# *CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY*

## Comprehensive Annual Financial Report

July 1, 2011 Through June 30, 2012

***Prepared By:***

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

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

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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# Introductory Section

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CVWMA

CENTRAL VIRGINIA
WASTE MANAGEMENT AUTHORITY

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

August 31, 2012

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, 2012 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 Brown, Edwards & Company L.L.P., whose report is included herein. The CAFR has been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board.

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

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

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

## ORGANIZATION AND FUNCTION

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

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

## ECONOMIC CONDITION AND OUTLOOK

Modest growth has occurred in the US economy in the first and second quarter 2012. Consumer spending rose .4% in July; the largest increase in 5 months. Also, US citizens earned .3% more after taxes in July. Unemployment rates have remained consistent at 8.3% for the first half of the year, falling from 9.1% reported in July of 2011. Virginia's unemployment rate remains well below the national average at 6.0%. The housing market has improved somewhat with modest growth in home prices and an increase in residential building permits. Although the indicators point to a growing economy, albeit sluggish growth, the economy continues to struggle and is expected to be flat into 2013 and there is a chance the US could slip into another recession.

Local and state governments are not immune to the ebbs and flows of the economy. In the years since the recession began, governments have experienced significant declines in revenues from real estate and sales tax and have been forced to make permanent cuts to jobs and even services to their citizens. While projections of a continued weak economy into 2013, the public sector will likely continue to find ways to do more with less with no projected increase in real estate taxes. The CVWMA recognizes and continues to respect the need for efficient and sustainable government programs and is focused on sound financial management, cost effective programs and contracts and customer service for its members. Member jurisdictions continue to recognize the value in the regional approach to solid waste and recycling planning and services.

The solid waste industry has seen declines in waste disposal and recycling in recent years as a result of the economy. Unemployment increases and consumer spending decreases results in less disposable income, less purchasing and ultimately less to throw away. In fiscal year 2012, that declining trend has slowed. Trash disposed of through CVWMA programs remained flat in 2012 but has decreased 4% since fiscal year 2009. Similarly to trash, recycling is also impacted by the economy. The volume of recycling collected in the curbside and drop off recycling programs increased 1.8% from 2011, the first annual increase since fiscal year 2009.

The recycling markets soared to all time highs in the summer of 2011, particularly the mixed paper, cardboard, metal and oil markets. The newsprint market has declined dramatically in recent years with more online news, tablets and newspaper apps. Through innovation and technology enhancements the paper recycling industry has overcome the challenges of single stream recycling and the need for separation of the various grades of paper. This coupled with the decline in demand for newsprint, mixed paper prices have surpassed newsprint and lessened the economic need to sort newspaper from other paper grades. Prices in the recycling commodity markets have fallen since the highs of last summer and the downward trend is expected to continue. Historically, markets have picked up in the third quarter as manufacturers and retailers gear up for the holidays, but early indications do not predict that trend for the third quarter 2012.

## MAJOR INITIATIVES

The Authority continues to explore new and innovative ways to meet the recycling and solid waste needs of the region in a cost effective and efficient manner. The CVWMA provides a menu of regional cost effective recycling and waste programs, through the private sector, for members to choose from. The economic downturn coupled with increased competition for recyclable material and trash has forced CVWMA and member jurisdictions to evaluate contracts and programs to help localities enhance programs while gaining efficiencies and cost savings.

In recent years, the Authority has negotiated more attractive contracts for member jurisdictions that generate revenue. In fiscal year 2012, CVWMA renegotiated the drop off recycling processing contract to include a greater share in the revenue from the sale of mixed paper. This provided nearly $80,000 back to member jurisdictions in six months. Through Authority programs, CVWMA provided over $500,000 back to member localities in this fiscal year.

In addition, the Authority procured and assisted the City of Colonial Heights in a new trash and recycling program. Through CVWMA contracts, the City provided each resident with a large 96-gallon recycling cart and a smaller 68-gallon trash cart in an effort to divert more recyclable material out of the waste stream. Not only has that goal been achieved, but the City is projected to cut their costs by over 40% annually. The CVWMA also procured for hauling and disposing of waste from nine convenience centers in the region. This contract will begin July 1, 2013 and is projected to save localities over half a million dollars.

## FINANCIAL CONTROLS

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

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

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

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

## INDEPENDENT AUDIT

State statute requires an annual audit by independent certified public accountants. The public accounting firm of Brown, Edwards & Company, L.L.P. was selected by the Authority's Audit Committee to perform the audit for the fiscal year ended June 30, 2012. 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, 2011. This was the fifthteenth 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

Kimberly A. Hynes CPA
Executive Director

Nan B. Downey

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, 2011

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.

Christopher P Morrill

President

Jeffrey R. Esser

Executive Director

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### 2011-2012 Board of Directors

Mark Kukoski, City of Richmond
**Chair**

Steve Chidsey, County of Hanover
**Vice Chair**

Marcia E. Kelley, County of Henrico
**Secretary**

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

Leigh Dunn, County of Goochland
**Director**

Lee Sloppy, Town of Ashland
John T. Bragg, County of Charles City
Marcia R. Phillips, County of Chesterfield
Robert L. Dunn, County of Chesterfield
Robert C. Key, County of Chesterfield
Tom Mattis, City of Colonial Heights
Wayne Hazzard, County of Hanover
J. Allen Lane, County of Henrico

Robert C. Whiteman, County of Henrico
Phillip E. Elliott, City of Hopewell
James H. Burrell, County of New Kent
Steven Hicks, City of Petersburg
Elliot Danburg, County of Powhatan
Bill Hamby, Jr., County of Prince George
James A. Jackson, 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 CPS, Administrative Assistant

Stephanie N. Breaker, Customer Service Supervisor

Carolyn M. Bagby, Customer Service Representative

Mecca M. Anderson, Customer Service Representative

Angela Burley, Customer Service Representative, part-time

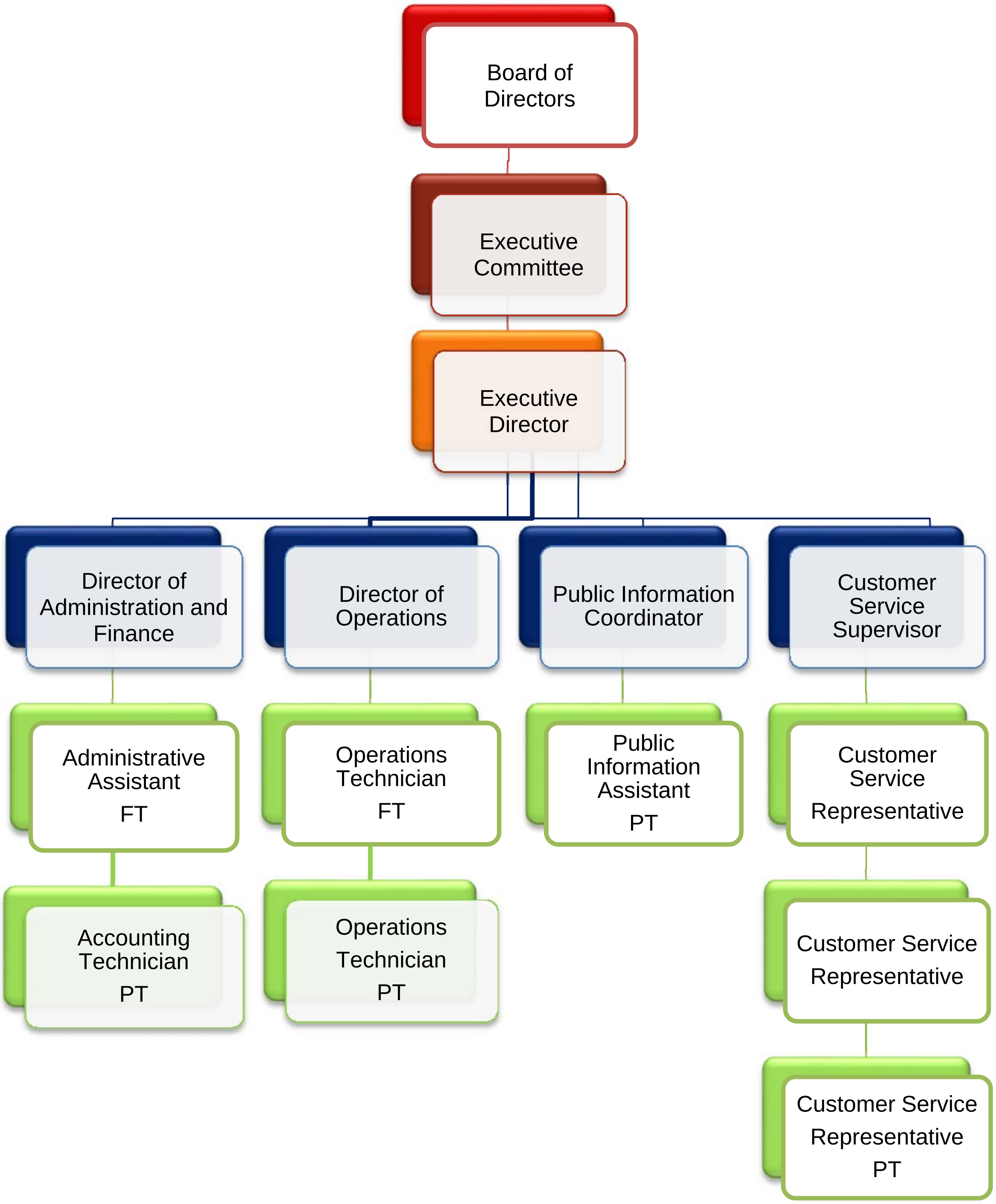
Charles R. Howe, Operations Technician, part-time

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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BROWNEDWARDS
certified public accountants

# INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information was derived from the financial statements of the Authority as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose report dated August 31, 2011, expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those 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 opinion.

