



## ORGANIZATIONAL CHART



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# Financial Section

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## Independent Auditors' Report

The Board of Directors  
Central Virginia Waste Management Authority  
Richmond, Virginia

We have audited the financial statements of each major fund, and the aggregate remaining fund information of the Central Virginia Waste Management Authority (the "Authority"), as of, and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Authority's 2009 financial statements and, in our report dated September 11, 2009, we expressed an unqualified opinion on the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audit of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Authority, as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedule of Funding Progress at Note V. D. are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining financial statements and statistical tables are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cherry, Bekant & Holland, L.L.P.*

Richmond, Virginia  
September 9, 2010

# **Management's Discussion And Analysis**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion provides an overview of the financial activities of the Central Virginia Waste Management Authority ("Authority" or "CVWMA") for the fiscal year ended June 30, 2010. This information should be read in conjunction with the letter of transmittal and the financial statements.

### Financial Highlights

The assets of the Authority exceeded its liabilities by \$663,395 at the close of the 2010 fiscal year. Total net assets decreased by \$222,320. Operating revenues increased by 3.6% to \$13,818,000 and operating expenses increased 3.5% to \$13,924,345.

### Overview of the Financial Statements

The Statement of Net Assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Assets. The Statements of Cash Flows provide information on the Authority's cash receipts, payments, and net changes in cash. It also provides insight on the source, use and change in cash for the reporting period. Notes to the financial statements provide additional information that is essential to understanding data in the financial statements.

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

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

The tables presented herein provide a summary of the CVWMA's financial position and operations for FY 2010 and 2009.

#### Condensed Statements of Net Assets June 30,

	<u>2010</u>	<u>2009</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
Assets:				
Current	\$ 4,835,166	\$ 4,322,196	\$ 512,970	11.9%
Capital assets, net	52,702	74,016	(21,314)	-28.8%
Total assets	4,887,868	4,396,212	491,656	11.2%
Liabilities	4,224,473	3,510,497	713,976	20.3%
Net assets:				
Invested in capital assets	52,702	74,016	(21,314)	-28.8%
Unrestricted	610,693	811,699	(201,006)	-24.8%
Total net assets	\$ 663,395	\$ 885,715	\$ (222,320)	-25.1%

Net assets decreased by \$222,320 in 2010, due mostly to a rebate of \$150,000 of accumulated funds given back to member jurisdictions. This rebate was based on each member's prorated earnings in the recycling markets. CVWMA's Net Assets Policy allows the Authority to consider a rebate of unrestricted net assets in

## MANAGEMENT'S DISCUSSION AND ANALYSIS

excess of 5% of total operating budget. This rebate was netted in the billing for the annual operating contribution in 2009 thus resulting in reduced receivables and unearned income in 2009. In addition, a loss of \$72,320 was realized primarily due to the economic climate and the decline in interest rates. The Authority continues to remain in a strong financial position.

Capital assets, consisting of furniture, office and electronic equipment, vehicles and leasehold improvements, have declined almost 30% from the previous year. The Authority's computer network is now hosted offsite, eliminating the need to purchase a computer server, software upgrades, licensing and desktop machines. This new technology will be more efficient and accessible and will result in less need for capital outlay in the future. The Authority implemented hosting services for access to our computer applications from a server at an offsite location and purchased some needed software in accordance with the 2010 Operating Budget. More information on capital assets is included in the Notes to the Financial Statements on page 17, III, Capital Assets.

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

	<u>2010</u>	<u>2009</u>	<u>Change Amount</u>	<u>%</u>
Operating revenues:				
Local government assessments	\$ 503,312	\$ 497,069	\$ 6,243	1.3%
Recycling	6,270,895	5,677,879	593,016	10.4%
Refuse and solid waste	6,053,238	6,023,046	30,192	.5%
Composting and yard waste	445,477	471,765	(26,288)	-5.6%
Other project revenue and fees	209,243	228,914	(19,671)	-8.6%
Material sales rebate	335,835	438,492	(102,657)	-23.4%
Total operating revenues	13,818,000	13,337,165	480,835	3.6%
Operating expenses:				
Administrative/operating	270,952	331,606	(60,654)	-18.3%
Salaries and benefits	690,548	671,271	19,277	2.9%
Professional service fees	75,274	94,522	(19,248)	-20.4%
Depreciation	27,485	31,247	(3,762)	-12.0%
Program contractual services	12,533,001	11,912,611	620,390	5.2%
Material sales rebate	327,085	416,844	(89,759)	-21.5%
Total operating expenses	13,924,345	13,458,101	466,244	3.5%
Operating loss	(106,345)	(120,936)	(14,591)	-12.1%
Non-operating revenues:				
Grants and sponsorships	13,800	17,448	(3,648)	-20.9%
Interest income	20,225	31,996	(11,771)	-36.8%
Miscellaneous income	-	3,874	(3,874)	-100.0%
Non-operating revenues	34,025	53,318	(19,293)	-36.2%
Net loss	(72,320)	(67,618)	(4,702)	-7.0%
Rebate of accumulated funds	(150,000)	-	(150,000)	-100.0%
Beginning net assets	885,715	953,333	(67,618)	-7.1%
Ending net assets	\$ 663,395	\$ 885,715	\$ (222,320)	-25.1%

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

A new contract for curbside recycling became effective July, 1, 2009. Slightly higher per household cost resulted due to increased fuel and transportation costs. In addition, more than 3,000 homes became eligible for curbside recycling, including more than 1,700 in Hanover County. Tons recycled in the curbside and drop off recycling programs declined slightly from the previous year, however participation increased. Recycling markets are not immune to fluctuations in the economy and experienced a set back last year and into the 2010 fiscal year. Metal, oil and newsprint markets have rebounded resulting in the continuation of strong revenue earned in the appliance and scrap metal, used oil recycling and drop off programs.

The recession has resulted in the loss of earning power and reductions in spending, thus less waste generation as evidenced by the reduction in tons of refuse and solid waste disposed of through the Authority's transfer and disposal programs again this year. Yard waste and other projects are used by member localities on an as needed basis.

### **Economic Factors and the FY 2010 Budget**

The economic downturn arrived in the Central Virginia region during the calendar year 2008 in the form of rising unemployment, home foreclosures, plant closings and uncertainty in the financial markets. The impact on investment revenue was immediate, since the Authority relies on interest and investment income to balance expenses. This trend continued into the fiscal year 2009-2010. The revenue generated from the sale of recyclables has also been affected by the economy, but has seen an upswing in recent months.

Although consumer spending appears to gradually be increasing and unemployment is stabilizing in Virginia, local governments are experiencing lags in real estate assessments and restored state funding. Due to the uncertainty that remains regarding the economy and the viability of local government services beyond core services, the Fiscal Year 2011 budget was prepared with reduced spending. The 2010-11 administrative budget, including public education was reduced by 8% from the 2010 fiscal year budget.

### **Contacting CVWMA's Financial Management**

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

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010  
With Comparative Totals at June 30, 2009**

