

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report Year Ended June 30, 2013



TINKER CREEK TRANSFER STATION

Roanoke, Virginia

ROANOKE VALLEY RESOURCE AUTHORITY

ROANOKE, VIRGINIA

**Comprehensive Annual Financial Report
Year Ended June 30, 2013**

Prepared by:

Roanoke County Finance Department

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report Year Ended June 30, 2013

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ROANOKE VALLEY RESOURCE AUTHORITY

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INTRODUCTORY SECTION



ROANOKE VALLEY RESOURCE AUTHORITY

September 12, 2013

To the Honorable Chairman, Members of the Board of Directors of the Roanoke Valley Resource Authority, and Citizens of the City of Roanoke, the County of Roanoke and the Town of Vinton, Virginia:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Roanoke Valley Resource Authority (Authority) for the fiscal year ended June 30, 2013. This audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts for the Commonwealth of Virginia.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentations, including all disclosures. Management has established a comprehensive framework of internal control to provide a reasonable basis to make these representations. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The basic financial statements have been audited by our independent auditors, Robinson, Farmer, Cox Associates, who have issued an unqualified (clean) opinion on the financial statements of the Authority for the year ending June 30, 2013. The annual audit was conducted in accordance with professional standards which require that the independent auditors plan and perform the audit to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The Roanoke Valley Resource Authority (Authority) was established on October 23, 1991, as a tax exempt political subdivision within the Commonwealth of Virginia to acquire and construct a regional sanitary landfill and waste collection and transfer station with related treatment facilities. The charter members are the City of Roanoke (City), County of Roanoke (County) and the Town of Vinton (Town). The Authority began its operations in 1993.

The Authority's Board of Directors consists of seven members; four are appointed by the County, two are appointed by the City and one is appointed by the Town. Each member is appointed for a four year term. Regular meetings of the Board of Directors are normally held monthly.

The Authority is administered by a Chief Executive Officer (CEO). The CEO has the direct supervision of all employees of the Authority, the responsibility for the operation of the landfill facilities, and the establishment of guidelines for efficient and sound fiscal management.

Residents and businesses in the City, the County and the Town generate 700 tons of waste every day. These localities created the Authority and joined forces with Norfolk Southern in an innovative public-private partnership. The Authority owns the Tinker Creek Transfer Station, the Smith Gap Landfill and the Waste Line Express train. This regional public-private partnership is the first project in the United States that uses rail as the sole transportation link between a solid waste transfer station and a landfill.

Each locality collects its own trash using its own equipment. After collection, refuse trucks deliver the trash to the Authority's Tinker Creek Transfer Station in the City. At the Transfer Station, waste is loaded into specially designed rail cars and covered with watertight lock-down lids. Each rail car holds 65 tons of waste, making them among the largest on the railroad. At the end of the day, all waste that has been collected and loaded into the 10-12 rail cars are transported 33 miles on the Waste Line Express by Norfolk Southern to Smith Gap Station in the County. Upon arriving at the landfill, the rail cars are uncoupled and positioned for unloading the following day. The train makes a daily trip to Smith Gap with the loaded cars from the Transfer Station and returns the same day with empty rail cars from the previous day's load. Additional information on this process including a seven minute video may be gleaned by accessing the Authority's website at www.RVRA.net.

At Smith Gap Station the rail cars are unloaded using one of the largest rotary tippers in the world. The rail cars are rotated upside down to remove the waste. The unloading operation takes place inside the tipper building, where the waste is inspected and loaded into haul trucks for burial in a 1,200 acre, environmentally protected landfill disposal area that meets all state and federal regulations.

Budgetary and Accounting Controls

The Authority is required to prepare and submit an annual operating budget to the Charter Members for approval on or before April 1 of each year for the upcoming fiscal year (July 1 to June 30). The budget is prepared by staff of the Authority and serves as the foundation for the Authority's financial planning and control.

The Authority's accounting records are maintained on an accrual basis under which revenues are recognized when earned and expenses are recognized when incurred. Accounting functions are separated to the extent possible for a small sized staff. The County of Roanoke currently is the fiscal agent for the Authority. The accounting system the Authority is using belongs to the County and County staff has provided support and assistance to the Authority in its accounting operations.

Local Economy

The Authority draws from a regional labor force of approximately 300,000 within a radius of sixty miles. For 2013, the City's estimated population is 98,641 the County's estimated population is 93,256 and the Town's population is estimated to be 8,092.

The Roanoke Valley as well as the surrounding communities, are fortunate that their economic indicators are more favorable compared to some of the neighboring localities and to the State, but they remain formidable challenges for the Roanoke Valley; not only in the delivery of local government and authority services, but also in maintaining our traditionally high standard of living and quality of life.

The City, County and Town's Economic Development Departments successfully utilize provisions under the public/private partnership policy that allows businesses to receive assistance from them for qualifying facility expansions and relocations. The expected return on investment in new taxes and employment is a critical measure governing the use of public funds to assist businesses and industries.

Long-Term Financial Planning

The Authority annually reviews the adequacy of the Replacement Reserve Requirements under the current operating conditions, and in comparison with industry standards. The review is done in consultation with a professional engineer familiar with solid waste services, equipment, and facilities as utilized by the Authority. A professional consulting engineer, external to the Authority, reviews the plan every five years. The Authority has defined adequacy to mean that funds exist in amounts equivalent to or exceeding the anticipated expenditures during a period of the next five subsequent fiscal years. The Authority annually makes deposits to replacement reserves for funding future planned expenditures. These reserves allow the Authority to establish and project an orderly increase in tipping fees to prepare for future expenses along with annual operating costs. All funds have been determined to be adequate to address industry costs and planning, thus allowing the reserve funds to reflect future anticipated costs over the next five years.

The Authority has established a "Closure Fund" to cover its future closure and post-closure obligations. Maintenance of this fund enables the Authority to qualify for Financial Assurance using a "Corporate Financial Test," thereby eliminating the need for additional financial commitments from its member communities in the form of a "Local Government Financial Test" or the additional annual cost for a "Letter of Credit" assuring the closure obligations will be met.

Major Initiatives and Accomplishments for FY 2013

- The tipping fees assessed by the Authority on its member communities did not increase for the ninth consecutive year.
- During the year, the Roanoke Valley Resources Authority maintained financial and reserve policies providing for the establishment of and the planned funding level of maintenance and improvement reserves accounts for planned expenditures over a short and long-term planning period.