**In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the remaining fund information of the Authority as of June 30, 2012, and the changes in its financial position and its 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 August 31, 2012 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
August 31, 2012

# 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, 2012. 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 $627,806 at the close of the 2012 fiscal year. Total net assets decreased by $12,908. Operating revenues increased by 5.8% to $14,858,298 and operating expenses increased 5.6% to $14,913,076.

### 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 2012 and 2011.

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

| | 2012 | 2011 | Change Amount | Change % |
|---|---|---|---|---|
| Assets: | | | | |
| Current | $ 5,070,996 | $ 4,894,949 | $ 176,047 | 03.6% |
| Capital assets, net | 11,981 | 31,268 | (19,287) | -61.7% |
| Total assets | 5,082,977 | 4,926,217 | 156,760 | 03.2% |
| Liabilities | 4,455,171 | 4,285,503 | 169,668 | 04.0% |
| Net assets: | | | | |
| Invested in capital assets | 11,981 | 31,268 | (19,287) | -61.7% |
| Unrestricted | 615,825 | 609,446 | 6,379 | 01.0% |
| Total net assets | $ 627,806 | $ 640,714 | $ (12,908) | -02.0% |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Although a loss of $12,908 was realized this year, the CVWMA continues to reduce expenses and place less reliance on investment income. All thirteen member jurisdictions continue to see the value in the regional approach to recycling and solid waste. As a result participation by member jurisdictions in Authority programs has remained consistent. Local governments have not had excess funds to enhance programs or add new ones, but each of our localities has maintained their level of commitment to the Authority and the recycling and solid waste programs they provide to their citizens. The Authority continues to remain in a strong financial position.

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

| | 2012 | 2011 | Change Amount | % |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Local government assessments | $ 515,894 | $ 508,688 | $ 7,206 | 1.4% |
| Recycling | 6,766,758 | 6,405,782 | 360,976 | 5.6% |
| Refuse and solid waste | 6,144,498 | 6,009,299 | 135,199 | 2.2% |
| Composting and yard waste | 675,122 | 429,922 | 245,200 | 57.0% |
| Other project revenue and fees | 221,092 | 210,715 | 10,377 | 4.9% |
| Material sales rebate | 534,934 | 479,949 | 54,985 | 11.5% |
| Total operating revenues | 14,858,298 | 14,044,355 | 813,943 | 5.8% |
| Operating expenses: | | | | |
| Administrative/operating | 257,528 | 214,794 | 42,734 | 19.9% |
| Salaries and benefits | 679,827 | 679,960 | (133) | 0.0% |
| Professional service fees | 63,857 | 70,356 | (6,499) | -9.2% |
| Depreciation | 19,288 | 23,453 | (4,165) | -17.8% |
| Program contractual services | 13,391,649 | 12,658,523 | 733,126 | 5.8% |
| Material sales rebate | 500,927 | 469,665 | 31,262 | 6.7% |
| Total operating expenses | 14,913,076 | 14,116,751 | 796,325 | 5.6% |
| Operating loss | (54,778) | (72,396) | 17,618 | -24.3% |
| Non-operating revenues: | | | | |
| Grants and sponsorships | 27,500 | 10,000 | 17,500 | 175.0% |
| Interest income | 14,370 | 28,415 | (14,045) | -49.4% |
| Miscellaneous income | - | 11,300 | (11,300) | 0.0% |
| Non-operating revenues | 41,870 | 49,715 | (7,845) | -15.8% |
| Net loss | (12,908) | (22,681) | 9,773 | -43.1% |
| Beginning net assets | 640,714 | 663,395 | (22,681) | -3.4% |
| Ending net assets | $ 627,806 | $ 640,714 | $ (12,908) | -2.0% |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Several factors impacted the net reduction in net assets. First, the CVWMA appropriated $30,000 that was budgeted and not spent in the previous fiscal year to implement and execute a public education campaign to promote increased participation in the curbside recycling program. The CVWMA was selected by the Curbside Value Partnership (a national non-profit firm dedicated to increasing recycling rates at the curb through promotion and outreach) for a one-time opportunity and the funds to implement the campaign included a combination of funds budgeted in the current year, re-appropriated funds from the 2011 fiscal year and sponsorship funds received from TFC Recycling, CVWMA's curbside recycling vendor.

The CVWMA continues to reduce expenses and place less reliance on investment income. Interest income declined another 50% ($14,000) in the current fiscal year. As interest income continued to decline, recycling markets more than recovered in the summer and fall of 2011. The CVWMA renegotiated the Drop Off Recycling Processing contract to include an increased share of the revenue received from the sale of mixed paper. This resulted in a net revenue increase of over $25,000. Seventy-five percent of the revenue is shared with the localities yielding nearly $80,000 for our members. The CVWMA also introduced a new 96 gallon recycling cart for ease of use by residents in the curbside recycling program in August 2011. These new carts are offered to residents for a one-time user fee of $65. Nearly 2,700 residents took advantage of this opportunity in 2012.

Additionally, the office lease was renegotiated to include more favorable terms and depreciation expense continues to decline as capital assets become fully depreciated and there is less need for capital expenditures. Salaries and benefits remained flat and both contractual revenues and expenses increased proportionately. Several jurisdictions utilized the composting and yard waste services in the aftermath of Hurricane Irene to recycle and dispose of the significant yard debris that resulted from the storm.

### Economic Factors and the FY 2012 Budget

Although consumer spending has increased slightly and unemployment has decreased somewhat since last year, the economy remains sluggish. Waste disposal and recycling are significant economic indicators. When trash volumes are down, that translates into less spending and less disposable income. Trash volumes have declined in the CVWMA region in the last several years and showed a slight decline in the current year.

Recycling volumes have also declined since the crash of the economy in late 2008, however not to the same extent as waste disposal indicating that consumers are recycling at higher percentages than before. Commodity prices rebounded and reached all time highs in the summer of 2011 and continue to be steady. The CVWMA has been able to take advantage of the strong commodities markets increasing revenues from the sale of various recyclable material both for CVWMA and member jurisdictions.

It doesn't seem possible, but interest rates continue to go down, resulting in even less reliance on interest and investment income. Recycling markets and reducing expenses have helped alleviate the impact to the bottom line. Projections for 2013 indicate a continued sluggish economy and warn that the nation may slip into another recessionary period.