	<i>General Operating Fund</i>	<i>Curbside Recycling</i>	<i>Drop-Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer &amp; Disposal</i>	<i>Non Major Funds</i>	<i>Total 2010</i>	<i>2009</i>
<b>Assets:</b>								
Cash and cash equivalents	\$ 246,015	\$ 1,168,814	\$ 61,327	\$ 650,566	\$ 178,095	\$ 130,111	\$ 2,434,928	\$ 2,223,227
Accounts receivable	482,544	515,036	86,493	930,406	196,999	169,825	2,381,303	2,082,268
Interfund balances	68,589	-	-	-	-	(68,589)	-	-
Prepaid expenses	<u>13,999</u>	<u>4,201</u>	<u>148</u>	<u>587</u>	<u>-</u>	<u>-</u>	<u>18,935</u>	<u>16,701</u>
<b>Total current assets</b>	<u>811,147</u>	<u>1,688,051</u>	<u>147,968</u>	<u>1,581,559</u>	<u>375,094</u>	<u>231,347</u>	<u>4,835,166</u>	<u>4,322,196</u>
<b>Capital Assets:</b>								
Furniture, fixtures & equipment	41,128	15,289	-	7,263	-	-	63,680	63,680
Computer equipment	129,827	92,071	-	12,008	-	-	233,906	227,736
Vehicles	39,466	-	-	-	-	-	39,466	39,466
Leasehold improvements	<u>29,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,061</u>	<u>29,061</u>
	239,482	107,360	-	19,271	-	-	366,113	359,943
Accumulated depreciation	<u>(203,798)</u>	<u>(95,616)</u>	<u>-</u>	<u>(13,997)</u>	<u>-</u>	<u>-</u>	<u>(313,411)</u>	<u>(285,927)</u>
<b>Capital assets, net</b>	<u>35,684</u>	<u>11,744</u>	<u>-</u>	<u>5,274</u>	<u>-</u>	<u>-</u>	<u>52,702</u>	<u>74,016</u>
<b>Total assets</b>	<u>846,831</u>	<u>1,699,795</u>	<u>147,968</u>	<u>1,586,833</u>	<u>375,094</u>	<u>231,347</u>	<u>4,887,868</u>	<u>4,396,212</u>
<b>Liabilities:</b>								
Accounts payable	204	897,767	96,163	627,610	205,396	124,321	1,951,461	1,771,793
Unearned revenue	508,688	494,271	-	944,190	177,734	-	2,124,883	1,598,861
Other accrued liabilities	<u>43,687</u>	<u>17,849</u>	<u>128</u>	<u>465</u>	<u>-</u>	<u>86,000</u>	<u>148,129</u>	<u>139,843</u>
<b>Total liabilities</b>	<u>552,579</u>	<u>1,409,887</u>	<u>96,291</u>	<u>1,572,265</u>	<u>383,130</u>	<u>210,321</u>	<u>4,224,473</u>	<u>3,510,497</u>
<b>Net Assets (deficit)</b>								
Invested in capital assets	35,684	11,744	-	5,274	-	-	52,702	74,016
Unrestricted	<u>258,568</u>	<u>278,164</u>	<u>51,677</u>	<u>9,294</u>	<u>(8,036)</u>	<u>21,026</u>	<u>610,693</u>	<u>811,699</u>
<b>Total net assets (deficit)</b>	<u>\$ 294,252</u>	<u>\$ 289,908</u>	<u>\$ 51,677</u>	<u>\$ 14,568</u>	<u>\$ (8,036)</u>	<u>\$ 21,026</u>	<u>\$ 663,395</u>	<u>\$ 885,715</u>

The notes are an integral part of the financial statements.

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2010**

**With Comparative Totals for the Year Ended June 30, 2009**

	<i>General Operating Fund</i>	<i>Curbside Recycling</i>	<i>Drop- Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer &amp; Disposal</i>	<i>Non Major Funds</i>	<u>2010</u>	<u>2009</u>
<b>Operating revenues:</b>								
Local government assessments	\$ 503,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 503,312	\$ 497,069
Recycling	-	5,673,907	596,988	-	-	-	6,270,895	5,677,879
Refuse and solid waste	-	-	-	3,752,271	2,300,967	-	6,053,238	6,023,046
Composting and yard waste	-	-	-	-	-	445,477	445,477	471,765
Other project revenues	-	-	-	-	-	209,243	209,243	228,914
Material sales rebates	-	-	28,798	-	-	307,037	335,835	438,492
<b>Total operating revenues</b>	<u>503,312</u>	<u>5,673,907</u>	<u>625,786</u>	<u>3,752,271</u>	<u>2,300,967</u>	<u>961,757</u>	<u>13,818,000</u>	<u>13,337,165</u>
<b>Operating expenses:</b>								
Administrative/operating	62,208	190,537	2,388	11,671	1,688	2,460	270,952	331,606
Salaries and benefits	416,518	225,521	7,660	36,651	3,210	988	690,548	671,271
Professional service fees	35,421	22,021	1,926	8,944	5,298	1,664	75,274	94,522
Depreciation	19,143	5,800	-	2,542	-	-	27,485	31,247
Program contractual services	-	5,255,844	596,978	3,723,511	2,300,948	655,720	12,533,001	11,912,611
Material sales rebates	-	-	20,677	-	-	306,408	327,085	416,844
<b>Total operating expenses</b>	<u>533,290</u>	<u>5,699,723</u>	<u>629,629</u>	<u>3,783,319</u>	<u>2,311,144</u>	<u>967,240</u>	<u>13,924,345</u>	<u>13,458,101</u>
<b>Operating income (loss)</b>	<u>(29,978)</u>	<u>(25,816)</u>	<u>(3,843)</u>	<u>(31,048)</u>	<u>(10,177)</u>	<u>(5,483)</u>	<u>(106,345)</u>	<u>(120,936)</u>
<b>Non-operating revenues:</b>								
Grants and sponsorships	2,800	11,000	-	-	-	-	13,800	17,448
Interest income	2,668	8,578	373	5,942	1,835	829	20,225	31,996
Miscellaneous income	-	-	-	-	-	-	-	3,874
<b>Total non-operating revenues</b>	<u>5,468</u>	<u>19,578</u>	<u>373</u>	<u>5,942</u>	<u>1,835</u>	<u>829</u>	<u>34,025</u>	<u>53,318</u>
<b>Net income (loss) before rebate</b>	<u>(24,510)</u>	<u>(6,238)</u>	<u>(3,470)</u>	<u>(25,106)</u>	<u>(8,342)</u>	<u>(4,654)</u>	<u>(72,320)</u>	<u>(67,618)</u>
<b>Rebate of accumulated funds</b>	<u>(58,546)</u>	<u>(61,449)</u>	<u>(12,290)</u>	<u>(10,024)</u>	<u>(1,284)</u>	<u>(6,407)</u>	<u>(150,000)</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>(83,056)</u>	<u>(67,687)</u>	<u>(15,760)</u>	<u>(35,130)</u>	<u>(9,626)</u>	<u>(11,061)</u>	<u>(222,320)</u>	<u>(67,618)</u>
Net assets - beginning of year	377,308	357,595	67,437	49,698	1,590	32,087	885,715	953,333
Net assets - end of year	<u>\$ 294,252</u>	<u>\$ 289,908</u>	<u>\$ 51,677</u>	<u>\$ 14,568</u>	<u>\$ (8,036)</u>	<u>\$ 21,026</u>	<u>\$ 663,395</u>	<u>\$ 885,715</u>

The notes are an integral part of the financial statements.

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2010  
With Comparative Totals for the Year Ended June 30, 2009**

	<i>General Operating Fund</i>	<i>Curbside Recycling</i>	<i>Drop- Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer &amp; Disposal</i>	<i>Non Major Funds</i>	<i>Total 2010</i>	<i>2009</i>
<b>Cash Flows From Operating Activities</b>								
Receipts from localities	\$ 475,646	\$ 5,609,435	\$ 593,731	\$ 3,962,293	\$ 2,301,251	\$ 636,502	\$ 13,578,858	\$ 12,805,358
Receipts from the sale of recyclables, net	-	-	8,121	-	-	629	8,750	21,648
Payments to contractors	-	(5,139,200)	(602,132)	(3,678,001)	(2,340,206)	(605,056)	(12,364,595)	(11,787,200)
Payments to suppliers	(108,514)	(212,371)	(4,311)	(20,597)	(6,986)	(4,123)	(356,902)	(433,409)
Payments to employees	(411,679)	(222,233)	(7,642)	(36,511)	(3,210)	(989)	(682,264)	(657,467)
<b>Net cash provided by (used in) operating activities</b>	<u>(44,547)</u>	<u>35,631</u>	<u>(12,233)</u>	<u>227,184</u>	<u>(49,151)</u>	<u>26,963</u>	<u>183,847</u>	<u>(51,070)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>								
Grants and sponsorships	2,800	11,000	-	-	-	-	13,800	17,448
Interfund transfers, net	<u>28,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,900)</u>	<u>-</u>	<u>-</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>31,700</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,900)</u>	<u>13,800</u>	<u>17,448</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>								
Proceeds from insurance	-	-	-	-	-	-	-	3,874
Acquisitions of capital assets	<u>(4,100)</u>	<u>(2,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,171)</u>	<u>(33,963)</u>
<b>Net cash provided by (used in) Capital and related financing activities</b>	<u>(4,100)</u>	<u>(2,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,171)</u>	<u>(34,089)</u>
<b>Cash Flows From Investing Activities:</b>								
Interest received	<u>2,668</u>	<u>8,578</u>	<u>373</u>	<u>5,942</u>	<u>1,835</u>	<u>829</u>	<u>20,225</u>	<u>31,996</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(14,279)</u>	<u>53,138</u>	<u>(11,860)</u>	<u>233,126</u>	<u>(47,316)</u>	<u>(1,108)</u>	<u>211,701</u>	<u>(35,715)</u>
<b>Cash and cash equivalents at June 30, 2009</b>	<u>260,294</u>	<u>1,115,676</u>	<u>73,187</u>	<u>417,440</u>	<u>225,411</u>	<u>131,219</u>	<u>2,223,227</u>	<u>2,258,942</u>
<b>Cash and cash equivalents at June 30, 2010</b>	<u>\$ 246,015</u>	<u>\$ 1,168,814</u>	<u>\$ 61,327</u>	<u>\$ 650,566</u>	<u>\$ 178,095</u>	<u>\$ 130,111</u>	<u>\$ 2,434,928</u>	<u>\$ 2,223,227</u>

The notes are an integral part of the financial statements.