- The Authority continues to maintain an account for a "Closure Fund" to cover future closure and post-closure obligations. This fund enables the Authority to qualify for Financial Assurance by using a "Corporate Financial Test," thereby eliminating the need for additional financial commitments from its member communities in the form of a "Local Government Financial Test" or the additional annual cost for a "Letter of Credit" assuring the closure obligations will be met. The Authority continues to maintain adequate funds (cash) to cover anticipated costs required for closure and post closure care of both the Smith Gap and Rutrough Road landfills.
- The Authority continues to maintain and own sufficient land to provide long-term disposal capacity for its members in excess of one hundred (100) years which is to be developed in phases or cells. The long-term disposal capacity provides the Authority with the flexibility it needs to properly evaluate emerging solid waste technologies and to allow sufficient timing to properly fund and to ultimately transition to one or more of these technologies if feasible.
- Since its inception, the Authority has developed five landfill cells in five construction phase's to-date. The most recent cell, Phase V, was completed April 2009 and was activated on August 5, 2011. Phase V is projected to provide additional disposal capacity through 2016. Other than the initial Phase I, all funding associated with the construction of Phases II-V has been cash-funded through an established and dedicated reserve account which continues to receive regular contributions from the Authority's tipping fees to cash-fund subsequent cell developments. The Authority anticipates this dedicated reserve account will be sufficiently funded such that Phase VI will also be cash-funded.
- Portions of the Smith Gap Landfill are nearing final construction grade and in accordance with the Authority's permit, are in the process of being closed. In FY 2009, the Authority's professional engineering contractor began developing the design plans required for a closure permit submittal to the VDEQ. The Authority, in conjunction with its professional engineering consultant, initially presented an innovative closure design to the VDEQ for consideration as a Research Design and Development (RDD) project. Ultimately, the RDD concept was replaced with a newly engineered geosynthetic capping system. If approved, the revised cap will prove less costly to construct than the prescriptive capping system, while providing a permanent, more stable construction that would also provide a high level of environmental protection. The proposed project, as planned and if approved, would be the first of its kind in the Commonwealth of Virginia and could serve as a model for subsequent cell closures at Smith Gap and throughout the State.
- As part of the original closure plan for the Smith Gap Landfill, the Authority installed an active gas collection and control system (GCCS) that began operations in April 2011. All funding for the closure plan, including the GCCS, is funded through an established reserve account which continues to receive regular contributions from tipping fees that will continue to fund subsequent cell closure costs. Although the Authority has no regulatory obligation to install and operate a GCCS, the Authority's GCCS is currently collecting and preventing the annual emissions of approximately 60,000 tons of carbon dioxide equivalent (CO₂e) to the atmosphere, thereby greatly reducing greenhouse gas emissions. The Authority is a registered member of the California Climate Action Registry which qualifies the Authority's destruction of greenhouse gases for emission credits which can be sold on the open market to help offset the initial cost of installing the GCCS.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RVRA for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the fifth consecutive year that the authority received 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation and gratitude to the personnel at the Authority and in the Department of Finance at the County of Roanoke for their dedication and support in producing this report. Appreciation is also extended to the Authority's Board of Directors whose continuing leadership and support is essential to the financial health of the Authority.

Sincerely,



Daniel D. Miles
Chief Executive Officer



Rebecca E. Owens
Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

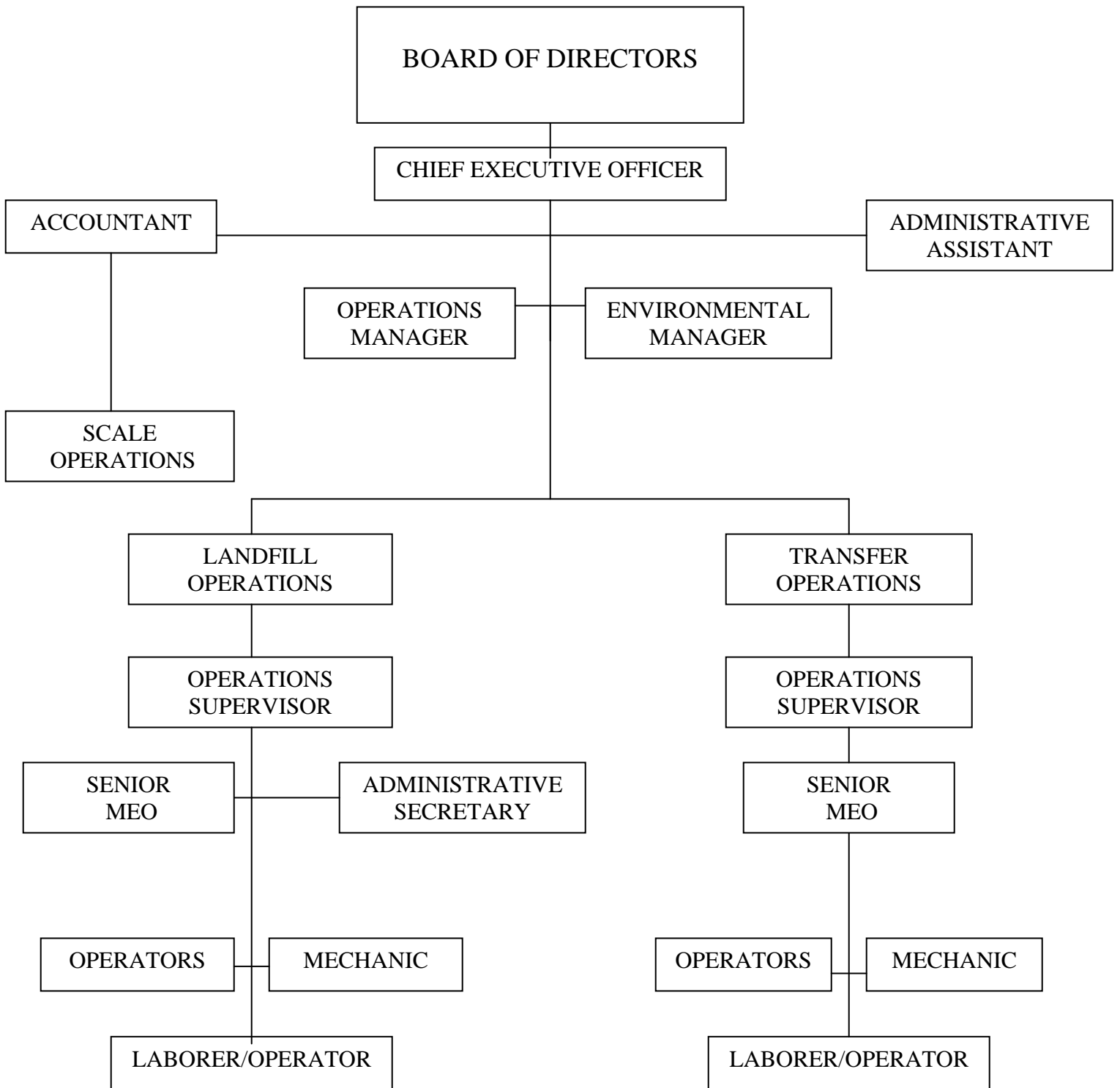
Presented to

**Roanoke Valley Resource
Authority, Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



**ROANOKE VALLEY RESOURCE AUTHORITY
ORGANIZATIONAL CHART**

ROANOKE VALLEY RESOURCE AUTHORITY

List of Appointed Officials
Year Ended June 30, 2013

(A Governmental organization established October 23, 1991
as a tax exempt political subdivision within the Commonwealth of Virginia)

BOARD MEMBERS

Anne Marie Green, Chairman

Robert K. Bengtson, P.E., Vice-chair

Rebecca E. Owens, MBA, Treasurer

Suzie D. Snyder

Christopher S. Lawrence

Keith D. Tensen

James W. Harkness, Jr.

OFFICIALS

Chief Executive Officer
Operations Manager
Secretary
Environmental/Safety Manager
General Counsel

Daniel D. Miles, P.E.
Steven R. Barger, P.E.
Deborah T. Charles
Ed Hacker
Mark A. Williams, Esq.