### 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, 2012
## With Comparative Totals at June 30, 2011

| | *General Operating Fund* | *Curbside Recycling* | *Drop-Off Recycling* | *Municipal Solid Waste* | *Waste Transfer & Disposal* | *Other Non Major Funds* | *Total 2012* | *2011* |
|---|---|---|---|---|---|---|---|---|
| **Assets:** | | | | | | | | |
| Cash and cash equivalents | $ 346,238 | $ 1,295,099 | $ 63,060 | $ 849,983 | $ 177,951 | $ 96,590 | $ 2,828,921 | $ 2,292,605 |
| Accounts receivable | 478,315 | 545,493 | 62,128 | 939,669 | 147,122 | 50,131 | 2,222,858 | 2,583,206 |
| Interfund balances | 8,670 | - | - | - | - | (8,670) | - | - |
| Prepaid expenses | 14,594 | 4,038 | 151 | 434 | - | - | 19,217 | 19,138 |
| **Total current assets** | 847,817 | 1,844,630 | 125,339 | 1,790,086 | 325,073 | 138,051 | 5,070,996 | 4,894,949 |
| **Capital Assets:** | | | | | | | | |
| Furniture, fixtures & equipment | 41,128 | 15,289 | - | 7,263 | - | - | 63,680 | 63,680 |
| Computer equipment | 130,847 | 93,071 | - | 12,008 | - | - | 235,926 | 235,926 |
| Vehicles | 39,466 | - | - | - | - | - | 39,466 | 39,466 |
| Leasehold improvements | 29,061 | - | - | - | - | - | 29,061 | 29,061 |
| | 240,502 | 108,360 | - | 19,271 | - | - | 368,133 | 368,133 |
| Accumulated depreciation | (234,312) | (104,385) | - | (17,455) | - | - | (356,152) | (336,865) |
| **Capital assets, net** | 6,190 | 3,975 | - | 1,816 | - | - | 11,981 | 31,268 |
| **Total assets** | 854,007 | 1,848,605 | 125,339 | 1,791,902 | 325,073 | 138,051 | 5,082,977 | 4,926,217 |
| **Liabilities:** | | | | | | | | |
| Accounts payable | 5,054 | 971,515 | 58,843 | 687,901 | 184,869 | 49,131 | 1,957,313 | 1,949,292 |
| Unearned revenue | 533,205 | 561,261 | - | 816,509 | 160,712 | - | 2,071,687 | 2,184,133 |
| Other accrued liabilities | 41,202 | 23,333 | 152 | 290,484 | - | 71,000 | 426,171 | 152,078 |
| **Total liabilities** | 579,461 | 1,556,109 | 58,995 | 1,794,894 | 345,581 | 120,131 | 4,455,171 | 4,285,503 |
| **Net Assets (deficit)** | | | | | | | | |
| Invested in capital assets | 6,190 | 3,975 | - | 1,816 | - | - | 11,981 | 31,268 |
| Unrestricted | 268,356 | 288,521 | 66,344 | (4,808) | (20,508) | 17,920 | 615,825 | 609,446 |
| **Total net assets** (deficit) | $ 274,546 | $ 292,496 | $ 66,344 | $ (2,992) | $ (20,508) | $ 17,920 | $ 627,806 | $ 640,714 |

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, 2012
## With Comparative Totals for the Year Ended June 30, 2011

| | *General Operating Fund* | *Curbside Recycling* | *Drop-Off Recycling* | *Municipal Solid Waste* | *Waste Transfer & Disposal* | *Other Non Major Funds* | *Total 2012* | *2011* |
|---|---|---|---|---|---|---|---|---|
| **Operating revenues:** | | | | | | | | |
| Local government assessments | $ 515,894 | $ - | $ - | $ - | $ - | $ - | $ 515,894 | $ 508,688 |
| Recycling | | 6,158,791 | 607,967 | - | - | - | 6,766,758 | 6,405,782 |
| Refuse and solid waste | - | - | - | 4,003,923 | 2,140,575 | - | 6,144,498 | 6,009,299 |
| Composting and yard waste | - | - | - | - | - | 675,122 | 675,122 | 429,922 |
| Other project revenues | - | - | - | - | - | 221,092 | 221,092 | 210,715 |
| Material sales rebates | - | - | 132,469 | - | - | 402,465 | 534,934 | 479,949 |
| **Total operating revenues** | 515,894 | 6,158,791 | 740,436 | 4,003,923 | 2,140,575 | 1,298,679 | 14,858,298 | 14,044,355 |
| **Operating expenses:** | | | | | | | | |
| Administrative/operating | 52,617 | 191,251 | 1,915 | 10,009 | 1,227 | 509 | 257,528 | 214,794 |
| Salaries and benefits | 428,890 | 220,871 | 7,135 | 20,834 | 1,480 | 617 | 679,827 | 679,960 |
| Professional service fees | 32,111 | 19,779 | 945 | 6,096 | 3,472 | 1,454 | 63,857 | 70,356 |
| Depreciation | 13,949 | 3,886 | - | 1,453 | - | - | 19,288 | 23,453 |
| Project contractual services | - | 5,775,222 | 607,967 | 3,971,686 | 2,140,560 | 896,214 | 13,391,649 | 12,658,523 |
| Material sales rebate | - | - | 99,197 | - | - | 401,730 | 500,927 | 469,665 |
| **Total operating expenses** | 527,567 | 6,211,009 | 717,159 | 4,010,078 | 2,146,739 | 1,300,524 | 14,913,076 | 14,116,751 |
| **Operating income (loss)** | (11,673) | (52,218) | 23,277 | (6,155) | (6,164) | (1,845) | (54,778) | (72,396) |
| **Non-operating revenues:** | | | | | | | | |
| Grants and sponsorships | - | 27,500 | - | - | - | - | 27,500 | 10,000 |
| Interest income | 2,102 | 6,604 | 220 | 3,710 | 1,224 | 510 | 14,370 | 28,415 |
| Miscellaneous Income | - | - | - | - | - | - | - | 11,300 |
| **Total non-operating revenues** | 2,102 | 34,104 | 220 | 3,710 | 1,224 | 510 | 41,870 | 49,715 |
| **Change in Net Assets** | (9,571) | (18,114) | 23,497 | (2,445) | (4,940) | (1,335) | (12,908) | (22,681) |
| **Net assets - beginning of year** | 284,117 | 310,610 | 42,847 | (547) | (15,568) | 19,255 | 640,714 | 663,395 |
| **Net assets - end of year** | $ 274,546 | $ 292,496 | $ 66,344 | $ (2,992) | $ (20,508) | $ 17,920 | $ 627,806 | $ 640,714 |

The notes are an integral part of the financial statements.

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## STATEMENT OF CASH FLOWS
## YEAR ENDED JUNE 30, 2012
## With Comparative Totals for the Year Ended June 30, 2011

| | *General Operating Fund* | *Curbside Recycling* | *Drop-Off Recycling* | *Municipal Solid Waste* | *Waste Transfer & Disposal* | *Other Non Major Funds* | *Total 2012* | *2011* |
|---|---|---|---|---|---|---|---|---|
| **Cash Flows From Operating Activities** | | | | | | | | |
| Receipts from localities | $ 518,774 | $ 6,208,437 | $ 647,630 | $ 3,864,835 | $ 2,238,477 | $ 929,663 | $14,407,816 | $13,427,505 |
| Receipts from sale of carts and bins | - | 174,720 | - | - | - | - | 174,720 | - |
| Receipts from the sale of recyclables, net | - | - | 33,272 | - | - | 735 | 34,007 | 10,284 |
| Payments to contractors | - | (5,726,908) | (645,334) | (3,917,596) | (2,158,020) | (954,037) | (13,401,895) | (12,664,298) |
| Payments to suppliers | (77,963) | (211,118) | (2,858) | (15,867) | (4,699) | (1,963) | (314,468) | (287,499) |
| Payments to employees | (431,844) | (218,745) | (7,132) | (20,916) | (1,480) | (617) | (680,734) | (676,011) |
| **Net cash provided by (used in) operating activities** | 8,967 | 226,386 | 25,578 | (89,544) | 74,278 | (26,219) | 219,446 | (190,019) |
| **Cash Flows From Noncapital Financing Activities:** | | | | | | | | |
| Grants and sponsorships | - | 27,500 | - | - | - | - | 27,500 | 21,300 |
| Interfund transfers, net | (858) | - | - | - | - | 858 | - | - |
| Performance Bond | - | - | - | 290,000 | - | (15,000) | 275,000 | - |
| **Net cash provided by (used in) noncapital financing activitie:** | (858) | 27,500 | - | 290,000 | - | (14,142) | 302,500 | 21,300 |
| **Cash Flows From Capital and Related Financing Activities:** | | | | | | | | |
| Acquisitions of capital assets | - | - | - | - | - | - | - | (2,020) |
| **Net cash provided by (used in) Capital and related financing activities** | - | - | - | - | - | - | - | (2,020) |
| **Cash Flows From Investing Activities:** | | | | | | | | |
| Interest received | 2,102 | 6,604 | 220 | 3,710 | 1,224 | 510 | 14,370 | 28,415 |
| **Net increase (decrease) in cash and cash equivalents** | 10,211 | 260,490 | 25,798 | 204,166 | 75,502 | (39,851) | 536,316 | (142,324) |
| **Cash and cash equivalents at June 30, 2011** | 336,027 | 1,034,609 | 37,262 | 645,817 | 102,449 | 136,441 | 2,292,605 | 2,434,928 |
| **Cash and cash equivalents at June 30, 2012** | $ 346,238 | $ 1,295,099 | $ 63,060 | $ 849,983 | $ 177,951 | $ 96,590 | $ 2,828,921 | $ 2,292,604 |

The notes are an integral part of the financial statements.