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2010**

**With Comparative Totals for the Year Ended June 30, 2009**

	<i>General Operating Fund</i>	<i>Curbside Recycling</i>	<i>Drop- Off Recycling</i>	<i>Municipal Solid Waste</i>	<i>Waste Transfer &amp; Disposal</i>	<i>Non Major Funds</i>	<i>Total 2010</i>	<i>2009</i>
Net operating income (loss)	\$ (29,978)	\$ (25,816)	\$ (3,843)	\$ (31,048)	\$ (10,177)	\$ (5,483)	\$ (106,345)	\$ (120,936)
Adjustments to reconcile operating income (loss) to net cash provided by (used in):								
Depreciation	19,143	5,800	-	2,542	-	-	27,485	31,247
Accounts receivable - local governments	(183,043)	(60,432)	(3,257)	(184,369)	284	(18,218)	(449,035)	274,802
Prepaid expenses	(2,442)	187	3	18	-	-	(2,234)	(486)
Increase/(decrease) in operating liabilities:								
Accounts payable	(8,443)	116,644	(5,154)	45,510	(19,553)	50,664	179,668	125,859
Unearned revenue	155,377	(4,041)	-	394,391	(19,705)	-	526,022	(375,359)
Other accrued liabilities	<u>4,839</u>	<u>3,288</u>	<u>19</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>8,286</u>	<u>13,803</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (44,547)</b>	<b>\$ 35,630</b>	<b>\$ (12,232)</b>	<b>\$ 227,184</b>	<b>\$ (49,151)</b>	<b>\$ 26,963</b>	<b>\$ 183,847</b>	<b>\$ (51,070)</b>

The notes are an integral part of the financial statements.

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2010

### 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 and responsibility to the Authority.

**B. Basis of Presentation –** The Authority administers ten enterprise funds: the General Fund, the Curbside Recycling, the Drop-Off Recycling, the Municipal Solid Waste, and the Waste Transfer and Disposal are considered major funds. The CFC/HCFC, the Special Waste Collections, the Waste Tire Recycling, the Appliance and Scrap Metal Recycling, and the Yard Waste Projects are combined as other non-major funds. The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. The economic resources measurement focus is based upon the determination of net income. Periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, public policy, management control, and accountability.

**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 and reporting policies conform with accounting principles generally accepted in the United States of America. The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless the latter conflicts with or contradicts GASB pronouncements.

**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 market.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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

**G. Capital Assets** - Capital assets are stated at historical cost. The capitalization threshold for capital assets is \$500. Expenses for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are charged to expense as incurred. Depreciation is charged as an expense using the straight-line method over the assets' estimated useful lives as follows:

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

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

**I. Unearned Revenues** - In connection with certain contracts, the Authority bills for services and receives cash in advance. These amounts are recorded as unearned revenues in the accompanying balance sheets until earned by the Authority.

**J. Net Assets** - Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by any outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net assets consists of net assets 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 assets not included in the above categories. The Authority did not have any restricted net assets at June 30, 2010 or 2009, nor is there any debt associated with capital assets.

**K. 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.

**L. 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.

**M. Summarized Comparative Information for 2009** - The financial information for the year ended June 30, 2009, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### II. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2010, the carrying value of the Authority's deposits with banks and savings institutions was \$1,196,806 and the bank balance was \$1,239,547. All of the bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member financial institution, whose public deposits are collateralized in accordance with the requirements of the Act fails, the entire market value of the collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

Investment Policy. In accordance with the Code of Virginia and other applicable law, including regulations, the Authority's investment policy (Policy) permits investments in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes; banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

At year end, the carrying value of the Authority's deposit and investments were as follows:

	<u>2010</u>	<u>2009</u>
	<u>Fair Value</u>	<u>Fair Value</u>
<u>Cash and Cash Equivalents</u>		
Local Government Investment Pool	\$ 227,477	\$1,225,361
Certificates of Deposit	1,010,545	-
Cash in Bank	1,196,806	997,766
Cash on Hand	100	100
Totals Deposits and Investments	<u>\$ 2,434,928</u>	<u>\$2,223,227</u>

Interest Rate Risk. Investment maturity is managed to proceed or coincide with expected need of funds to help limit exposure to fair value losses arising from rising interest rates. As of June 30, 2010, the Authority's investments were in the Local Government Investment Pool (LGIP) and Certificates of Deposit. The LGIP is a short-term investment pool offered through the State Treasurer to public entities of the Commonwealth (a "2a7-like pool") providing daily liquidity.

Credit Risk. Policy, consistent with state statute, requires commercial paper, including banker's acceptances, and corporate notes have a short-term debt rating of no less than "P-1" from Moody's Investors Service, and "A-1" from Standard & Poor's. The Authority's investments in the LGIP are rated AAAM by Standard's & Poor's. Certificates of Deposit are fully collateralized by the banks and insured by the Federal Deposit Insurance Corporation (FDIC). The Certificates of Deposit have a stated maturity of no more than two years from the date of purchase. Certificates of Deposit converted back to cash prior to maturity could result in penalties of up to six months interest.

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

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

limitation on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2010, the Authority's investment portfolio consisted of the following:

<u>Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Investment Pool (LGIP)	\$ 227,477	18.38%
Capital One, N.A.	253,315	20.46%
Capital One Bank (USA), N.A.	253,315	20.46%
Virginia Community Bank	252,923	20.43%
Union First Market Bank	<u>250,992</u>	20.27%
	<u>\$1,238,022</u>	

### III. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2009</u>	<u>Additions</u>	<u>Disposals</u>	Balance June 30, <u>2010</u>
Furniture, fixtures & equipment	\$ 80,388	\$ 28,726	\$ 45,434	\$ 63,680	\$ -	\$ -	\$ 63,680
Computer equipment	221,948	9,237	3,450	227,735	6,171	-	233,906
Leasehold improvements	29,061	-	-	29,061	-	-	29,061
Vehicles	<u>39,466</u>	-	-	<u>39,466</u>	-	-	<u>39,466</u>
Total capital assets	370,863	37,963	48,884	359,942	6,171	-	366,113
Accumulated depreciation:							
Furniture, fixtures & equipment	74,735	6,443	45,434	35,744	7,013	-	42,757
Computer equipment	188,867	15,098	3,450	200,515	13,451	-	213,966
Vehicles	18,454	7,893	-	26,347	5,209	-	31,556
Leasehold improvements	<u>21,507</u>	<u>1,813</u>	<u>-</u>	<u>23,320</u>	<u>1,812</u>	<u>-</u>	<u>25,132</u>
Total accumulated depreciation	<u>303,563</u>	<u>31,247</u>	<u>48,884</u>	<u>285,926</u>	<u>27,485</u>	<u>-</u>	<u>313,411</u>
Capital assets, net	<u>\$ 67,300</u>	<u>\$ 7,386</u>	<u>\$ (670)</u>	<u>\$ 74,016</u>	<u>\$ (21,314)</u>	<u>\$ -</u>	<u>\$ 52,702</u>

### IV. LEASES

The Authority has noncancelable operating leases for the rental of a vehicle, office space and equipment. Rental expense for operating leases during 2010 and 2009 was \$69,220 and \$66,331, respectively, and is included in Administrative/operating expenses in the Statements of Revenues, Expenses and Changes in Net Assets. The lease for office space contains an escalation clause which results in an annual increase of 3% in the rate per square foot.