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Members of the Board
Roanoke Valley Resource Authority
Roanoke, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Roanoke Valley Resource Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *the Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Roanoke Valley Resource Authority, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matters

As described in Note 1 to the financial statements, in 2013, the Roanoke Valley Resource Authority adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of Funding Progress for Defined Benefit Plans and OPEB on pages 11-15 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Roanoke Valley Resource Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2013, on our consideration of the Roanoke Valley Resource Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Valley Resource Authority's internal control over financial reporting and compliance.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
September 4, 2013

**Roanoke Valley Resource Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

The management discussion and analysis (MD&A) serves as an introduction to the financial statements of the Roanoke Valley Resource Authority (the Authority) for the year ended June 30, 2013. The MD&A represents management's examination and analysis of the Authority's financial condition and performance and should be read in conjunction with the Authority's basic financial statements which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34)*.

Financial Highlights

- The total assets of the Authority exceeded its liabilities as of June 30, 2013 by \$24,214,435 (Net Position). Of this amount, \$ 2,087,537 (unrestricted net assets) may be used to meet the Authority's future obligations to citizens and creditors.
- During the year, the Authority's total revenues were \$2,393,494 less than the \$10,327,241 of expenses.
- The Authority had no outstanding debt at June 30, 2013.

Overview of the Basic Financial Statements

The Authority's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB).

The financial statements provide information about the Authority as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. In addition to the basic financial statements, the report includes Notes to the Basic Financial Statements and Required Supplemental Information.

- The **Statements of Net Position** reports assets and deferred outflows, liabilities and deferred inflows and the difference between them. The entire equity section is combined to report total Net Position and displayed in three broad components – net investment in capital assets; restricted assets; and unrestricted assets.
- The **Statement of Revenues, Expenses and Changes in Fund Position** present the results of the business activities over the course of the fiscal year and information about how the Net Position changed during the year. Revenues and expenses are categorized as either operating or non-operating based upon definitions provided by GASB's 33 and 34. Operating revenue consists of tipping fees and recycling fees. Nonoperating revenues consist of net increase in fair value of investments, interest income, gains on disposals of property and equipment and miscellaneous income.

One of the main goals of these two statements is to report the Authority's net position and changes that affected net position during the fiscal year. The change in the Authority's net position is one way to measure the Authority's financial health, or financial position. Increases and decreases in net position are indicators of whether the Authority's financial health is improving or deteriorating. These statements allow readers to answer the question: "Is the Authority's financial position, as a whole, better or worse as a result of the year's activities?"

- The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information without consideration of the earning event, when an obligation arises, or depreciation of capital assets.

Notes to the basic financial statements - The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found beginning on page 20 of this report.

Financial Analysis of the Authority as a Whole

The following comparative condensed Statement of Net Position provides an analysis of the change in financial position from the previous fiscal year.

Statement of Net Position

The following table reflects the condensed Summary of Net Position:

	<u>FY 2013</u>	<u>FY 2012</u>
Current and other assets	\$ 16,401,391	\$ 15,388,468
Capital assets, net	<u>22,126,898</u>	<u>23,579,296</u>
Total assets	<u>38,528,289</u>	<u>38,967,764</u>
Noncurrent Liabilities	12,234,265	10,356,113
Other Liabilities	<u>2,079,589</u>	<u>2,003,722</u>
Total liabilities	<u>14,313,854</u>	<u>12,359,835</u>
Net investment in capital assets	22,126,898	23,579,296
Restricted for renewal and replacement	-	-
Unrestricted	<u>2,087,537</u>	<u>3,028,633</u>
Total Net Position	<u>\$ 24,214,435</u>	<u>\$ 26,607,929</u>

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceed liabilities by \$24,214,435 at the close of fiscal year 2013. This is comparable to last year's Net Position of \$26,607,929.

A portion of the Authority's Net Position, 91.4%, reflects its investment in capital assets (e.g. land, buildings, and equipment); less any related debt used to acquire those assets that are outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The

Authority's investment in its capital assets is reported net of related debt, if applicable, and it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Authority's Net Position, 8.6%, represents resources that are not subject to restrictions on how they may be used. This unrestricted remaining balance of net position may be used to meet the Authority's ongoing obligations to customers and creditors.

At the end of the current fiscal year, the Authority was able to report a positive balance in all categories of net position. The same situation held true for the prior year fiscal year.

Statement of Revenues, Expenses and Changes in Net Position

The following table shows the revenue and expenses of the Authority:

	FY 2013	FY 2012
Revenues		
Charges for services	\$ 7,890,905	\$ 7,561,367
Non-operating Revenues:		
Interest income	42,842	48,220
Gain on sale of capital assets	-	-
Total revenues	<u>7,933,747</u>	<u>7,609,587</u>
Expenses		
Operating expense		
Salaries and benefits	(1,869,179)	(1,772,108)
Landfill closure costs	(2,298,948)	164,307
Other operating expenses	(4,048,933)	(3,897,231)
Depreciation	(2,110,181)	(2,155,202)
Non-operating expenses:		
Interest expense	-	-
Decrease in fair value of investments	-	-
Total expenses	<u>(10,327,241)</u>	<u>(7,660,234)</u>
Change in net position	(2,393,494)	(50,647)
Total net position at beginning of year	<u>26,607,929</u>	<u>26,658,576</u>
Total net position at end of year	<u>\$ 24,214,435</u>	<u>\$ 26,607,929</u>

The Authority's total revenues increased over the prior year by 4.3% to \$7,933,747 mainly because of increased economic activity. Correspondingly, tipping fees were higher by 6.6% from the prior year. Interest income declined by 11.2% as a result of lower interest earnings on investments. The expenses for all programs and services increased by 34.8% in FY 2013. This change is due primarily to a large increase in the accrual for estimated landfill closure costs. The increase was influenced by additional Department of Environmental Quality (DEQ) criteria that were considered in formulating the estimate. The net amount of the adjustment was \$1,892,033. It is not anticipated that future adjustments will be of this magnitude

Approximately 99.5% of the Authority's revenue comes from operating revenue, consisting primarily of tipping fees, and recycling proceeds; 0.5% from non-operating revenue consisting of interest income. The operational expenses for FY 2013 account for 100% of total expenses as there is no interest expense.

Capital Assets

As of June 30, 2013, the Authority had invested \$22,126,898 net of accumulated depreciation, in a variety of capital assets including land, landfill development costs, buildings, and equipment. The Authority's investment in capital assets for the current year was \$657,783. This investment was composed of two vehicles (trucks), railcar mover (track mobile), computer server, and a bulldozer.

Additional information on the Authority's capital assets can be found in Note 3 in the notes to the basic financial statements on page 27. Capital assets net of accumulated depreciation are illustrated in the following table:

	FY 2013	FY 2012
Land	\$ 1,553,759	\$ 1,553,759
Landfill and Rail Access	36,770,591	36,770,591
Transfer Station	6,390,221	6,390,221
Equipment	10,448,660	9,996,515
Construction in progress	-	-
Subtotal	<u>55,163,231</u>	<u>54,711,086</u>
Accumulated depreciation	(33,036,333)	(31,131,790)
Totals	<u>\$ 22,126,898</u>	<u>\$ 23,579,296</u>

Long -Term Debt

At June 30, 2013, the Authority had no bonded debt issues outstanding. Additional information related to long - term liabilities can be found in Note 4, page 28 in the notes to the basic financial statements.