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## STATEMENT OF CASH FLOWS
## YEAR ENDED JUNE 30, 2012
## With Comparative Totals for the Year Ended June 30, 2011

| | *General Operating Fund* | *Curbside Recycling* | *Drop-Off Recycling* | *Municipal Solid Waste* | *Waste Transfer & Disposal* | *Other Non Major Funds* | *Total 2012* | *2011* |
|---|---|---|---|---|---|---|---|---|
| Net operating income (loss) | $ (11,673) | $ (52,218) | $ 23,277 | $ (6,155) | $ (6,164) | $ (1,845) | $ (54,778) | $ (72,396) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in): | | | | | | | | |
| Depreciation | 13,949 | 3,886 | - | 1,453 | - | - | 19,288 | 23,453 |
| Increase/(decrease) in operating assets: | | | | | | | | |
| Accounts receivable - local governments | (14,431) | 201,149 | 39,663 | 2,616 | 97,902 | 33,449 | 360,348 | (201,903) |
| Prepaid expenses | (232) | (87) | 2 | 238 | - | - | (79) | (203) |
| Increase/(decrease) in operating liabilities: | | | | | | | | |
| Accounts payable | 6,997 | 48,314 | (37,367) | 54,090 | (6,190) | (57,823) | 8,021 | (2,169) |
| Unearned revenue | 17,311 | 23,217 | - | (141,704) | (11,270) | - | (112,446) | 59,250 |
| Other accrued liabilities | (2,954) | 2,125 | 3 | (82) | - | - | (908) | 3,949 |
| **Net cash provided by (used in) operating activities** | $ 8,967 | $ 226,386 | $ 25,578 | $ (89,544) | $ 74,278 | $(26,219) | $ 219,446 | $ (190,019) |

The notes are an integral part of the financial statements.

## NOTES TO FINANCIAL STATEMENTS
## YEAR ENDED JUNE 30, 2012

### 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 Funds 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 Funds 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.

**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 to 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.

**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, 2012 or 2011, 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 2011 -** The financial information for the year ended June 30, 2011, presented for comparative purposes, is not intended to be a complete financial statement presentation because only the total of all funds has been reflected.

## II. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2012, the carrying value of the Authority's deposits with banks and savings institutions was $2,061,223 and the bank balance was $2,083,806. 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 deposits and investments were as follows:

| Cash and Cash Equivalents | 2012 Fair Value | 2011 Fair Value |
|---|---|---|
| Local Government Investment Pool | $ 2,781 | $ 2,777 |
| Certificates of Deposit | - | 518,648 |
| Money Market Investments | 764,817 | 760,804 |
| Cash in Bank | 2,061,223 | 1,010,276 |
| Cash on Hand | 100 | 100 |
| Totals Deposits and Investments | $ 2,828,921 | $2,292,605 |

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, 2012, the Authority's investments were in the Local Government Investment Pool (LGIP) and Money Market Investments. 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 and the Money Market account 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 limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2012, the Authority's investment portfolio consisted of the following:

| Issuer | Amount | % of Portfolio |
|---|---|---|
| Local Government Investment Pool (LGIP) | $ 2,781 | .36% |
| Union First Market Bank (Money Market) | 764,817 | 99.64% |
| | $ 767,598 | |

## III. CAPITAL ASSETS

A summary of changes in capital assets follows:

| | Balance June 30, 2010 | Additions | Disposals | Balance June 30, 2011 | Additions | Disposals | Balance June 30, 2012 |
|---|---|---|---|---|---|---|---|
| Furniture, fixtures & equipment | $ 63,680 | $ - | $ - | $ 63,680 | $ - | $ - | $ 63,680 |
| Computer equipment | 233,906 | 2,020 | - | 235,926 | - | - | 235,926 |
| Vehicles | 39,466 | - | - | 39,466 | - | - | 39,466 |
| Leasehold improvements | 29,061 | - | - | 29,061 | - | - | 29.061 |
| Total capital assets | 366,113 | 2,020 | - | 368,133 | - | - | 368,133 |
| Accumulated depreciation: | | | | | | | |
| Furniture, fixtures & equipment | 42,757 | 6,638 | - | 49,395 | 6,322 | - | 55,717 |
| Computer equipment | 213,966 | 10,688 | - | 224,654 | 7,558 | - | 232,212 |
| Vehicles | 31,556 | 4,315 | - | 35,871 | 3,595 | - | 39,466 |
| Leasehold improvements | 25,132 | 1,813 | - | 26,945 | 1,812 | - | 28,757 |
| Total accumulated depreciation | 313,411 | 23,454 | - | 336,865 | 19,287 | - | 356,152 |
| Capital assets, net | $ 52,702 | $ (21,434) | $ - | $ 31,268 | $ (19,287) | $ - | $ 11,981 |

## IV. LEASES

The Authority has noncancelable operating leases for the rental of a vehicle, office space and equipment. Rental expense for operating leases during 2012 and 2011 was $55,013 and $72,063, 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, 2012 are:

| | |
|---|---|
| 2013 | $ 66,372 |
| 2014 | 63,255 |
| 2015 | 62,954 |
| 2016 | 64,528 |
| 2017 and beyond | 191,677 |
| | $ 448,786 |

## 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 credit. 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. Under Plan 1, the COLA cannot exceed 5%; under Plan 2, the COLA cannot exceed 6%. Under Plan 1, AFC is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, AFC is the average of the member's 60 consecutive months of highest 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.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Employees hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Plan members are eligible for an unreduced retirement benefit at age 65 with a least five years of service credit or age 50 with at lease 30 years of service credit.

- Employees hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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/2011-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, 2012 was 7.54% of annual covered payroll.

### C. Annual Pension Cost

For 2012, the Authority's annual pension cost of $57,982 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2009 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, 2009, was twenty years.

**D. Funded Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the plan was 83.6% funded. The actuarial accrued liability for benefits was $1,160,412, and the actuarial value of assets was $970,307, resulting in an unfunded actuarial accrued liability (UAAL) of $190,105. The covered payroll (annual payroll of active employees covered by the plan) was $455,118, and ratio of the UAAL to the covered payroll was 41.77%.

Trend Information

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| June 30, 2012 | $ 57,982 | 100% | -0- |
| June 30, 2011 | $ 58,249 | 100% | -0- |
| June 30, 2010 | $ 49,939 | 100% | -0- |

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
Unaudited

| Valuation Date (1) | Actuarial Value of Assets (AVA) (2) | Actuarial Accrued Liability (AAL) (3) | Unfunded Actuarial Accrued Assets/Liability (UAAL)(3)-(2) (4) | Funded Ratio (2)/(3) (5) | Annual Covered Payroll (6) | UAAL as a % of Payroll (4)/(6) (7) |
|---|---|---|---|---|---|---|
| June 30, 2011 | $ 970,307 | $ 1,160,412 | $190,105 | 83.6% | $ 455,118 | 41.8% |
| June 30, 2010 | 905,836 | 1,071,517 | 165,681 | 84.5% | 480,213 | 34.5% |
| June 30, 2009 | 862,418 | 880,881 | 18,463 | 97.9% | 467,144 | 4.0% |

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.

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 | 20 |
| Interest on OPEB | 23 |
| Annual OPEB cost | $ 2,658 |
| Contributions made | - |
| Increase in OPEB obligation | $ 2,658 |
| Net OPEB obligation, beginning of year | 5,230 |
| Net OPEB obligation, end of year | $ 7,888 |

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

**Percentage of Annual OPEB**

| Year Ended June 30 | Annual OPEB Cost | Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 2012 | $2,658 | 0% | $7,888 |
| 2011 | 2,615 | 0% | 5,230 |
| 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 projected unit credit cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was thirty years.