Future minimum lease payments under noncancelable operating leases at June 30, 2010 are:

2011	\$ 70,474
2012	42,836
2013	<u>4,004</u>
	<u>\$ 117,314</u>

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## V. RETIREMENT PLAN

### A. Plan Description

The Authority contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

All full-time, salaried, permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service or at age 50 with 30 years of service. The benefit is payable monthly for life in an amount equal to 1.7 percent of average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing the VRS at P.O. Box 2500, Richmond, VA 23218-2500 or may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2009-Annual-Report.pdf>.

### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. The Authority has elected to assume the 5% member contribution. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended June 30, 2010 was 5.17% of annual covered payroll.

### C. Annual Pension Cost

For 2010, the Authority's annual pension cost of \$49,939 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases at 3.75% to 5.60% per year, and (c) 2.5% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the Authority's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007, was twenty years.

### D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 97.9% funded. The actuarial accrued liability for benefits was \$880,881, and the actuarial value of assets was \$862,418, resulting in an unfunded actuarial accrued liability (UAAL) of (\$18,463). The covered payroll (annual payroll of active employees covered by the plan) was \$467,144, and ratio of the UAAL to the covered payroll was (4.0%).

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Trend Information

Fiscal Year <u>Ending</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2010	\$ 49,939	100%	-0-
June 30, 2009	\$ 48,590	100%	-0-
June 30, 2008	\$ 33,429	100%	-0-

### REQUIRED SUPPLEMENTARY INFORMATION Schedule of Funding Progress Unaudited

Valuation <u>Date</u> (1)	Actuarial Value of Assets <u>(AVA)</u> (2)	Actuarial Accrued Liability <u>(AAL)</u> (3)	Unfunded Actuarial Accrued Assets/Liability <u>(UAAL)(3)-(2)</u> (4)	Funded Ratio <u>(2)/(3)</u> (5)	Annual Covered Payroll <u>(6)</u> (6)	UAAL as a % of Payroll <u>(4)/(6)</u> (7)
June 30, 2009	\$ 862,418	\$ 880,881	\$ 18,463	97.9%	\$ 467,144	4.0%
June 30, 2008	814,193	781,519	(32,674)	104.2%	418,392	(7.8)%
June 30, 2007	724,349	708,432	(15,917)	102.3%	418,625	(3.8)%

Information included in the Schedule of Funding Progress is the most recent and only information available.

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

### Healthcare Benefits

#### **A. Plan description**

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

#### **B. Funding Policy**

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

#### **C. Annual OPEB Cost and Net OPEB Obligation**

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

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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

Annual required contribution	\$ 2,615
Adjustments to ARC	<u>-</u>
Annual OPBE cost	\$ 2,615
Contributions made	<u>-</u>
Increase in OPEB obligation	\$ 2,615
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	\$ <u><u>2,615</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

### Percentage of Annual OPEB

Year Ended June 30	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
2010	\$2,615	0%	\$2,615

The estimated amount is not considered material to the financial statements; therefore a liability for the net OPEB obligation has not been recorded in the financial statements.

#### **D. Funded Status and Funding Progress**

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

#### **E. Actuarial Methods and Assumption**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. A simplified version of unit credit cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was thirty years.

The following simplifying assumptions were made:

**Retirement age for active employees** – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

**Healthcare cost trend rate** – 2010 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid. The expected rate of increase in healthcare insurance premiums was estimated at a rate of 8.0 percent trending down over the next 5 years to 5.0 percent in future years.

**Payroll growth rate** – The expected long-term payroll growth rate is 2% based on historical trends.

**Discount rate** - Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4.00 percent was used.

### Required Supplementary Information Schedule of Funding Progress

Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
-0-	\$ 11,433	\$ 11,433	0%	\$ 467,144	2.45%

### Schedule of Employer Contributions

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 2,615	0%

## VII. RELATED PARTIES

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

Total amounts due from and payable to the related jurisdictions at June 30, 2010 and 2009 are as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Due From</u>	<u>Due To</u>	<u>Due From</u>	<u>Due To</u>
Town of Ashland	\$ 42,555	\$ -	\$ 42,548	\$ -
County of Charles City	3,325	50	3,312	-
County of Chesterfield	463,812	-	445,229	1,272
City of Colonial Heights	229,840	-	223,268	-
County of Goochland	56,221	240	31,489	834
County of Hanover	68,505	10,777	60,478	2,043
County of Henrico	406,926	1,005	322,130	3,238
City of Hopewell	353,215	-	245,745	139
County of New Kent	12,466	331	9,405	1,269
City of Petersburg	358,137	-	342,177	157
County of Powhatan	68,095	256	64,520	493
County of Prince George	15,295	-	29,853	-
City of Richmond	298,648	-	258,699	-
Total	<u>\$ 2,377,040</u>	<u>\$ 12,659</u>	<u>\$ 2,078,852</u>	<u>\$ 9,445</u>

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2010 and 2009 are follows:

	<u>2010</u>		<u>2009</u>	
	<u>Revenues</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Expenses</u>
Town of Ashland	\$ 309,394	\$ 0	\$ 304,264	\$ 275
County of Charles City	3,382	468	3,326	251
County of Chesterfield	3,318,104	50,317	3,221,630	87,968
City of Colonial Heights	1,033,505	2,913	1,023,409	7,699
County of Goochland	583,347	45,619	663,232	49,383
County of Hanover	225,008	77,095	191,367	67,463
County of Henrico	2,525,292	61,874	2,043,917	116,600
City of Hopewell	1,395,594	2,839	1,374,523	3,316
County of New Kent	411,763	47,371	419,354	44,065
City of Petersburg	1,418,338	966	1,286,096	2,346
County of Powhatan	501,490	16,735	503,677	8,531
County of Prince George	149,543	16,444	174,724	19,504
City of Richmond	1,604,945	4,369	1,687,255	9,443
Total	<u>\$13,479,705</u>	<u>\$ 327,010</u>	<u>\$12,896,774</u>	<u>\$ 416,844</u>

### VIII. NET ASSETS

CVWMA's Net Assets Policy allows the Authority Board of Directors to designate for use by resolution the unrestricted net assets in excess of 5% of total annual operating budget. Since the CVWMA had funds in excess of the 5% retention, a rebate of accumulated funds in the amount of \$150,000 was given back to member jurisdictions in fiscal year 2010. This rebate was based on each member's prorated earnings in the recycling markets.

The following funds have a deficit net assets balances as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
<b>Major Funds:</b>		
Waste Transfer & Disposal	\$ 8,036	-
<b>Non-Major Funds:</b>		
Yard Waste Projects	\$ 5,895	\$ 4,293

# **Combining Financial Statements**

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**Combining Statement of Net Assets  
Non-Major Funds  
June 30, 2010**

	<u>CFC/ HCFC</u>	<u>Special Waste Collections</u>	<u>Waste Tire Processing</u>	<u>Appliance &amp; Scrap Metal</u>	<u>Yard Waste Projects</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ -	\$ 24,169	\$ 15,771	\$ 90,171	\$ -	\$ 130,111
Accounts receivable -						
local governments	7,563	19,534	8,800	(6,743)	140,671	169,825
Interfund balances	<u>(619)</u>	<u>(1,320)</u>	<u>-</u>	<u>-</u>	<u>(66,650)</u>	<u>(68,589)</u>
Total current assets	<u>6,944</u>	<u>42,383</u>	<u>24,571</u>	<u>83,428</u>	<u>74,021</u>	<u>231,347</u>
 Total assets	 <u>6,944</u>	 <u>42,383</u>	 <u>24,571</u>	 <u>83,428</u>	 <u>74,021</u>	 <u>231,347</u>
Liabilities and net assets:						
Accounts payable	2,685	17,657	16,304	7,759	79,916	124,321
Other accrued liabilities	<u>1,000</u>	<u>20,000</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>86,000</u>
 Total liabilities	 <u>3,685</u>	 <u>37,657</u>	 <u>16,304</u>	 <u>72,759</u>	 <u>79,916</u>	 <u>210,321</u>
Net Assets						
Unrestricted (deficit)	<u>\$ 3,259</u>	<u>\$ 4,726</u>	<u>\$ 8,267</u>	<u>\$ 10,669</u>	<u>\$ (5,895)</u>	<u>\$ 21,026</u>