Factors Influencing Future Budgets

Key factors that are expected to impact future budgets include:

- Uncertainty regarding the economy
- Projected increases in health insurance premiums and retirement contribution rates assessed by the Virginia Retirement System
- Expansion of the open landfill
- Estimated landfill closure costs
- Renewal and replacement needs; costs of plant and equipment
- Closed landfill groundwater monitoring and remediation costs
- Interest rates
- Energy and fuel costs

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, potential investors and creditors with a general overview of the Authority's finances and to demonstrate accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Executive Director, Roanoke Valley Resource Authority, 1020 Hollins Road, Roanoke, VA 24012, telephone (540-857-5055), or visit the Authority's web site at www.rvra.net.

Basic Financial Statements

ROANOKE VALLEY RESOURCE AUTHORITY

Statement of Net Position

June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$	7,984,189
Investments (note 2)		387,785
Accounts receivable		662,444
Interest receivable		5,236
Inventory		88,115

Total current assets	\$	<u>9,127,769</u>
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Noncurrent assets:

Investments (note 2)	\$	7,273,622
Non-depreciable capital assets (note 3)		1,553,759
Depreciable capital assets, net of accumulated depreciation (note 3)		<u>20,573,139</u>

Total noncurrent assets	\$	<u>29,400,520</u>
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Total assets	\$	<u>38,528,289</u>
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The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY

Statement of Net Position

June 30, 2013

LIABILITIES

Current liabilities:

Vouchers payable	\$	138,718
Accrued payroll		33,466
Accrued compensated absences (note 4)		75,951
Accrued landfill closure (note 8)		<u>1,831,454</u>

Total current liabilities	\$	<u>2,079,589</u>
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Noncurrent liabilities:

Accrued compensated absences, net of current portion (note 4)	\$	80,665
Net OPEB obligation		91,550
Accrued landfill closure, net of current portion (note 8)		<u>12,062,050</u>

Total noncurrent liabilities	\$	<u>12,234,265</u>
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Total liabilities	\$	<u>14,313,854</u>
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NET POSITION

Net investment in capital assets	\$	22,126,898
Unrestricted		<u>2,087,537</u>

Total net position (note 5)	\$	<u>24,214,435</u>
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Total liabilities and net position	\$	<u><u>38,528,289</u></u>
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The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Revenues, Expenses and Changes
in Net Position
For the Year Ended June 30, 2013

OPERATING REVENUES

Tipping fees	\$ 7,849,843
Recycling revenue	41,062
Total operating revenues	<u>\$ 7,890,905</u>

OPERATING EXPENSES

Salaries and benefits	\$ 1,869,179
Landfill closure and post closure costs (note 8)	2,298,948
Other operating expenses	4,048,933
Depreciation	2,110,181
Total operating expenses	<u>\$ 10,327,241</u>

Operating income (loss)	<u>\$ (2,436,336)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 42,842
Total nonoperating revenues (expenses)	<u>\$ 42,842</u>
Change in net position	<u>\$ (2,393,494)</u>

Total net position, beginning of year	<u>26,607,929</u>
Total net position, end of year	<u><u>\$ 24,214,435</u></u>

The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Cash Flows
For Year Ended June 30, 2013

Cash Flows from Operating Activities

Receipts from customers	\$ 7,810,827
Payments to suppliers	(4,430,830)
Payments to employees	(1,819,350)
Net cash provided by (used for) operating activities	<u>\$ 1,560,647</u>

Cash Flows from Capital and Related Financing Activities

Purchase and construction of capital assets	\$ (657,783)
Net cash provided by (used for) capital and related financing activities	<u>\$ (657,783)</u>

Cash Flows from Investing Activities

Investment income	\$ 43,394
Purchase of investments	(991,406)
Net cash provided by (used for) investing activities	<u>\$ (948,012)</u>

Net increase (decrease) in cash and cash equivalents	\$ (45,148)
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Cash and cash equivalents at the beginning of the year	<u>8,029,337</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 7,984,189</u></u>

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	\$ (2,436,336)
Adjustments to reconcile operating income(loss) to net cash provided by (used) operating activities:	
Depreciation	2,110,181
Changes in assets and liabilities:	
Landfill closure liability	1,892,033
Accrued Net OPEB obligation	36,956
Accounts receivable	(80,078)
Inventory	12,861
Vouchers payable	12,157
Accrued payroll	1,881
Accrued compensated absences	10,992
Net cash provided by (used for) operating activities	<u><u>\$ 1,560,647</u></u>

The accompanying notes are an integral part of the basic financial statements.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
as of June 30, 2013

Note 1—Summary of Significant Accounting Policies:

A. Description of Entity

The Roanoke Valley Resource Authority (the Authority) was established on October 23, 1991 as a tax exempt political subdivision within the Commonwealth of Virginia to acquire and construct a regional sanitary landfill and waste collection and transfer station with related treatment facilities. The charter members are the City of Roanoke (the City), County of Roanoke (the County) and the Town of Vinton (the Town).

Prior to October 23, 1991, the operations of the Authority were accounted for as an enterprise fund of the County of Roanoke. As of October 23, 1991, under agreement between the City, the County and the Town, the County transferred all existing assets and liabilities to the Authority.

Under terms of an agreement with the Roanoke Valley Solid Waste Management Board (the Management Board), certain assets and liabilities were transferred to the Authority, effective October 1, 1993. The terms of the agreement call for the Authority to monitor an old landfill site of the Roanoke Valley Regional Solid Waste Management Board during the postclosure care period.

B. Basis of Accounting

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

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

C. Deferred Outflows/Inflows or Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2013.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 1—Summary of Significant Accounting Policies:

D. Basic Financial Statements

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

- Management's Discussion and Analysis
- Enterprise fund financial statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Required Supplementary Information
 - Schedule of Pension and OPEB Funding Progress

E. Capital Assets

Capital assets are stated at cost or historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of gift. Depreciation is computed using the straight line method over the estimated useful lives of the respective assets.

Maintenance, repairs and minor renewals are charged to expense as incurred, while major renewals and replacements are capitalized. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the related accounts, and any resulting gain or loss is included in income.

The Authority defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life of at least one year. Assets are depreciated over their estimated useful lives. Equipment, furniture and fixtures are depreciated over three to ten years. Buildings and structures, including the transfer station, are depreciated over 35 years. Landfill and rail access assets are depreciated over fifteen to thirty-five years. Landfill cell development costs are depreciated over the expected life of the cell.

F. Interest on Indebtedness

Interest expense applicable to that portion of indebtedness, the proceeds of which are used to construct new facilities, is capitalized during the period of construction as part of the cost of such facilities. Other interest costs of the Authority are treated as nonoperating expenses. No interest was capitalized during the current or prior fiscal year.

G. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Investments

Short-term investments consist of investments with original maturities in excess of three months and a remaining maturity of less than one year and are carried at fair value, which approximates market. Long-term investments consist of investments with a remaining maturity of greater than one year and are also carried at fair value, which approximates market. Net unrealized and realized gains or losses are reflected in the statement of revenues, expenses and changes in fund net position.