***Healthcare cost trend rate –*** 2011 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% was used.

**Required Supplementary Information**
**Schedule of Funding Progress at June 30, 2011**
**Unaudited**

| 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 |
|---|---|---|
| 2012 | $2,615 | 0% |
| 2011 | 2,615 | 0% |
| 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, 2012 and 2011 are as follows:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Due From | Due To | Due From | Due To |
| Town of Ashland | $ 48,528 | $ - | $ 51,421 | $ - |
| County of Charles City | 3,483 | - | 3,338 | - |
| County of Chesterfield | 462,265 | 1,450 | 670,804 | 5,102 |
| City of Colonial Heights | 70,528 | - | 229,218 | 676 |
| County of Goochland | 15,368 | 362 | 100,879 | 4,554 |
| County of Hanover | 20,186 | - | 28,470 | 7,030 |
| County of Henrico | 376,406 | 799 | 385,906 | 6,459 |
| City of Hopewell | 360,133 | - | 374,487 | - |
| County of New Kent | 17,541 | 521 | 15,276 | 4,074 |
| City of Petersburg | 530,179 | - | 378,381 | - |
| County of Powhatan | 59,910 | 751 | 72,573 | 1,816 |
| County of Prince George | 17,148 | - | 28,394 | - |
| City of Richmond | 240,303 | - | 240,464 | - |
| Total | $ 2,221,978 | $ 3,883 | $ 2,579,611 | $ 29,711 |

Total revenues from and expenses to related jurisdictions in the years ended June 30, 2012 and 2011 are follows:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Revenues | Expenses | Revenues | Expenses |
| Town of Ashland | $ 327,979 | $ - | $ 316,056 | $ - |
| County of Charles City | 3,338 | - | 3,325 | 68 |
| County of Chesterfield | 3,317,682 | 78,560 | 3,264,935 | 66,463 |
| City of Colonial Heights | 1,076,049 | 2,257 | 1,051,398 | 3,965 |
| County of Goochland | 580,082 | 54,089 | 549,543 | 55,050 |
| County of Hanover | 257,746 | 92,684 | 264,056 | 114,358 |
| County of Henrico | 2,875,004 | 111,089 | 2,586,656 | 116,717 |
| City of Hopewell | 1,476,749 | 7,508 | 1,416,650 | 3,752 |
| County of New Kent | 422,595 | 69,534 | 396,351 | 62,404 |
| City of Petersburg | 1,555,272 | 6,978 | 1,484,211 | 948 |
| County of Powhatan | 515,319 | 42,293 | 508,216 | 20,623 |
| County of Prince George | 125,648 | 21,247 | 151,560 | 20,139 |
| City of Richmond | 1,611,101 | 14,688 | 1,564,934 | 5,178 |
| Total | $14,144,564 | $ 500,927 | $13,557,891 | $ 469,665 |

## VIII. NET ASSETS

The following funds have deficit net asset balances as of June 30, 2012 and 2011:

| | 2012 | 2011 |
|---|---|---|
| ***Major Funds:*** | | |
| Waste Transfer & Disposal | $ 20,508 | $ 15,568 |
| Municipal Solid Waste | 2,992 | 547 |
| ***Non-Major Funds:*** | | |
| Yard Waste Projects | $ 8,805 | $ 7,618 |

## IX. NEW ACCOUNTING STANDARDS

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

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* was issued to address service concession arrangements, which are a type of public-private or public-public partnership. The statement defines a service concession arrangement in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this statement establish recognition, measurement, and disclosure requirements for these types of arrangements. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34,* modifies certain requirements for the inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present to be included as a component unit. The statement also amends the criteria for reporting of blended component units. For component units that are blended based on the "substantively the same governing body" criterion, it additionally requires that a financial benefit or financial burden relationship exist or that management of the primary government have operational responsibility for the activities of the component unit. The statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position,* is intended to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes standards for reclassification of certain item as deferred outflows and inflows of resources that were previously reported as assets and liabilities. The standard limits the items that should be reported as deferred outflows and inflows of resources to items specifically identified in authoritative pronouncements. Additionally, the standard requires that debt issuance costs be recognized as an expense in the period incurred except any portion related to prepaid insurance costs. Prospective application is required. The statement will be effective for the year ending June 30, 2014.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62,* was issued to resolve conflicting guidance that resulted from the issuance of two pronouncements. The statement amends GASB Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. The fund classification should be determined based on the nature of the activity to be reported. The statement also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a normal servicing fee rate. The statement will be effective for the year ending June 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans* replaces the requirements of *GASB Statements No. 25 and No. 50* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. The statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement will be effective for the year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans* replaces the requirements of *GASB Statements No. 27 and No. 50* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This statement will be effective for the year ending June 30, 2015.

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

# Combining Financial Statements

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Combining Statement of Net Assets
### Non-Major Funds
### June 30, 2012

| | CFC/ HCFC | Special Waste Collections | Waste Tire Processing | Appliance & Scrap Metal | Yard Waste Projects | Total |
|---|---|---|---|---|---|---|
| Assets: | | | | | | |
| Cash and cash equivalents | $ 2,095 | $ 19,951 | $ 11,977 | $ 62,567 | $ - | $ 96,590 |
| Accounts receivable - local governments | 2,320 | 12,041 | 9,152 | - | 26,618 | 50,131 |
| Interfund balances | - | - | - | - | (8,670) | (8,670) |
| Total current assets | 4,415 | 31,992 | 21,129 | 62,567 | 17,948 | 138,051 |
| Total assets | 4,415 | 31,992 | 21,129 | 62,567 | 17,948 | 138,051 |
| Liabilities and net assets: | | | | | | |
| Accounts payable | 331 | 6,524 | 13,133 | 2,390 | 26,753 | 49,131 |
| Other accrued liabilities | 1,000 | 20,000 | - | 50,000 | - | 71,000 |
| Total liabilities | 1,331 | 26,524 | 13,133 | 52,390 | 26,753 | 120,131 |
| Net Assets | | | | | | |
| Unrestricted (deficit) | $ 3,084 | $ 5,468 | $ 7,996 | $ 10,177 | $ (8,805) | $ 17,920 |

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## Combining Statement of Revenues, Expenses and Changes in Net Assets
## Non-Major Funds
## Year Ended June 30, 2012

| | CFC/ HCFC | Special Waste Collections | Waste Tire Fund | Appliance & Scrap Metal | Yard Waste Projects | Total |
|---|---|---|---|---|---|---|
| Operating revenues: | | | | | | |
| Composting and yard waste revenue | $ - | $ - | $ - | $ - | $ 675,122 | $ 675,122 |
| Other project revenue and fees | 15,820 | 149,453 | 55,819 | - | - | 221,092 |
| Material sales rebates | - | 105,757 | - | 296,708 | - | 402,465 |
| Total operating revenues | 15,820 | 255,210 | 55,819 | 296,708 | 675,122 | 1,298,679 |
| Operating expenses: | | | | | | |
| Administrative/operating | 14 | 98 | 28 | 128 | 241 | 509 |
| Salaries and benefits | 19 | 122 | 41 | 149 | 286 | 617 |
| Professional service fees | 49 | 296 | 98 | 351 | 660 | 1,454 |
| Project contractual services | 15,820 | 149,453 | 55,819 | - | 675,122 | 896,214 |
| Material sales rebate (to localities) | - | 105,022 | - | 296,708 | - | 401,730 |
| Total operating expenses | 15,902 | 254,991 | 55,986 | 297,336 | 676,309 | 1,300,524 |
| Operating income (loss) | (82) | 219 | (167) | (628) | (1,187) | (1,845) |
| Non-operating revenues: | | | | | | |
| Interest income | 15 | 111 | 43 | 341 | - | 510 |
| Change in Net Assets | (67) | 330 | (124) | (287) | (1,187) | (1,335) |
| Net assets - beginning of year | 3,151 | 5,138 | 8,120 | 10,464 | (7,618) | 19,255 |
| Net assets - end of year | $ 3,084 | $ 5,468 | $ 7,996 | $ 10,177 | $ (8,805) | $ 17,920 |

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

## Combining Statement of Cash Flows
## Non-Major Funds
## Year Ended June 30, 2012

| | CFC/ HCFC | Special Waste Collections | Waste Tire Processing | Appliance & Scrap Metal | Yard Waste Projects | Total |
|---|---|---|---|---|---|---|
| Cash Flows From Operating Activities: | | | | | | |
| Receipts from local governments | $15,570 | $ 156,025 | $ 60,478 | $ (2,280) | $699,870 | $ 929,663 |
| Receipts from the sale of recyclables | - | 735 | - | - | - | 735 |
| Payments to contractors | (17,371) | (159,478) | (54,968) | (22,459) | (699,761) | (954,037) |
| Payments to suppliers | (63) | (394) | (126) | (479) | (901) | (1,963) |
| Payments to employees | (19) | (122) | (41) | (149) | (286) | (617) |
| Net cash provided by (used in) operating activities | (1,883) | (3,234) | 5,343 | (25,367) | (1,078) | (26,219) |
| Cash Flows From Noncapital Financing Activities: | | | | | | |
| Interfund transfers, net | - | (220) | - | - | 1,078 | 858 |
| Net cash provided by (used in) noncapital financing activities | - | (220) | - | - | 1,078 | 858 |
| Cash Flows From Capital and Related Financing Activities: | | | | | | |
| Performance Bond | - | - | - | (15,000) | - | (15,000) |
| Net cash used in capital and related financing activities | - | - | - | (15,000) | - | (15,000) |
| Cash Flows From Investing Activities: | | | | | | |
| Interest received | 15 | 111 | 43 | 341 | - | 510 |
| Net cash provided by investing activities | 15 | 111 | 43 | 341 | - | 510 |
| Net increase (decrease) in cash and cash equivalents | (1,868) | (3,343) | 5,386 | (40,026) | - | (39,851) |
| Cash and cash equivalents at June 30, 2011 | 3,963 | 23,294 | 6,591 | 102,593 | - | 136,441 |
| Cash and cash equivalents at June 30, 2012 | $ 2,095 | $ 19,951 | $ 11,977 | $ 62,567 | $ - | $ 96,590 |
| **Reconciliation of operating loss to net cash provided by operating activities:** | | | | | | |
| Operating income (loss) | $ (82) | $ 219 | $ (167) | $ (628) | $ (1,187) | $ (1,845) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | | | |
| (Increase) decrease in operating assets: | | | | | | |
| Accounts receivable-local governments | (250) | 6,572 | 4,659 | (2,280) | 24,748 | 33,449 |
| Increase (decrease) in operating liabilities: | | | | | | |
| Accounts payable | (1,551) | (10,025) | 851 | (22,459) | (24,639) | (57,823) |
| Net cash provided by (used in) operating activities | $ (1,883) | $ (3,234) | $ 5,343 | $ (25,367) | $ (1,078) | $ (26,219) |