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**Combining Statement of Revenues, Expenses and Changes in Net Assets  
Non-Major Funds  
Year Ended June 30, 2010**

	<u>CFC/ HCFC</u>	<u>Special Waste Collections</u>	<u>Waste Tire Fund</u>	<u>Appliance &amp; Scrap Metal</u>	<u>Yard Waste Projects</u>	<u>Total</u>
Operating revenues:						
Composting and yard waste revenue	\$ -	\$ -	\$ -	\$ -	\$ 445,477	\$ 445,477
Other project revenue and fees	30,303	115,480	63,460	-	-	209,243
Material sales rebates	-	74,699	-	232,338	-	307,037
	<u>30,303</u>	<u>190,179</u>	<u>63,460</u>	<u>232,338</u>	<u>445,477</u>	<u>961,757</u>
Total operating revenues						
Operating expenses:						
Administrative/operating	259	1,843	47	46	265	2,460
Salaries and benefits	55	255	81	94	503	988
Professional service fees	99	438	146	147	834	1,664
Project contractual services	30,303	116,480	63,460	-	445,477	655,720
Material sales rebate (to localities)	-	74,070	-	232,338	-	306,408
	<u>30,716</u>	<u>193,086</u>	<u>63,734</u>	<u>232,625</u>	<u>447,079</u>	<u>967,240</u>
Total operating expenses						
Operating income (loss)	<u>(413)</u>	<u>(2,907)</u>	<u>(274)</u>	<u>(287)</u>	<u>(1,602)</u>	<u>(5,483)</u>
Non-operating revenues:						
Interest income	<u>20</u>	<u>163</u>	<u>71</u>	<u>575</u>	<u>-</u>	<u>829</u>
Net income (loss) before rebate	(393)	(2,744)	(203)	288	(1,602)	(4,654)
Rebate of accumulated funds	<u>(776)</u>	<u>(1,936)</u>	<u>(1,783)</u>	<u>(1,912)</u>	<u>-</u>	<u>(6,407)</u>
Change in Net Assets	(1,169)	(4,680)	(1,986)	(1,624)	(1,602)	(11,061)
Net assets - beginning of year	4,428	9,406	10,253	12,293	(4,293)	32,087
Net assets - end of year	<u>\$ 3,259</u>	<u>\$ 4,726</u>	<u>\$ 8,267</u>	<u>\$ 10,669</u>	<u>\$ (5,895)</u>	<u>\$ 21,026</u>

**CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY**

**Combining Statement of Cash Flows  
Non-Major Funds  
Year Ended June 30, 2010**

	<u>CFC/ HCFC</u>	<u>Special Waste Collections</u>	<u>Waste Tire Processing</u>	<u>Appliance &amp; Scrap Metal</u>	<u>Yard Waste Projects</u>	<u>Total</u>
Cash Flows From Operating Activities:						
Receipts from local governments	\$ 27,024	\$ 111,936	\$ 60,182	\$ 4,419	\$ 432,941	\$ 636,502
Receipts from the sale of recyclables	-	629	-	-	-	629
Payments to contractors	(32,680)	(107,433)	(64,556)	114	(400,501)	(605,056)
Payments to suppliers	(358)	(2,281)	(193)	(193)	(1,098)	(4,123)
Payments to employees	<u>(55)</u>	<u>(255)</u>	<u>(82)</u>	<u>(94)</u>	<u>(503)</u>	<u>(989)</u>
Net cash provided by (used in) operating activities	<u>(6,069)</u>	<u>2,596</u>	<u>(4,649)</u>	<u>4,246</u>	<u>30,839</u>	<u>26,963</u>
Cash Flows From Noncapital Financing Activities:						
Interfund transfers, net	<u>619</u>	<u>1,320</u>	-	-	<u>(30,839)</u>	<u>(28,900)</u>
Net cash provided by noncapital financing activities	<u>619</u>	<u>1,320</u>	-	-	<u>(30,839)</u>	<u>(28,900)</u>
Cash Flows From Investing Activities:						
Interest received	<u>20</u>	<u>163</u>	<u>71</u>	<u>575</u>	-	<u>829</u>
Net cash provided by investing activities	<u>20</u>	<u>163</u>	<u>71</u>	<u>575</u>	-	<u>829</u>
Net increase (decrease) in cash and cash equivalents	(5,430)	4,079	(4,578)	4,821	-	(1,108)
Cash and cash equivalents at June 30, 2009	<u>5,430</u>	<u>20,090</u>	<u>20,349</u>	<u>85,350</u>	-	<u>131,219</u>
Cash and cash equivalents at June 30, 2010	<u>\$ -</u>	<u>\$ 24,169</u>	<u>\$ 15,771</u>	<u>\$ 90,171</u>	<u>\$ -</u>	<u>\$ 130,111</u>

**Reconciliation of operating loss to net cash provided by operating activities:**

Net operating income (loss)	\$ (413)	\$ (2,907)	\$ (274)	\$ (287)	\$ (1,602)	\$ (5,483)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
(Increase) decrease in operating assets:						
Accounts receivable-local governments	(3,279)	(3,544)	(3,278)	4,419	(12,536)	(18,218)
Increase (decrease) in operating liabilities:						
Accounts payable	<u>(2,377)</u>	<u>9,047</u>	<u>(1,097)</u>	<u>114</u>	<u>44,977</u>	<u>50,664</u>
Net cash provided by (used in) operating activities	<u>\$ (6,069)</u>	<u>\$ 2,596</u>	<u>\$ (4,649)</u>	<u>\$ 4,246</u>	<u>\$ 30,839</u>	<u>\$ 26,963</u>

# 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.

Page 28	Net Assets by Component
Page 28	Changes in Net Assets
Page 29	Operating Revenues by Source
Page 30	Operating Expenses
Page 31	Nonoperating Revenues

## **Revenue Capacity**

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

Page 32	Curbside Recycling and Municipal Solid Waste Rates
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## **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.

Page 33	Revenue by Locality
Page 34	Demographic and Economic Statistics
Page 35	Ten Largest 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.

Page 36	Materials Collected
Page 37	Number of Customers by Type
Page 38	Number of Employees by Function

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Net Assets by Component – Last Seven Fiscal Years

	<b>Fiscal Year</b>						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Invested in capital assets	\$ 52,702	\$ 74,016	\$ 67,300	\$ 71,826	\$ 63,236	\$ 72,964	\$ 73,379
Unrestricted	<u>610,693</u>	<u>811,699</u>	<u>886,033</u>	<u>783,187</u>	<u>655,855</u>	<u>586,791</u>	<u>586,173</u>
Total net assets	<u>\$663,395</u>	<u>\$885,715</u>	<u>\$953,333</u>	<u>\$855,013</u>	<u>\$719,091</u>	<u>\$659,755</u>	<u>\$659,552</u>

**Notes:**

Seven years of data is presented beginning with fiscal year 2004, the year in which the Authority adopted Governmental Accounting Standards Board Statement No. 34.

### Changes in Net Assets – Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Operating Revenues</i>	<i>Operating Expenses</i>	<i>Operating Income (Loss)</i>	<i>Total Non-operating Revenues (Expenses)</i>	<i>Change in Net Assets</i>
<b>2010</b>	\$ 13,818,000	\$ 13,924,345	\$ (106,345)	\$ 34,025	\$ (222,320)
<b>2009</b>	13,337,165	13,458,101	(120,936)	53,318	(67,618)
<b>2008</b>	12,959,991	12,979,129	(19,138)	117,458	98,320
<b>2007</b>	12,484,272	12,512,725	(28,453)	164,375	135,922
<b>2006</b>	11,235,013	11,291,906	(56,893)	116,229	59,336
<b>2005</b>	11,294,121	11,344,839	(50,718)	50,921	203
<b>2004</b>	10,723,773	10,781,501	(57,728)	18,333	(39,395)
<b>2003</b>	10,366,556	10,439,523	(72,967)	30,252	(42,715)
<b>2002</b>	10,219,023	10,402,383	(183,360)	51,138	(132,222)
<b>2001</b>	9,701,491	9,788,604	(87,113)	147,977	60,864

**Notes:**

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34 in fiscal year 2004.