I. Budgets and Budgetary Accounting

A budget is prepared for information, fiscal planning purposes, and to provide the basis for setting user rates. None of the participating entities are required to approve the budget. The budget is adopted as a planning document and is not a legal control on expenses.

J. Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Primary customers consist of the City of Roanoke, County of Roanoke, Town of Vinton and their respective citizens, and local businesses. Management does not feel that an allowance of balances is necessary so the direct write off method of accounting for uncollectible accounts is used.

K. Inventory

Inventory is recorded using the first-in, first-out method (FIFO) and is valued at the lower of cost or market (net realizable value). Inventory consists of parts and supplies utilized in the daily operation of the landfill.

L. Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 1— Summary of Significant Accounting Policies: (Continued)

M. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted —consist of assets that are restricted by the Authority's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

N. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position at face value, net of any applicable premiums and discounts.

O. Compensated Absences

The liability for compensated absences consists of unpaid accumulated vacation and sick leave balances. The liability is based on the sick leave and the vacation leave accumulated at June 30. Limited vacation and sick leave may be accumulated until retirement or termination. Accumulated sick leave is paid at a fixed daily rate and accumulated vacation is paid at the employee's current wage upon retirement or termination.

P. Accrued Landfill Closure

Accrued landfill closure represents the estimated liability for closure and post closure costs for the landfill sites. This includes the cost of any equipment and facilities to be installed near or after the date of landfill closure for purposes of closure, the cost of landfill capping, and the cost of monitoring and maintaining the sites during the post closure period. A total estimate of these expenses is made and updated on a periodic basis and expenses are charged to current period usage of the landfill site. Current cost of landfill closure and post closure care is an estimate and subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Q. Funding Requirements

The City, County and the Town are responsible for their pro rata share, based on population, of any year-end operating deficit or capital expenditures, if additional funding is required. The Authority is responsible for paying all outstanding debt.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

R. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The Authority implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirement of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

S. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The Authority implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

T. Net Position Flow Assumption

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

Note 2—Deposits and Investments:

Deposits - The County of Roanoke maintains a cash and investment pool that is available for use by all County funds, component units and entities for which the County is the fiscal agent. The Authority participates in this pool and at June 30, 2013, the carrying value of the Authority's deposits with banks and savings institutions was \$7,984,189. Deposits with banks are covered by Federal depository insurance and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 2—Deposits and Investments: (Continued)

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

Information related to the County of Roanoke pooled account is presented in the audited financial statements of the County of Roanoke and can be obtained from the Director of Finance, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or visit the County's web site at www.roanokecountyva.gov.

Custodial Credit Risk (Investments)

The Authority's investment policy provides that securities purchased for the Authority shall be held by the Authority Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the Authority's name or in the custodian's name and identifiable on the custodian's books as belonging to the Authority. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2013 all of the Authority's investments were held in accordance with this policy.

Credit Risk of Debt Securities

The Authority's investment policy for credit risk is consistent with the investments allowed by statute as detailed above.

The Authority's rated debt investments as of June 30, 2013 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Authority's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAA</u>	
Roanoke County Treasurer's		
Investment Pool	\$	7,661,407
Total	\$	7,661,407

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

Rating allocations presented above for the Roanoke County Investment Pool are based on ratings of the individual investments held in the pool and amounts reported under each rating level are prorated based on the Authority's percentage of funds invested in the pool.

Interest Rate Risk

The Authority's policy with regard to interest rate risk requires that all investments mature within five years of their purchase date. The policy further requires maturity scheduling be timed to anticipated need and scheduled to coincide with projected cash flow needs. All funds shall be considered short-term except those reserved for capital projects. Investment maturities presented below are based on the maturity dates for individual investments held within the pool as allocated based on the Authority's percentage of funds invested in the pool.

Investment Maturities (in years)			
Investment Type	Fair Value	1 Year	1-5 Years
Roanoke County Investment Pool	\$ 7,661,407	\$ 387,785	\$ 7,273,622
Totals	\$ 7,661,407	\$ 387,785	\$ 7,273,622

The fair value of the positions in the external investment pools (Roanoke County Investment Pool) is the same as the value of the pool shares. As the Roanoke County Investment Pool is not SEC registered, regulatory oversight of the pool rests with the Roanoke County Board of Supervisors.

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2013 (Continued)

Note 3—Capital Assets:

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 1,553,759	\$ -	\$ -	\$ 1,553,759
Total capital assets at historical costs not being depreciated	\$ 1,553,759	\$ -	\$ -	\$ 1,553,759
Capital assets being depreciated:				
Landfill/Rail Access	\$ 36,770,591	\$ -	\$ -	\$ 36,770,591
Transfer Station (Building and Structure)	6,390,221	-	-	6,390,221
Equipment	9,996,515	657,783	205,638	10,448,660
Total capital assets at historical costs being depreciated	\$ 53,157,327	\$ 657,783	\$ 205,638	\$ 53,609,472
Less accumulated depreciation:				
Landfill and Rail Access	\$ 20,031,542	\$ 1,235,702	\$ -	\$ 21,267,244
Transfer Station	3,847,591	158,914	-	4,006,505
Equipment	7,252,657	715,565	205,638	7,762,584
Total accumulated depreciation	\$ 31,131,790	\$ 2,110,181	\$ 205,638	\$ 33,036,333
 Total capital assets being depreciated, net	\$ 22,025,537	\$ (1,452,398)	\$ -	\$ 20,573,139
Total capital assets, net	\$ 23,579,296	\$ (1,452,398)	\$ -	\$ 22,126,898

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2013 (Continued)

Note 4—Long-Term Liabilities:

Changes in long-term liabilities for the year are as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Compensated Absences	\$ 145,624	\$ 93,594	\$ 82,602	\$ 156,616	\$ 75,951
Accrued Landfill Closure and Postclosure (Note 8)	12,001,471	2,298,948	406,915	13,893,504	1,831,454
OPEB Obligation	54,594	45,756	8,800	91,550	-
	<u>\$ 12,201,689</u>	<u>\$ 2,438,298</u>	<u>\$ 498,317</u>	<u>\$ 14,141,670</u>	<u>\$ 1,907,405</u>

All liabilities are liquidated by operating funds.

Details of the Authority's outstanding long-term liabilities at June 30, 2013 are as follows:

	Total	Due Within One Year
Liabilities		
Accrued Compensated Absences	\$ 156,616	\$ 75,951
Accrued landfill closure and post-closure	13,893,504	1,831,454
OPEB Obligation	91,550	-
Total	<u>\$ 14,141,670</u>	<u>\$ 1,907,405</u>

Note 5—Net Position:

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is allocated to charter members based on population as of the end of the fiscal year. The allocation as of June 30, 2013 is as follows:

	2013
City of Roanoke	\$ 11,943,337
County of Roanoke	11,291,328
Town of Vinton	979,770
	<u>\$ 24,214,435</u>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 6—Defined Benefit Pension Plans:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

The Roanoke Valley Resource Authority contributes, through the County of Roanoke, Virginia, to the Virginia Retirement System (VRS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty 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.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 6-Defined Benefit Pension Plans: (Continued)

A. Plan Description (Continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. 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 2013 was 14.01% of annual covered payroll.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 6-Defined Benefit Pension Plans: (Continued)

C. Annual Pension Cost

For fiscal year ended June 30, 2013, the Authority's annual pension cost of \$114,847 for VRS was equal to the Authority's required and actual contributions.