# 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.



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



**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.



**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.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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

| Fiscal Year | Capital Assets Net | Unrestricted | Total Net Assets |
|---|---|---|---|
| **2012** | $11,981 | $615,825 | $627,806 |
| **2011** | 31,268 | 609,446 | 640,714 |
| **2010** | 52,702 | 610,693 | 663,395 |
| **2009** | 74,016 | 811,699 | 885,715 |
| **2008** | 67,300 | 886,033 | 953,333 |
| **2007** | 71,826 | 783,187 | 855,013 |
| **2006** | 63,236 | 655,855 | 719,091 |
| **2005** | 72,964 | 586,791 | 659,755 |
| **2004** | 73,379 | 586,173 | 659,552 |

***Notes:***

Nine 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

| *Fiscal Year* | *Operating Revenues* | *Operating Expenses* | *Operating Income (Loss)* | *Total Non-operating Revenues (Expenses)* | *Change in Net Assets* |
|---|---|---|---|---|---|
| **2012** | $14,858,298 | $14,913,076 | $ (54,778) | $ 41,870 | $ (12,908) |
| **2011** | 14,044,355 | 14,116,751 | (72,396) | 49,715 | (22,681) |
| **2010** | 13,818,000 | 13,924,345 | (106,345) | 34,025 | (222,320) |
| **2009** | 13,337,165 | 13,458,101 | (120,936) | 53,318 | (67,618) |
| **2008** | 12,959,991 | 12,979,129 | (19,138) | 117,458 | 98,320 |
| **2007** | 12,484,272 | 12,512,725 | (28,453) | 164,375 | 135,922 |
| **2006** | 11,235,013 | 11,291,906 | (56,893) | 116,229 | 59,336 |
| **2005** | 11,294,121 | 11,344,839 | (50,718) | 50,921 | 203 |
| **2004** | 10,723,773 | 10,781,501 | (57,728) | 18,333 | (39,395) |
| **2003** | 10,366,556 | 10,439,523 | (72,967) | 30,252 | (42,715) |

***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 operating budget.

Further detailed information on revenues and expenses can be found on pages 31-35 of this document.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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

| | *Local Gov't Assmts* | *Recycling(1)* | *Refuse and Solid Waste(2)* | *Composting and Yard Waste(3)* | *Other Projects(4)* | *Material Sales(5)* | *Total* |
|---|---|---|---|---|---|---|---|
| **2012** | $515,894 | $6,766,758 | $6,144,498 | $675,122 | $221,092 | $534,934 | $14,858,298 |
| **2011** | 508,688 | 6,405,782 | 6,009,299 | 429,922 | 210,715 | 479,949 | 14,044,355 |
| **2010** | 503,312 | 6,270,895 | 6,053,238 | 445,477 | 209,243 | 335,835 | 13,818,000 |
| **2009** | 497,069 | 5,677,879 | 6,023,046 | 471,765 | 228,914 | 438,492 | 13,337,165 |
| **2008** | 491,808 | 5,231,168 | 6,153,941 | 426,106 | 313,343 | 343,625 | 12,959,991 |
| **2007** | 483,888 | 5,159,923 | 5,530,833 | 842,723 | 315,866 | 151,039 | 12,484,272 |
| **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 |

***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. In fiscal year 2012 the CVWMA implemented a program which allows citizens to purchase 96-gallon recycling carts online. 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. The increase in activity in 2012 was due to Hurricane Irene.

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

(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.

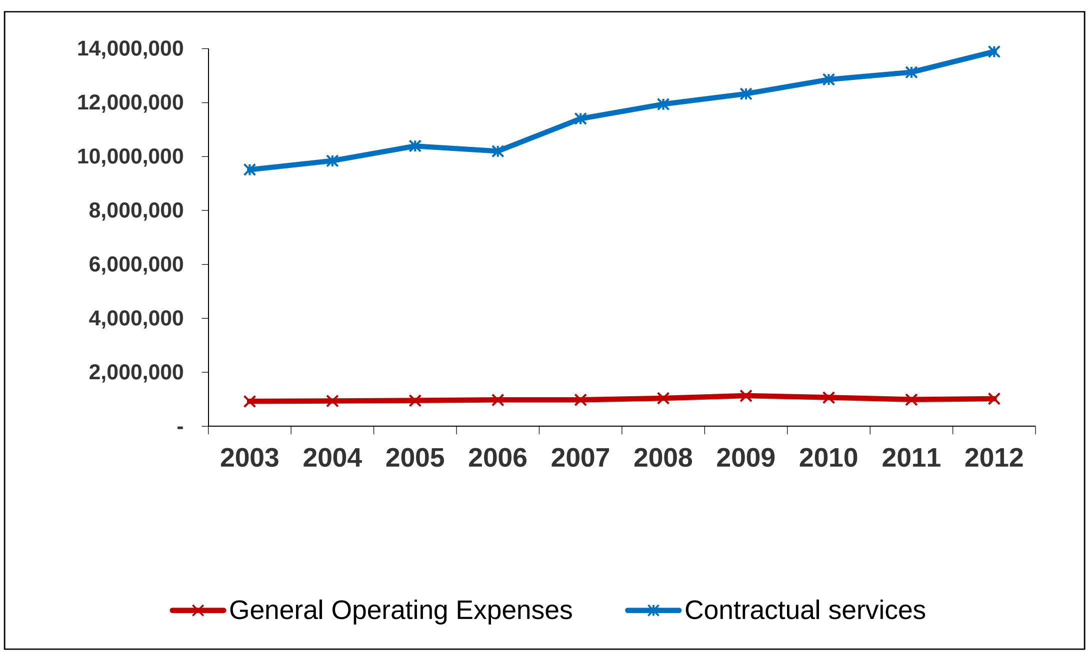
## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

### Operating Expenses – Last Ten Fiscal Years

| | *Administrative /Operating* | *Salaries And Benefits* | *Professional Service Fees* | *Depreciation* | *Project Contractual Services* | *Material Sales Rebates** | *Total Operating Expenses* |
|---|---|---|---|---|---|---|---|
| **2012** | $257,528 | $679,827 | $63,857 | $19,288 | $13,391,649 | $500,927 | $14,913,076 |
| **2011** | 214,794 | 679,960 | 70,356 | 23,453 | 12,658,523 | 469,665 | 14,116,751 |
| **2010** | 270,952 | 690,548 | 75,274 | 27,485 | 12,533,001 | 327,085 | 13,924,345 |
| **2009** | 332,276 | 671,271 | 94,522 | 30,577 | 11,912,611 | 416,844 | 13,458,101 |
| **2008** | 347,610 | 601,933 | 56,730 | 31,278 | 11,660,096 | 281,482 | 12,979,129 |
| **2007** | 336,010 | 546,538 | 67,941 | 29,136 | 11,406,423 | 126,677 | 12,512,725 |
| **2006** | 300,708 | 597,878 | 42,244 | 34,242 | 10,198,982 | 117,852 | 11,291,906 |
| **2005** | 295,331 | 576,452 | 46,967 | 33,598 | 10,239,347 | 153,144 | 11,344,839 |
| **2004** | 300,479 | 537,014 | 60,248 | 40,295 | 9,707,304 | 136,161 | 10,781,501 |
| **2003** | 297,369 | 523,410 | 57,349 | 44,757 | 9,432,406 | 84,232 | 10,439,523 |