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

Further detailed information on revenues and expenses can be found on pages 29-33 of this document.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Operating Revenues by Source – Last Ten Fiscal Years

	<i>Local Gov't Assmts</i>	<i>Recycling(1)</i>	<i>Refuse and Solid Waste(2)</i>	<i>Composting and Yard Waste(3)</i>	<i>Other Projects(4)</i>	<i>Material Sales(5)</i>	<i>Total</i>
2010	\$ 503,312	\$ 6,207,895	\$ 6,053,238	\$ 445,477	\$ 209,243	\$ 335,835	\$ 13,818,000
2009	497,069	5,677,879	6,023,046	471,765	228,914	438,492	13,337,165
2008	491,808	5,231,168	6,153,941	426,106	313,343	343,625	12,959,991
2007	483,888	5,159,923	5,530,833	842,723	315,866	151,039	12,484,272
2006	478,128	4,902,672	5,210,911	314,848	192,498	135,956	11,235,013
2005	472,080	4,597,609	5,249,047	579,312	216,082	179,991	11,294,121
2004	466,550	4,422,097	5,315,264	156,841	205,187	157,834	10,723,773
2003	466,550	4,268,968	5,056,457	282,471	193,402	98,708	10,366,556
2002	466,550	4,014,016	5,134,515	309,479	219,652	74,811	10,219,023
2001	443,184	3,862,115	4,819,443	306,642	184,332	85,775	9,701,491

**Notes:**

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

(1) Recycling programs include curbside and drop off recycling services, which include the recycling of traditional materials such as paper, cardboard and aluminum, plastic and glass bottles and jars. The CVWMA negotiated a new contract for residential collection and processing of recyclable material, which became effective July 1, 2009. Seven localities participate in curbside recycling and eleven participate in drop off recycling.

(2) The refuse and solid waste programs include municipal solid waste collection and disposal in Ashland, Colonial Heights, Hopewell and Petersburg and transfer and disposal from the convenience centers in Chesterfield, Goochland, New Kent, Powhatan and Prince George.

(3) The yard waste grinding and leaf composting contracts are on an as needed basis with no minimum volume guaranteed. The decline in 2004 is believed to be related to Hurricane Isabel in September 2003 whereas much of the yard waste was cleaned up with the debris from the storm instead of being recycled through CVWMA programs. In 2005 activity increased significantly as the Authority renegotiated the contract with one of the grinding contractors to include billing through the CVWMA instead of direct billing the locality. The City of Richmond and County of Henrico increased their usage of the program in 2007; however Henrico did not use yard waste or grinding services in 2008.

(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. In fiscal year 2007, Richmond hosted a household hazardous waste collection event for its residents incurring expenses of almost \$125,000. In the spring of 2008, the City of Richmond opened an on going collection site for household hazardous waste such as paint, solvents, oil, propane tanks and batteries. Hanover was the only locality to host a household hazardous waste collection event in fiscal year 2010. Fourteen electronics recycling events were held in fiscal year 2010 and over 69 tons collected. In addition, the four localities collecting electronic waste at solid waste convenience centers recycled 251 tons.

(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. The curbside program did not receive revenue share in the 2010 fiscal year. Metal revenue increased considerably in fiscal year 2010.

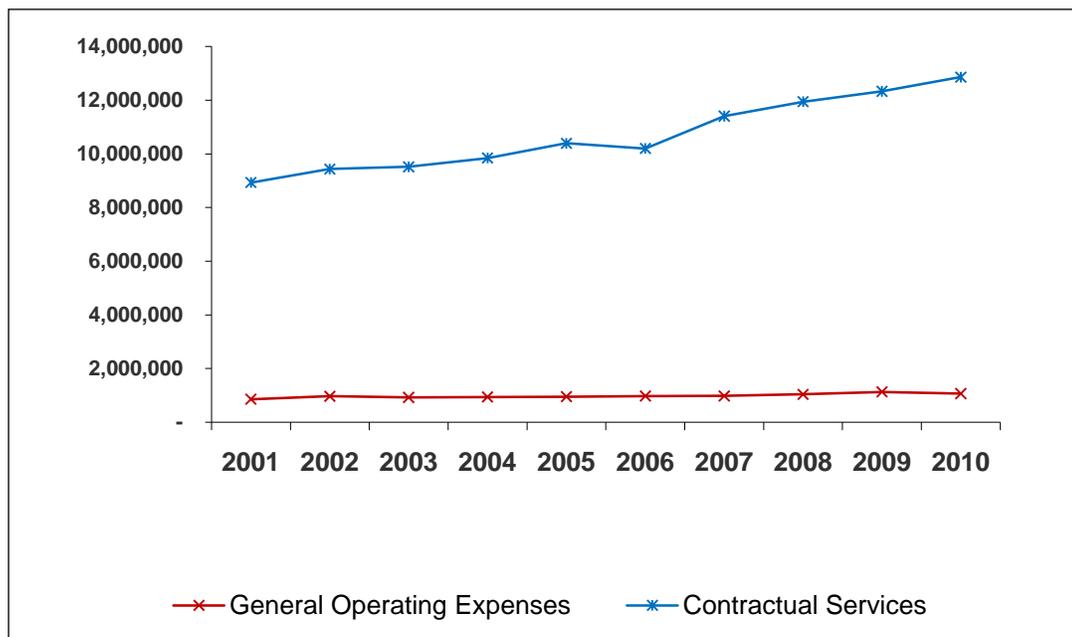
## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Operating Expenses – Last Ten Fiscal Years

	<i>Administrative/ Operating</i>	<i>Salaries And Benefits</i>	<i>Professional Service Fees</i>	<i>Depreciation</i>	<i>Project Contractual Services</i>	<i>Material Sales Rebates*</i>	<i>Total Operating Expenses</i>
<b>2010</b>	\$ 270,952	\$ 690,548	\$ 75,274	\$ 27,485	\$12,533,001	\$ 327,085	\$13,924,345
<b>2009</b>	332,276	671,271	94,522	30,577	11,912,611	416,844	13,458,101
<b>2008</b>	347,610	601,933	56,730	31,278	11,660,096	281,482	12,979,129
<b>2007</b>	336,010	546,538	67,941	29,136	11,406,423	126,677	12,512,725
<b>2006</b>	300,708	597,878	42,244	34,242	10,198,982	117,852	11,291,906
<b>2005</b>	295,331	576,452	46,967	33,598	10,239,347	153,144	11,344,839
<b>2004</b>	300,479	537,014	60,248	40,295	9,707,304	136,161	10,781,501
<b>2003</b>	297,369	523,410	57,349	44,757	9,432,406	84,232	10,439,523
<b>2002</b>	317,854	496,921	113,145	41,062	9,375,937	57,464	10,402,383
<b>2001</b>	261,660	471,195	84,140	40,415	8,874,643	56,551	9,788,604

**Notes:**

Administrative/operating costs were reduced in accordance with shrinking revenues. The Authority implemented the results of a pay, classifications and benefits study conducted in 2008. In addition, the Authority conducted a study of eligible curbside recyclers in 2009 in an effort to ultimately increase participation and usage of the program by residents. Many of the Authority's contracts include a provision to share revenue generated from the sale of the various commodities, as described on the previous page. The Authority shares this revenue with the participating localities and the increases over the years are dependent upon the revenues generated. See notes on the previous page. General operating expenses, including salaries, benefits and professional fees have remained relatively constant in relation to program costs over the last ten years.



## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Nonoperating Revenues – Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Grants and Sponsorships</i>	<i>Interest Income</i>	<i>Miscellaneous</i>	<i>Total Nonoperating Revenues</i>
2010	\$ 13,800	\$ 20,225	-	\$ 34,025
2009	17,448	31,996	3874	53,318
2008	8,390	108,252	816	117,458
2007	20,700	143,675	-	164,375
2006	2,936	113,293	-	116,229
2005	2,500	47,631	790	50,921
2004	2,000	16,333	-	18,333
2003	7,000	22,025	1,227	30,252
2002	11,500	39,638	-	51,138
2001	52,600	95,377	-	147,977

**Notes:**

The Authority received a sponsorship from Dominion Virginia Power for the 2010 Curbside Recycling Calendar. The Authority conducted a two year pilot study in fiscal years 2008 and 2009 to determine the amount of recyclable material generated in schools through a grant from the US Environmental Protection Agency. The Authority relies somewhat on investment and interest income, the fluctuation of which is a factor of the economy.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Curbside Recycling and Municipal Solid Waste Rates Last Ten Fiscal Years

#### Curbside Recycling – Rates per household per month

	<u>Bi-Weekly Collection</u>	<u>Weekly Collection</u>	<u>Public Education</u>	<u>Customer Service</u>
<b>2010</b>	\$ 1.682	\$ 2.662	\$ .080	\$ .060
<b>2009</b>	1.479	2.332	.086	.070
<b>2008</b>	1.422	2.242	.083	.067
<b>2007</b>	1.383	2.181	.080	.065
<b>2006</b>	1.338	2.109	.078	.063
<b>2005</b>	1.298	2.046	.076	.061
<b>2004</b>	1.266	2.002	.085	.056
<b>2003</b>	1.229	1.944	.085	.055
<b>2002</b>	1.211	1.915	.085	.054
<b>2001</b>	1.177	1.861	.085	.052

#### Municipal Solid Waste Rates

	<u>Municipal Solid Waste Collection per household Per month</u>	<u>Tipping Fees Range Dollars Per Ton</u>
<b>2010</b>	\$9.00 - \$14.13	\$27.76 - \$35.59
<b>2009</b>	\$9.00 - \$14.13	\$27.76 - \$35.59
<b>2008</b>	\$8.64 - \$15.27	\$26.64 - \$34.16
<b>2007</b>	\$6.12 - \$10.611	\$24.89 - \$31.92
<b>2006</b>	\$5.87 - \$10.183	\$24.89 - \$27.34
<b>2005</b>	\$5.71 - \$9.906	\$24.21 - \$26.42
<b>2004</b>	\$5.54 - \$9.60	\$23.48 - \$25.00
<b>2003</b>	\$5.43 - \$9.40	\$32.02 - \$36.02
<b>2002</b>	\$4.54 - \$6.26	\$32.02 - \$36.02
<b>2001</b>	\$4.42 - \$6.04	\$30.91 - \$34.77

**Notes:**

The curbside recycling program collection rates vary based on the participating jurisdictions' desire to provide weekly or bi-weekly collection to households eligible for curbside collection. The current contract became effective July 1, 2009. 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. Beginning in 1999, the Authority implemented a call center to handle service related calls in the curbside program. The public relations rate was reduced in Fiscal Year 2005 and the call center assessment was increased to cover related costs.

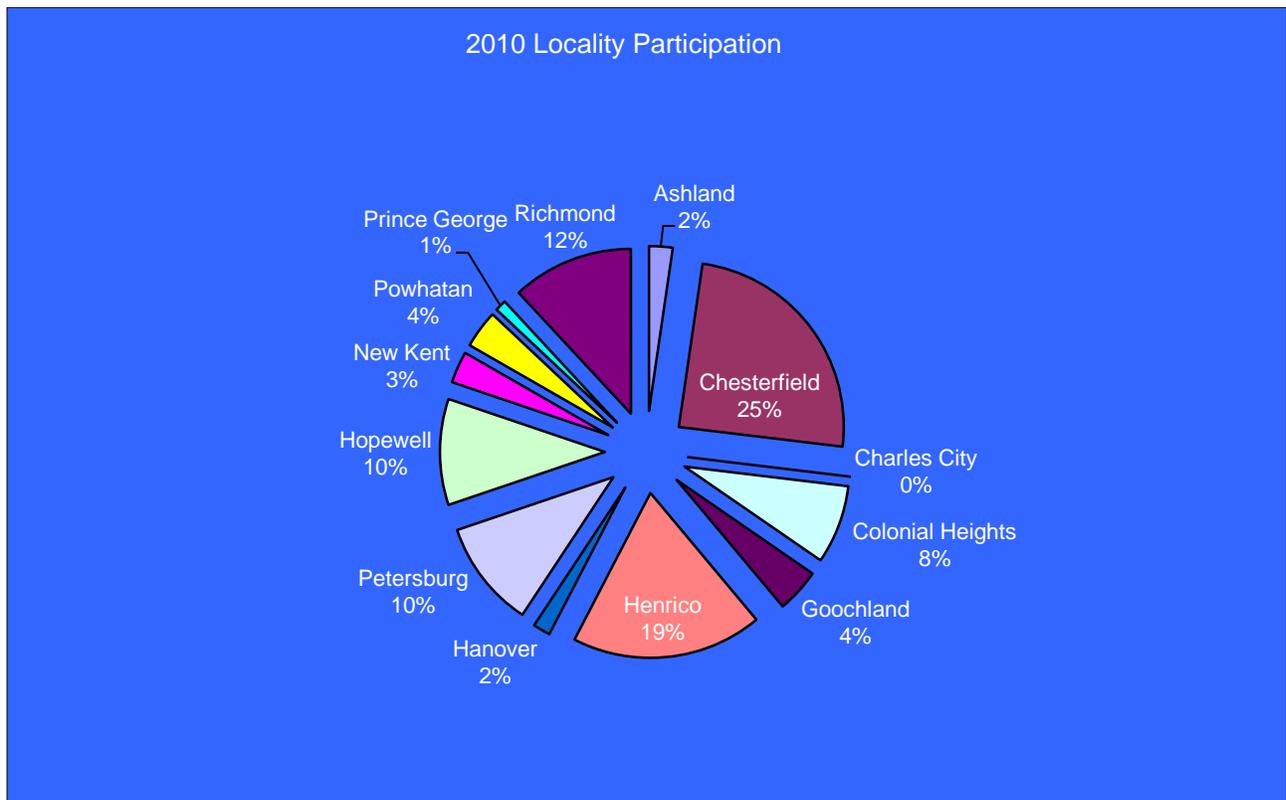
The current municipal solid waste contracts include the Cities of Colonial Heights, Hopewell and Petersburg and the Town of Ashland. Prior to the contract procurement in 2002, the rates included collection only and disposal was based on the current tipping fees at the time. Beginning with the 2003 fiscal year, the collection rates include disposal. In addition in fiscal year 2003, Petersburg joined the program with over 11,000 households. In fiscal year 2010, rates remained the same due to a deflation in the economy.

The Authority also has contracts for waste disposal from area convenience centers. The tipping fees (per ton disposal fees) were reduced in fiscal year 2003-2004 with the early renewal of those contracts.

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## Revenue by Locality – Current Year and Nine Years Ago

<i>Locality</i>	<i>2010 Operating Revenues</i>	<i>2010 Percent of Revenue</i>	<i>Locality</i>	<i>2001 Operating Revenues</i>	<i>2001 Percent of Revenue</i>
County of Chesterfield	\$ 3,318,104	24.6%	County of Chesterfield	\$ 2,812,317	29.2%
County of Henrico	2,525,292	18.7%	County of Henrico	1,405,983	14.6%
City of Richmond	1,604,945	11.9%	City of Richmond	1,282,684	13.3%
City of Petersburg	1,418,338	10.5%	City of Colonial Heights	1,045,307	10.9%
City of Hopewell	1,395,594	10.4%	City of Hopewell	1,008,353	10.5%
City of Colonial Heights	1,033,505	7.7%	County of New Kent	452,182	4.7%
County of Goochland	583,347	4.3%	County of Goochland	427,419	4.4%
County of Powhatan	501,490	3.7%	County of Powhatan	414,709	4.3%
County of New Kent	411,763	3.1%	County of Prince George	296,352	3.1%
Town of Ashland	309,394	2.3%	Town of Ashland	211,407	2.2%
County of Hanover	225,008	1.7%	County of Hanover	170,514	1.8%
County of Prince George	149,543	1.1%	City of Petersburg	84,820	.9%
County of Charles City	<u>3,382</u>	<u>0.0%</u>	County of Charles City	<u>3,264</u>	<u>0.0%</u>
<b>Sub-totals</b>	13,479,705	<u>100.0%</u>		9,615,311	<u>100.0%</u>
CVWMA Contractors	<u>338,295</u>			<u>86,180</u>	
<b>Totals</b>	<u>\$ 13,818,000</u>			<u>\$ 9,701,491</u>	



## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

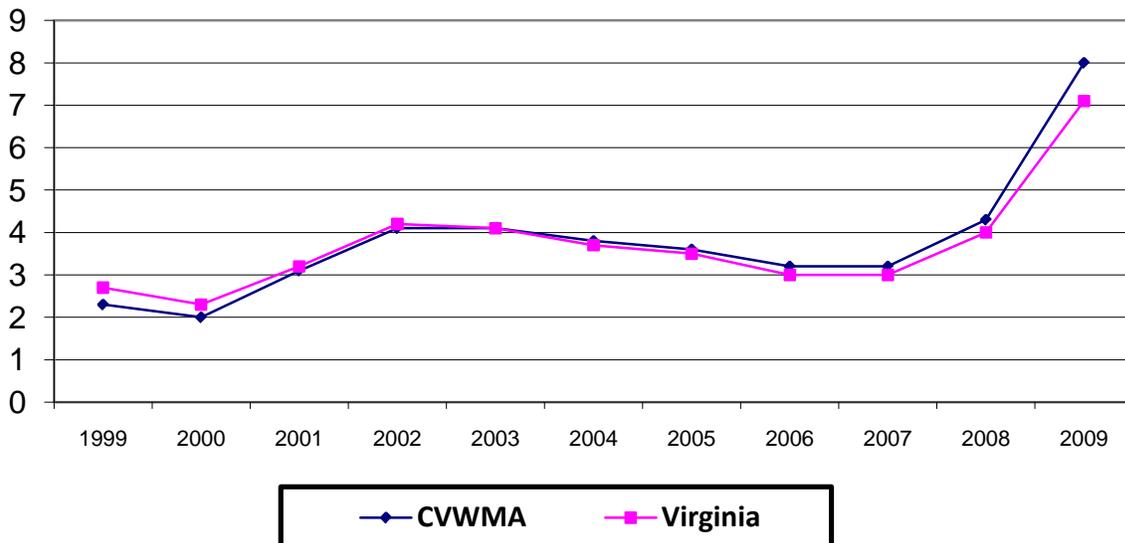
### Demographic and Economic Statistics – Last Ten Calendar Years

<i>Calendar Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>	
				<i>CVWMA</i>	<i>Virginia</i>
2009	1,085,076	Not available	Not available	8.0%	7.1%
2008	1,070,522	\$ 47,917,871	\$ 41,510	4.3%	4.0%
2007	1,061,818	44,839,275	39,329	3.2%	3.0%
2006	1,044,658	42,324,089	37,110	3.2%	3.0%
2005	1,033,800	41,898,041	35,364	3.6%	3.5%
2004	1,024,600	40,977,815	35,422	3.8%	3.7%
2003	1,008,500	38,013,232	33,316	4.1%	4.1%
2002	996,100	36,593,355	32,513	4.1%	4.2%
2001	983,500	35,437,187	31,887	3.1%	3.2%
2000	971,979	33,603,113	30,546	2.0%	2.3%

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

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

### Unemployment Rate Comparison



## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Central Virginia Ten Largest Employers - Fiscal Year 2010

Employer	Number of Employees	Rank	Percentage of Top 10 Employers
State Government	26,845	1	25.60%
Federal Government	15,800	2	15.07%
Chesterfield County	10,845	3	10.34%
Henrico County	10,694	4	10.20%
Richmond City	8,583	5	8.18%
VCU Health System	7,244	6	6.91%
Capital One Financial Corp	6,828	7	6.51%
HCA Inc	6,679	8	6.37%
Dominion Resources Inc	5,721	9	5.46%
Bon Secours Richmond Health System	5,626	10	5.36%
Total Top 10 employers	104,865		100.00%

*Source of Data: Greater Richmond Partnership, Inc.*

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Material Collected – Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Tons Recycled*</i>	<i>Tons of Municipal Solid Waste</i>	<i>Cubic Yards Of Yard Waste</i>	<i>Gallons of Paint Collected</i>	<i>Gallons of Used Oil Collected</i>	<i>Tons of Batteries Recycled</i>	<i>Propane Tanks Recycled</i>	<i>Tons of Tires Recycled</i>	<i>Tons of Electronics Recycled</i>	<i>Tons of Textile</i>
<b>2010</b>	42,824	74,646	257,925	12,485	131,025	33.5	974	882	320	290
<b>2009</b>	43,750	75,154	419,465	13,475	49,660	56.8	1,789	652	398	177
<b>2008</b>	42,580	120,287	343,540	13,255	45,795	99.2	2,029	756	173	56
<b>2007</b>	40,807	124,628	653,420	9,900	46,065	127.3	1,896	673	45	-
<b>2006</b>	39,639	107,525	277,751	9,490	45,660	143.8	2,285	713	40	-
<b>2005</b>	39,594	111,937	450,235	12,485	43,830	102.1	1,862	606	21	-
<b>2004</b>	40,658	118,242	253,048	10,695	97,996	1.3	1,819	602	-	-
<b>2003</b>	39,862	102,036	387,759	11,660	91,485	.4	1,307	547	-	-
<b>2002</b>	37,840	83,336	353,095	14,135	88,732	.4	-	761	-	-
<b>2001</b>	38,597	81,623	410,122	10,450	82,356	.3	-	828	-	-

\* Includes paper, metals, plastic and glass.

*Source of Data: CVWMA Operations Department*

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Number of Customers by Type – Last Ten Fiscal Years

#### Curbside Recycling

<i>Fiscal Year</i>	<i>Ashland</i>	<i>Chesterfield</i>	<i>Colonial Heights</i>	<i>Goochland</i>	<i>Hanover*</i>	<i>Henrico</i>	<i>Richmond</i>	<i>Total</i>
2010	1,465	94,347	6,308	1,232	2,728	82,720	60,508	249,308
2009	1,465	93,767	6,279	1,207	1,031	82,031	60,179	245,959
2008	1,465	91,983	6,246	1,166	-	80,584	61,306	242,750
2007	1,465	91,017	6,216	1,099	-	79,026	61,007	239,830
2006	1,465	88,492	6,200	1,066	-	77,703	64,291	239,217
2005	1,465	86,313	6,179	1,053	-	73,096	64,106	232,212
2004	1,465	85,463	6,127	1,013	-	72,428	64,060	230,556
2003	1,465	84,807	6,067	992	-	71,538	63,976	228,845
2002	1,465	72,162	6,024	962	4,341	68,218	63,753	216,925
2001	1,465	71,644	5,957	932	4,321	67,272	63,464	215,055

#### Municipal Solid Waste Collection

<i>Fiscal Year</i>	<i>Ashland</i>	<i>Colonial Heights</i>	<i>Hopewell</i>	<i>Petersburg**</i>	<i>Total</i>
2010	1,465	6,488	8,768	11,811	28,532
2009	1,465	6,500	8,768	12,041	28,774
2008	1,465	6,498	8,768	12,041	28,772
2007	1,465	6,494	8,768	12,032	28,759
2006	1,465	6,446	8,156	11,905	27,972
2005	1,465	6,607	8,156	11,775	28,003
2004	1,465	6,607	8,156	11,742	27,970
2003	1,465	6,554	8,156	11,447	27,622
2002	1,465	6,471	8,156	-	16,092
2001	1,465	6,471	8,156	-	16,092

#### *Notes:*

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

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

\*\* The City of Petersburg joined the municipal solid waste collection program July 1, 2002.

*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,									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Program Management and Operations	2.5	2.5	2.5	2.5	2.5	1.5	2.5	2.5	2.5	2.5
Public Information and Education	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.5	1.5
Finance and Administration	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Call Center Operations	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>3.5</u>	<u>3.5</u>	<u>2.5</u>
 Total Employees	 <u>11.5</u>	 <u>11.5</u>	 <u>11.5</u>	 <u>11.5</u>	 <u>11.5</u>	 <u>10.5</u>	 <u>11.5</u>	 <u>10.5</u>	 <u>11.0</u>	 <u>10.0</u>

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**

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**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***

The Board of Directors  
Central Virginia Waste Management Authority  
Richmond, Virginia

We have audited the financial statements of each major fund, and the aggregate remaining fund information of Central Virginia Waste Management Authority (the “Authority”) as of and for the year ended June 30, 2010, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 9, 2010. 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 the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of, management, the Board of Directors, audit committee, member jurisdictions, and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry, Bekant & Holland, L.L.P.*

Richmond, Virginia  
September 9, 2010