Three-Year Trend Information for Roanoke Valley Resource Authority (Roanoke County's Plan)

Fiscal Year Ending	Annual Pension Cost * (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 114,847	100%	\$ -
June 30, 2012	149,643	100%	-
June 30, 2011	152,302	100%	-

* Includes employer costs only.

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Roanoke Valley Resource Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Roanoke Valley Resource Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 74.05% funded. The actuarial accrued liability for benefits was \$199,363,060, and the actuarial value of assets was \$147,632,836, resulting in an unfunded actuarial accrued liability (UAAL) of \$51,730,224. The covered payroll (annual payroll of active employees covered by the plan) was \$38,646,382, and ratio of the UAAL to the covered payroll was 133.86%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 6-Defined Benefit Pension Plans: (Continued)

City of Roanoke Pension Plan

Employees of the Authority who transferred their employment from the City of Roanoke are eligible to continue their participation in the City's Pension Plan.

A. Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit plan established by City Council and is included in the City's basic financial statements as a Pension Trust Fund. The Pension Plan was established by City Ordinance No. 8559 dated May 27, 1946, effective July 1, 1946. Provisions of the pension plan are subject to amendment by City Council. The Pension Plan covers substantially all employees of the City, all employees of the Roanoke Regional Airport Commission, and the Roanoke Valley Detention Commission, certain employees of the City of Roanoke School Board, the Roanoke Valley Resource Authority, and the Western Virginia Water Authority. The City is the major contributor of employer contributions to the Pension Plan. City Council appoints members of the Pension Plan Board of Trustees to administer the Pension Plan. The Pension Plan is not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

Effective July 1, 1984, the Pension Plan changed its name from the Employees' Retirement System of the City of Roanoke, Virginia (ERS) to City of Roanoke Pension Plan. This change provided for an Employees' Supplemental Retirement System (ESRS) which modified certain benefits as defined by the ERS. All employees covered under the provisions of the ERS at June 30, 1984, could elect to remain with the ERS or be covered under the provisions of the ESRS. Coverage under the ESRS was mandatory for all employees hired or rehired on or after July 1, 1984. On November 28, 1994, June 1, 1998, November 2, 1998, and June 5, 2000, City Council authorized the Pension Plan to offer members of the ERS an opportunity to transfer to the ESRS. The option was available from February 1, 1995 to May 16, 1995, July 1, 1998 through August 31, 1998, December 1, 1998 through December 31, 1998, and July 1, 2000 through July 31, 2000. Both the ERS and the ESRS share a common trust fund from which all benefits are paid without distinction as to the source of funds and are administered by the Board of Trustees. The Pension Plan provides retirement benefits as well as death and disability benefits.

Employees who are members of the ERS with 30 years of service or age 60 (normal retirement age) are entitled to an annual benefit equal to $1/70$ (1.429%) of their average final salary compensation (highest consecutive 12 months), excluding overtime, for each year of service. Employees may retire with 20 years of service and receive a reduced retirement benefit. For employees who are married at their retirement date, a joint and survivor annuity is payable monthly. There is no mandatory retirement age.

Employees who are members of the ESRS with 5 years or more of credited service and age 65 or over, general employees who have attained age 50 with age plus service equal to 80 and police officers and firefighters who have attained age 45 with age plus service equal to 70, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1 percent of their final average compensation for each year of credited service up to a maximum of 63 percent. Final average compensation is the employee's average salary, excluding overtime, over the highest 36 consecutive months of credited service. Employees with 5 years of credited

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 6—Defined Benefit Pension Plans: (Continued)

City of Roanoke Pension Plan (Continued)

A. Plan Description (Continued)

service may retire at age 55 and receive a reduced retirement benefit. Employees may elect to receive their retirement benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees under age 65 terminate before rendering five years of service they forfeit the right to receive any Pension Plan benefits. There is no mandatory retirement age.

Effective July 1, 2000, an additional monthly supplement equal to the greater of (a) \$159; or (b) 75% of the amount the City contributes toward the cost of a single active employee's health insurance shall be paid for eligible retirees until the month in which the retiree attains age 65. Any member of the City of Roanoke Pension Plan who was an employee of one of the participating employers of the Plan (not including employees of the City of Roanoke School Board) and who retired after earning 20 or more years of creditable service but prior to attaining the age of 65 is eligible for this supplement. This supplement is not available to retirees receiving the early retiree incentive plan supplement granted in 1991.

The City of Roanoke Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Roanoke Retirement Office, Attention: Retirement Administrator, P.O. Box 1220, Roanoke, Virginia 24006.

B. Funding Policy

The Pension Plan is noncontributory for employees. Employer contributions to the Pension Plan are based on a percentage of the annual compensation of the active members. The City's contribution rate for the fiscal year ended June 30, 2013 was 15.6% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the Authority's annual pension cost of \$11,756, was equal to the required and actual contribution. As stipulated by City Code, the required contribution was determined as part of the June 30, 2011 actuarial valuation using the projected unit credit actuarial cost method. Any unfunded/(overturned) actuarial liability is amortized using the level percentage of pay amortization method over a 20-year closed amortization period. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases of 3.50%, and (c) cost-of-living adjustments of 1.50%. Projected salary increases include an inflation component of 2.75%. The actuarial value of the assets is determined using a method designed to smooth the impact of market fluctuations. The actuarial value recognizes annual appreciation and depreciation over a five-year period. The following information is provided related to trend information.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 6—Defined Benefit Pension Plans: (Continued)

City of Roanoke Pension Plan (Continued)

C. Annual Pension Cost (Continued)

Three-Year Trend Information for Roanoke Valley Resource Authority (Roanoke City's Plan)				
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
June 30, 2013	\$ 11,756	100%	\$	-
June 30, 2012	18,693	100%		-
June 30, 2011	17,072	100%		-

* Includes employer costs only.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 81.43% funded. The actuarial accrued liability for benefits was \$393,558,477 and the actuarial value of assets was \$320,455,993, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,102,484. The covered payroll (annual payroll of active employees covered by the plan) was \$68,602,221, and ratio of the UAAL to the covered payroll was 106.60%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 7—Other Post Employment Benefits:

A. Plan Description

The Roanoke Valley Resource Authority administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees. The Plan will provide retiring employees the option to continue health insurance offered by the Authority. Employees are eligible for the program after ten (10) years of service to the Authority. The benefits, employee contributions, and the employer contributions are governed by the Authority's Board and can be amended through Board action. The Plan does not issue publicly available financial reports.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 7—Other Post Employment Benefits: (Continued)

B. Funding Policy

The contribution requirement of the plan members and the Authority are established and may be amended by the Authority. The Authority currently pays for post-retirement health care benefits on a pay-as-you-go basis. The Authority has 28 active employees who are eligible for the program. Retirees are responsible for the payment of 100% of the health care insurance rates shown below. The rates were as follows for the 2013 fiscal year:

Participants	Monthly Premium	RVRA Contribution
Employee	\$ 506.54	\$ 457.18
Employee / Spouse	1,038.38	677.18
Employee / One Minor	715.04	486.94
Family	1,215.88	789.92

C. Annual OPEB Cost and Net OPEB Obligation

The Authority is required to compute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligations:

Annual required contribution	\$ 45,700
Interest on net OPEB obligation	2,184
Adjustment to annual required contribution	(2,128)
Annual OPEB cost (expense)	45,756
Contributions made	(8,800)
Increase in net OPEB obligation	36,956
Net OPEB obligation - beginning of year	54,594
Net OPEB obligation - ending of year	\$ 91,550

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 7—Other Post Employment Benefits: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	52,300	95.03%	16,629
6/30/2012	43,155	12.03%	54,594
6/30/2013	45,756	19.23%	91,550

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2013 (the year of the most recent actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 343,350
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ (343,350)
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,276,475
UAAL as a percentage of covered payroll	-26.90%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 7—Other Post Employment Benefits: (Continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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 to 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 of assets, consistent with the long-term perspective of the calculations. In the June 30, 2013 actuarial valuation, the Projected Unit Credit actuarial cost method was used. Under this method, future benefits are projected for life and their present value is determined. The present value is divided into equal parts, which are earned over the period from the date of hire to the full eligibility date. The actuarial assumptions for the Authority include:

	<u>Assumptions</u>
Amortization period	30 years
Investment rate of return	4%
Health Care Cost Trend Rate	8.00% graded to 5.00% over 7 years
Payroll growth	3.00%

The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2013, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 8—Accrued Landfill Closure:

The Authority currently has responsibility for closure and post closure care related to two landfill sites and the transfer station. The landfills include the old landfill site formerly owned by the Roanoke Valley Regional Solid Waste Management Board closed in 1994 and the new Smith Gap landfill placed in service during 1994. The new landfill has a permitted life of approximately 50 years and remaining life of approximately 39 years. State and Federal laws and regulations require that the Authority place a final cover on its landfills when closed and perform certain maintenance and monitoring functions for a minimum of thirty years after closure.

Closure costs will be paid as closure occurs and post closure care costs will be paid only near or after the date that the landfills stop accepting waste. The Authority reports a portion of these closure and post closure care costs as an operating expense in each period based on the landfill capacity of the existing cells used to date (81% of the constructed cells at June 30, 2013 for the Smith Gap landfill) and includes anticipated effects of changes in regulations and cost estimates. The total liability recorded at June 30, 2013, is \$13,893,504 and includes \$3,764,024 designated for the old landfill site; \$10,013,337 designated for the new Smith Gap landfill; and \$116,143 for the Tinker Creek Transfer station. Total closure and post-closure cost for all opened landfill cells is estimated at \$16,182,651, of which 86% has been recognized as noted above based on usage. As such, \$2,289,147 or 14% of the total estimated liability will be recognized in future periods as the usage percentage increases. For the year ending June 30, 2013, the Authority's liability for closure and post-closure care increased as a result of a decrease in estimated closure costs.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 8—Accrued Landfill Closure: (Continued)

The Authority will periodically update these closure and post closure cost estimates and, as necessary, make revisions to reflect any significant changes in estimates due to inflation or deflation, technology, or changes in applicable laws and regulations.

Closure and post closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria", and are subject to periodic revisions by the EPA.

Federal and state regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, post closure care and corrective costs arising from the operations of such facilities. The Authority has demonstrated financial assurance requirements for closure and post-closure care through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 9—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 others; and natural disasters. The Authority participates with other localities in the Virginia Municipal Group Self Insurance public entity risk pool and the Virginia Association of Counties Risk Pool for certain coverage noted below. Each member of these risk pools jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the risk pools contributions and assessments based upon classifications and rates into designated cash reserve funds out of which expenses of the pools, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, each pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Authority carries insurance coverage for all other risk of loss. Settled claims have not exceeded coverage in the current or prior two fiscal years.

Worker's Compensation - Worker's Compensation Insurance is provided through the Virginia Municipal Group Self Insurance Association. During 2012-13, the total premiums paid were \$28,808. Benefits are those afforded through the State of Virginia as outlined in the Code of Virginia Section 65.2-100; premiums are based upon covered payroll, job rates and claims experience.

General Liability and Other - The Authority carries general liability, machinery, property and other insurance through policies administered by the Virginia Association of Counties Risk Pool. General liability and business automobile have a \$2,000,000 combined single limit. Machinery coverage and property insurance are covered as per statement of values. Public officials' liability with a \$1,000,000 limit is covered through a policy with the Commonwealth of Virginia. Total premiums paid for year ended June 30, 2013 were \$64,432.

Healthcare - Healthcare insurance coverage is provided to Authority employees through Roanoke County's self-insured health insurance program. The Authority's employees pay a monthly amount based upon estimates from the claims processor that should cover administrative expenses, stop loss insurance premiums, and claims. An excess coverage insurance policy covers each individual's pooled claims in excess of \$200,000. The Authority has no claims payable as of June 30, 2013.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2013 (Continued)

Note 10—Commitments, Contingencies, and Other Information:

Under terms of a transportation contract, a rail carrier will haul waste for a predetermined transportation charge to be adjusted on an annual basis. The contract will expire June 30, 2018, and the Authority has the option to renew the contract for an additional five year period. Expenditures under this contract were approximately \$1,797,827 for the year ended June 30, 2013.

From time to time the Authority is involved in litigation in the normal course of operations. It is the opinion of the Authority's management that any adverse outcomes related to litigation would not have a material impact on the financial position or results of operations of the Authority as of and for the year ended June 30, 2013.

Note 11—Related Party Transactions:

The following table summarizes approximate tipping fees received and accounts receivable from charter members as of and for the year ended June 30, 2013:

	<u>Tipping Fees</u>		<u>Accounts Receivable</u>	
	<u>2013</u>		<u>2013</u>	
City of Roanoke	\$	2,012,758	\$	198,219
County of Roanoke		1,852,482		176,381
Town of Vinton		159,702		14,326
	\$	<u>4,024,942</u>	\$	<u>388,926</u>

Note 12—Arbitrage Rebate Compliance:

As of June 30, 2013 and for the year then ended, the Authority was not liable for any amounts due under current rules governing arbitrage earnings.

Required Supplementary Information

ROANOKE VALLEY RESOURCE AUTHORITY
SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFIT PENSION PLANS AND OPEB

Roanoke County Virginia Retirement System:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2010	\$ 144,126,613	\$ 183,533,577	\$ 39,406,964	78.53%	\$ 39,313,552	100.24%
June 30, 2011	147,601,240	192,861,101	45,259,861	76.53%	39,118,350	115.70%
June 30, 2012	147,632,836	199,363,060	51,730,224	74.05%	38,646,382	133.86%

Information reported above is for the entire retirement plan which includes Roanoke County and several other legally separate entities. The System does not segregate plan assets or liabilities for organizations, such as the Roanoke Valley Resource Authority, that participate through a host entity.