***Notes:***

The Authority implemented the results of a pay, classifications and benefits study conducted in 2008. In addition, the Authority conducted a study of eligible curbside recyclers in 2009 in an effort to ultimately increase participation and usage of the program by residents. The Authority, in partnership with the Curbside Value Partnership (a national non-profit firm dedicated to increasing recycling rates at the curb through promotion and outreach), implemented and executed a campaign in a effort to increase recycling participation rates and volumes in the curbside recycling program. 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

| *Fiscal Year* | *Grants and Sponsorships* | *Interest Income* | *Miscellaneous* | *Total Nonoperating Revenues* |
|---|---|---|---|---|
| **2012** | $ 27,500 | $ 14,370 | $ - | $ 41,870 |
| **2011** | 10,000 | 28,415 | 11,300 | 49,715 |
| **2010** | 13,800 | 20,225 | - | 34,025 |
| **2009** | 17,448 | 31,996 | 3874 | 53,318 |
| **2008** | 8,390 | 108,252 | 816 | 117,458 |
| **2007** | 20,700 | 143,675 | - | 164,375 |
| **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 |

***Notes:***

The Authority was selected for a partnership with Curbside Value Partnership (CVP) to promote curbside recycling. This campaign was launched in the fall of 2011 and Tidewater Fiber Corporation contributed $20,000 toward the campaign. The Authority also received a sponsorship from Sonoco Recycling for the 2012 Curbside Recycling Calendar in the amount of $7,500. The Authority received a sponsorship from Dominion Resources for the 2011 Curbside Recycling Calendar. The Authority also received funds from fourteen sponsors for the CVWMA's 20th Anniversary event in 2011. The Authority conducted a two year pilot study in fiscal years 2008 and 2009 to determine the amount of recyclable material generated in schools through a grant from the US Environmental Protection Agency. The Authority has relied somewhat on investment and interest income, the fluctuation of which is a factor of the economy.

## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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

**Curbside Recycling – Rates per household per month**

| | *Bi-Weekly Collection* | *Weekly Collection* | *Public Education* | *Customer Service* |
|---|---|---|---|---|
| **2012** | $ 1.767 | $ 2.797 | $ .060 | $ .063 |
| **2011** | 1.721 | 2.723 | .060 | .061 |
| **2010** | 1.682 | 2.662 | .080 | .060 |
| **2009** | 1.479 | 2.332 | .086 | .070 |
| **2008** | 1.422 | 2.242 | .083 | .067 |
| **2007** | 1.383 | 2.181 | .080 | .065 |
| **2006** | 1.338 | 2.109 | .078 | .063 |
| **2005** | 1.298 | 2.046 | .076 | .061 |
| **2004** | 1.266 | 2.002 | .085 | .056 |
| **2003** | 1.229 | 1.944 | .085 | .055 |

**Municipal Solid Waste Rates**

| | *Municipal Solid Waste Collection per household Per month* | *Tipping Fees Range Dollars Per Ton* |
|---|---|---|
| **2012** | $9.51 - $14.93 | $29.34 - $37.66 |
| **2011** | $9.18 - $14.41 | $29.25 - $36.30 |
| **2010** | $9.00 - $14.13 | $27.76 - $35.59 |
| **2009** | $9.00 - $14.13 | $27.76 - $35.59 |
| **2008** | $8.64 - $15.27 | $26.64 - $34.16 |
| **2007** | $6.12 - $10.611 | $24.89 - $31.92 |
| **2006** | $5.87 - $10.183 | $24.89 - $27.34 |
| **2005** | $5.71 - $9.906 | $24.21 - $26.42 |
| **2004** | $5.54 - $9.60 | $23.48 - $25.00 |
| **2003** | $5.43 - $9.40 | $32.02 - $36.02 |

***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 public relations rate was further reduced in FY 2011 to 6 cents/household per month during the budget process.

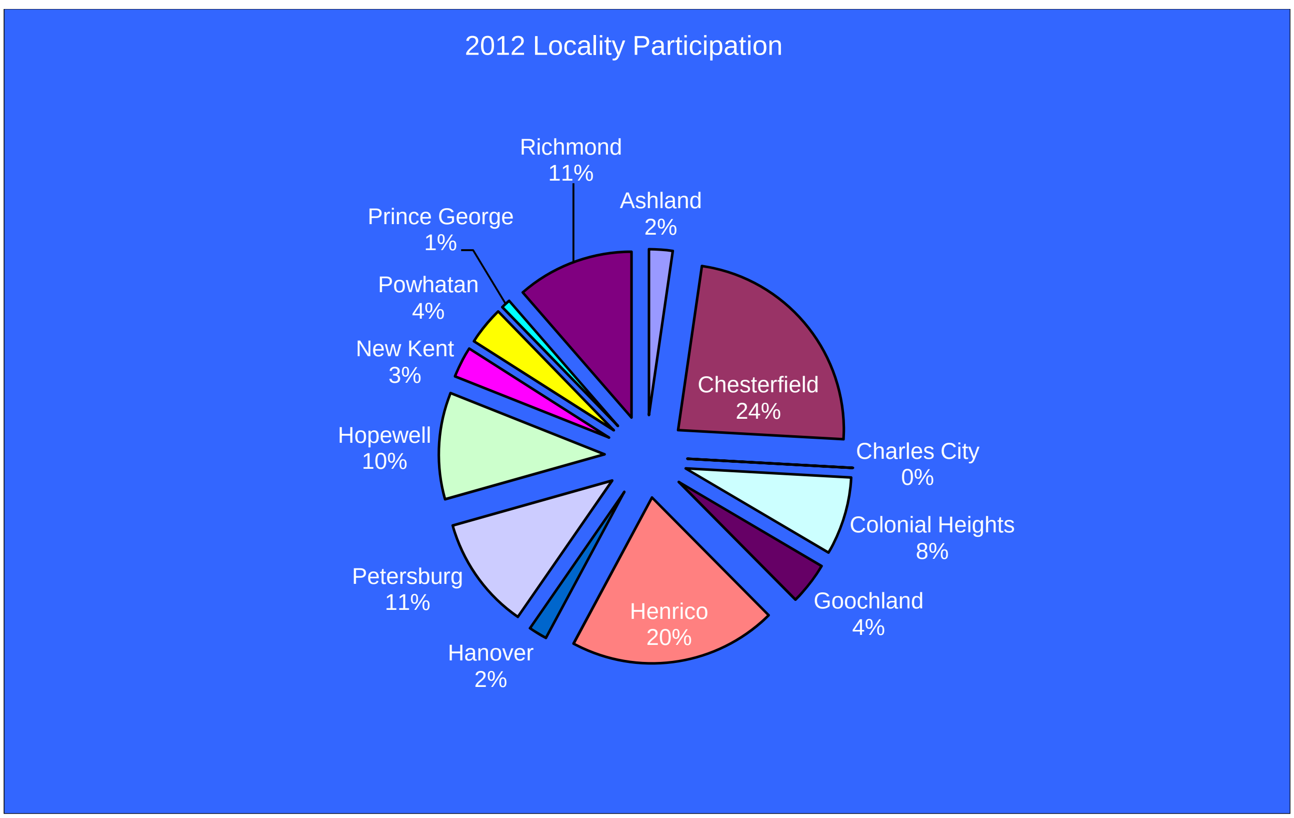
The current municipal solid waste contracts include the Cities of Colonial Heights, Hopewell and Petersburg and the Town of Ashland. Prior to the contract procurement in 2002, the rates included collection only and disposal was based on the current tipping fees at the time. Beginning with the 2003 fiscal 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

| *Locality* | *2012 Operating Revenues* | *2012 Percent of Revenue* | *Locality* | *2003 Operating Revenues* | *2003 Percent of Revenue* |
|---|---|---|---|---|---|
| **County of Chesterfield** | $ 3,317,682 | 23.5% | **County of Chesterfield** | $ 2,910,354 | 28.3% |
| **County of Henrico** | 2,875,004 | 20.3% | **County of Henrico** | 1,498,025 | 14.6% |
| **City of Richmond** | 1,611,101 | 11.4% | **City of Richmond** | 1,362,563 | 13.3% |
| **City of Petersburg** | 1,555,272 | 11.0% | **City of Colonial Heights** | 967,063 | 9.4% |
| **City of Hopewell** | 1,476,749 | 10.4% | **City of Hopewell** | 806,539 | 7.9% |
| **City of Colonial Heights** | 1,076,049 | 7.6% | **City of Petersburg** | 639,964 | 6.2% |
| **County of Goochland** | 580,082 | 4.1% | **County of Powhatan** | 521,661 | 5.1% |
| **County of Powhatan** | 515,319 | 3.7% | **County of New Kent** | 509,939 | 5.0% |
| **County of New Kent** | 422,595 | 3.0% | **County of Goochland** | 419,198 | 4.1% |
| **Town of Ashland** | 327,979 | 2.3% | **County of Prince George** | 298,693 | 2.9% |
| **County of Hanover** | 257,746 | 1.8% | **Town of Ashland** | 205,913 | 2.0% |
| **County of Prince George** | 125,648 | 0.9% | **County of Hanover** | 123,399 | 1.2% |
| **County of Charles City** | 3,338 | 0.0% | **County of Charles City** | 3,517 | 0.0% |
| **Totals** | 14,144,564 | 100.0% | | 10,266,828 | 100.0% |



## CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

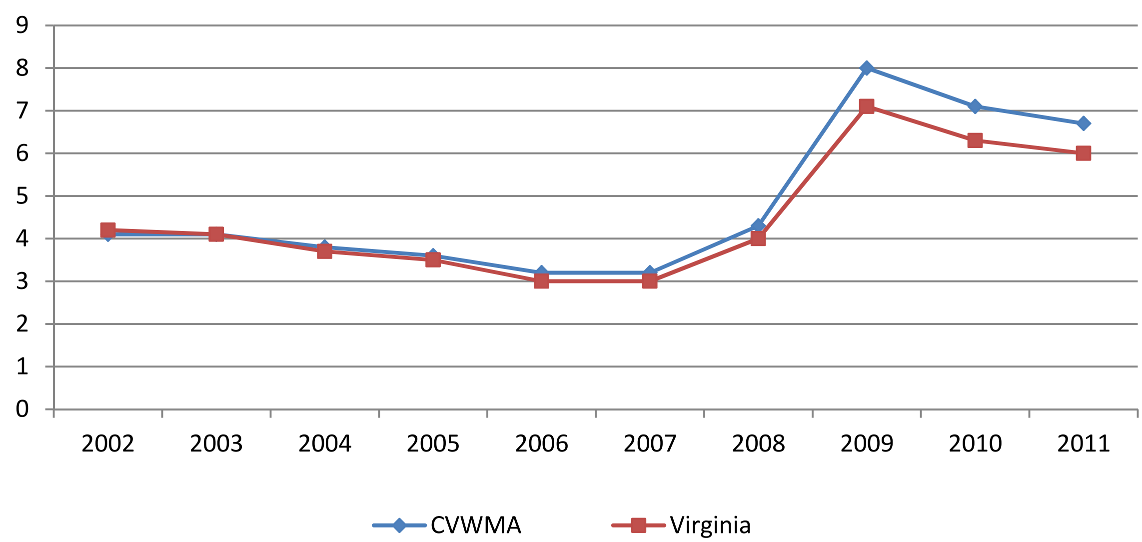
### Demographic and Economic Statistics – Last Ten Calendar Years

| *Calendar Year* | *Population* | *Personal Income* | *Per Capita Personal Income* | *Unemployment Rate CVWMA* | *Unemployment Rate Virginia* |
|---|---|---|---|---|---|
| **2011** | 1,112,543 | Not available | Not available | 6.7% | 6.0% |
| **2010** | 1,110,843 | $ 47,833,944 | $ 41,370 | 7.1% | 6.3% |
| **2009** | 1,085,076 | 46,894,089 | 40,927 | 8.0% | 7.1% |
| **2008** | 1,070,522 | 47,917,871 | 41,510 | 4.3% | 4.0% |
| **2007** | 1,061,818 | 44,839,275 | 39,329 | 3.2% | 3.0% |
| **2006** | 1,044,658 | 42,324,089 | 37,110 | 3.2% | 3.0% |
| **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% |

*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 Principal Employers

## Current Year and Nine Years Ago

| Employer ** | Fiscal Year 2012* | Fiscal Year 2003* |
|---|---|---|
| | Rank | Rank |
| Virginia Commonwealth University | 1 | 4 |
| Capital One Bank | 2 | 1 |
| Henrico County School Board | 3 | 3 |
| Chesterfield County School Board | 4 | 2 |
| MCV Hospital/VCU Medical Center | 5 | 8 |
| Bon Secours Richmond Health System | 6 | - |
| U. S. Department of Defense | 7 | 7 |
| Wal-Mart | 8 | 6 |
| HCA Virginia Health System | 9 | - |
| Richmond City Public Schools | 10 | 9 |
| Philip Morris U.S.A., Inc. | - | 5 |
| Ukrops | - | 10 |

* Final Quarter data for most recent calendar year (2011 and 2002).
** The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347. All employers have over 1,000 individuals employed.

*Source of Data: Virginia Employment Commission*

## Material Collected – Last Ten Fiscal Years

| *Fiscal Year* | *Tons Recycled** | *Tons of Municipal Solid Waste* | *Cubic Yards of Yard Waste* | *Gallons of Paint Collected* | *Gallons of Used Oil Collected* | *Tons of Batteries Recycled* | *Propane Tanks Recycled* | *Tons of Tires Recycled* | *Tons of Electronics Recycled* | *Tons of Textile* |
|---|---|---|---|---|---|---|---|---|---|---|
| **2012** | 41,936 | 72,272 | 363,219 | 12,045 | 112,230 | 42.2 | 1,141 | 736 | 406 | 423 |
| **2011** | 41,886 | 72,434 | 255,388 | 12,155 | 116,805 | 19.1 | 1,597 | 778 | 365 | 333 |
| **2010** | 42,824 | 74,646 | 257,925 | 12,485 | 131,025 | 33.5 | 974 | 882 | 320 | 290 |
| **2009** | 43,750 | 75,154 | 419,465 | 13,475 | 49,660 | 56.8 | 1,789 | 652 | 398 | 177 |
| **2008** | 42,580 | 120,287 | 343,540 | 13,255 | 45,795 | 99.2 | 2,029 | 756 | 173 | 56 |
| **2007** | 40,807 | 124,628 | 653,420 | 9,900 | 46,065 | 127.3 | 1,896 | 673 | 45 | - |
| **2006** | 39,639 | 107,525 | 277,751 | 9,490 | 45,660 | 143.8 | 2,285 | 713 | 40 | - |
| **2005** | 39,594 | 111,937 | 450,235 | 12,485 | 43,830 | 102.1 | 1,862 | 606 | 21 | - |
| **2004** | 40,658 | 118,242 | 253,048 | 10,695 | 97,996 | 1.3 | 1,819 | 602 | - | - |
| **2003** | 39,862 | 102,036 | 387,759 | 11,660 | 91,485 | .4 | 1,307 | 547 | - | - |

* Includes paper, metals, plastic and glass.

*Source of Data:  CVWMA Operations Department*

# CENTRAL VIRGINIA WASTE MANAGEMENT AUTHORITY

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

### Curbside Recycling

| *Fiscal Year* | *Ashland* | *Chesterfield* | *Colonial Heights* | *Goochland** | *Hanover*** | *Henrico* | *Richmond* | *Total* |
|---|---|---|---|---|---|---|---|---|
| **2012** | 1,465 | 97,566 | 6,360 | 1,146 | 2,837 | 84,361 | 61,159 | 254,894 |
| **2011** | 1,465 | 95,744 | 6,335 | 957 | 2,760 | 83,760 | 60,826 | 251,847 |
| **2010** | 1,465 | 94,347 | 6,308 | 1,232 | 2,728 | 82,720 | 60,508 | 249,308 |
| **2009** | 1,465 | 93,767 | 6,279 | 1,207 | 1,031 | 82,031 | 60,179 | 245,959 |
| **2008** | 1,465 | 91,983 | 6,246 | 1,166 | - | 80,584 | 61,306 | 242,750 |
| **2007** | 1,465 | 91,017 | 6,216 | 1,099 | - | 79,026 | 61,007 | 239,830 |
| **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 |

### Municipal Solid Waste Collection

| *Fiscal Year* | *Ashland* | *Colonial Heights* | *Hopewell* | *Petersburg**** | *Total* |
|---|---|---|---|---|---|
| **2012** | 1,465 | 6,250 | 8,644 | 11,810 | 28,169 |
| **2011** | 1,465 | 6,337 | 8,644 | 11,810 | 28,256 |
| **2010** | 1,465 | 6,488 | 8,768 | 11,811 | 28,532 |
| **2009** | 1,465 | 6,500 | 8,768 | 12,041 | 28,774 |
| **2008** | 1,465 | 6,498 | 8,768 | 12,041 | 28,772 |
| **2007** | 1,465 | 6,494 | 8,768 | 12,032 | 28,759 |
| **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 |

***Notes:***

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

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

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

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

*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, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Program Management and Operations | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 1.5 | 2.5 | 2.5 |
| Public Information and Education | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.0 |
| 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 | 3.5 | 3.5 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.5 |
| Total Employees | 11.0 | 11.0 | 11.5 | 11.5 | 11.5 | 11.5 | 11.5 | 10.5 | 11.5 | 10.5 |

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

*Source of Data: CVWMA Administrative Office*

# Compliance Section

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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***

To the Audit Committee and 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, 2012, and have issued our report thereon dated August 31, 2012. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective 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 Audit Committee, the Board of Directors, the appropriate state and federal regulatory agencies, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
August 31, 2012