City of Roanoke Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2010	\$ 339,501,962	\$ 412,550,974	\$ 73,049,012	82.29%	\$ 73,345,609	99.60%
June 30, 2011	332,786,061	385,628,366	52,842,305	86.30%	71,940,995	73.45%
June 30, 2012	320,455,993	393,558,477	73,102,484	81.43%	68,602,221	106.56%

Information reported above is for the entire retirement plan which includes Roanoke City and several other legally separate entities. The System does not segregate plan assets or liabilities for organizations, such as the Roanoke Valley Resource Authority, that participate through a host entity.

OPEB Healthcare Plan:

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2009	\$ -	\$ 676,745	\$ 676,745	0.00%	\$ 1,134,024	59.68%
June 30, 2011	-	426,392	426,392	0.00%	1,215,681	35.07%
June 30, 2013	-	343,350	343,350	0.00%	1,276,475	26.90%

* Only two years of data available - valuations performed every two years.

STATISTICAL SECTION

Statistical Section

This part of the Roanoke Valley Resource Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

Financial Trends

Page

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. 41-42

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its operating revenue. 43-48

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. 49-50

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other authorities. 51-52

Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. 53-54

Table 1

Roanoke Valley Resource Authority
Net Position by Component
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net investment in capital assets	\$ 22,126,898	\$ 23,579,296	\$ 24,601,591	\$ 17,072,072	\$ 16,599,546	\$ 13,808,939	\$ 8,036,429	\$ 6,439,461	\$ 6,093,573	\$ 5,142,744
Restricted	-	-	1,091,000	5,560,294	5,571,982	6,650,882	7,324,665	7,345,801	6,704,684	7,541,827
Unrestricted	2,087,537	3,028,633	965,985	5,120,125	6,625,374	11,900,616	13,534,793	12,404,470	14,381,194	16,032,512
Total primary government net position	\$ 24,214,435	\$ 26,607,929	\$ 26,658,576	\$ 27,752,491	\$ 28,796,902	\$ 32,360,437	\$ 28,895,887	\$ 26,189,732	\$ 27,179,451	\$ 28,717,083

The Authority implemented provisions of GASB Statements 63 and 65 during the 2013 fiscal year, and applied all changes required thereof retroactively to statistical information, as necessary.

Source: RVRA audited financial statements

Table 2

Roanoke Valley Resource Authority
Changes in Net Position
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total		Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Position
				Non-Operating Revenues/ (Expenses)				
2013	\$ 7,890,905	\$ 10,327,241	\$ (2,436,336)	\$ 42,842	\$ (2,393,494)	\$ -	\$ -	(2,393,494)
2012	7,561,367	7,660,234	(98,867)	48,220	(50,647)	-	-	(50,647)
2011	7,677,198	8,514,962	(837,764)	(256,151)	(1,093,915)	-	-	(1,093,915)
2010	8,067,614	8,942,409	(874,795)	(169,616)	(1,044,411)	-	-	(1,044,411)
2009	7,872,891	11,364,306	(3,491,415)	(72,120)	(3,563,535)	-	-	(3,563,535)
2008	8,410,747	5,718,711	2,692,036	772,514	3,464,550	-	-	3,464,550
2007	8,614,653	6,662,857	1,951,796	754,359	2,706,155	-	-	2,706,155
2006	8,106,934	9,133,685	(1,026,751)	37,032	(989,719)	-	-	(989,719)
2005	7,430,153	8,612,658	(1,182,505)	(471,721)	(1,654,226)	-	-	(1,654,226)
2004	7,605,921	6,055,726	1,550,195	(846,716)	703,479	-	-	703,479

The Authority implemented provisions of GASB Statements 63 and 65 during the 2013 fiscal year, and applied all changes required thereof retroactively to statistical information, as necessary.

Source: RVRA audited financial statements

Table 3

Roanoke Valley Resource Authority
Operating Revenue by Source
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Fiscal Year	Municipal Revenue	Commercial Revenue	Private Revenue	Recycling Revenue	Residential Homeowner Revenue	Miscellaneous Revenue	Total Revenues
2013	\$ 4,061,632	\$ 2,050,320	\$ 1,351,256	\$ 41,062	\$ 386,635	\$ -	7,890,905
2012	3,885,701	1,876,495	1,204,215	47,524	397,427	150,005	7,561,367
2011	3,927,059	1,932,618	1,315,910	64,570	433,503	3,538	7,677,198
2010	4,080,939	2,108,682	1,376,333	64,307	436,117	1,236	8,067,614
2009	4,203,257	1,827,458	1,352,746	49,509	436,707	3,215	7,872,892
2008	4,253,118	1,994,092	1,689,071	19,376	433,874	21,216	8,410,747
2007	4,483,626	1,809,064	1,896,615	23,533	401,815	-	8,614,653
2006	4,518,632	1,383,426	1,767,759	29,682	407,435	-	8,106,934
2005	4,620,611	1,066,732	1,286,502	27,703	428,605	-	7,430,153
2004	4,510,233	1,316,849	1,324,002	30,738	424,099	-	7,605,921

Source: RVRA audited financial statements

Table 4

Roanoke Valley Resource Authority
Operating Expenses
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Salaries and Benefits	\$ 1,869,179	\$ 1,772,108	\$ 1,794,891	\$ 1,717,528	\$ 1,647,211	\$ 1,440,854	\$ 1,476,421	\$ 1,471,271	\$ 1,440,932	\$ 1,349,291
Landfill Closure and Postclosure	2,298,948	(164,307)	512,817	1,560,459	3,813,828	(924,452)	(108,390)	2,676,429	2,543,851	456,647
Other operating expenses	4,048,933	3,897,231	3,856,292	3,362,015	3,932,881	3,512,724	3,540,803	3,111,016	2,767,765	2,457,942
Depreciation	2,110,181	2,155,202	2,350,962	2,302,407	1,970,386	1,689,585	1,754,023	1,874,969	1,860,110	1,791,846
Total Operating Expenses	\$ 10,327,241	\$ 7,660,234	\$ 8,514,962	\$ 8,942,409	\$ 11,364,306	\$ 5,718,711	\$ 6,662,857	\$ 9,133,685	\$ 8,612,658	\$ 6,055,726

Source: RVRA audited financial statements

Table 5

Roanoke Valley Resource Authority
Non-Operating Revenues and Expenses
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)

Fiscal Year	Interest Revenue	Net increase (Decrease) In Fair Value of Investments	Gain on Sale of Assets	Interest and Fiscal Charges	Other (Expenses) Revenue	Total Non-Operating Income (Expenses)
2013	\$ 42,842	\$ -	\$ -	\$ -	\$ -	42,842
2012	48,220	-	-	-	-	48,220
2011	95,016	(1,532)	5,270	(354,905)	-	(256,151)
2010	233,266	(11,490)	68,980	(460,372)	-	(169,616)
2009	530,440	(15,003)	-	(587,557)	-	(72,120)
2008	1,256,134	44,604	174,103	(702,327)	-	772,514
2007	1,511,986	40,264	23,102	(820,993)	-	754,359
2006	1,024,550	(86,632)	-	(905,515)	4,629	37,032
2005	564,503	(87,075)	-	(1,002,011)	52,862	(471,721)
2004	508,819	(216,773)	-	(1,128,380)	(10,382)	(846,716)

Source: RVRA audited financial statements

Table 6

**Roanoke Valley Resource Authority
Annual Tonnage Received
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)**

Fiscal Year	Municipal Tonnage	Commercial Tonnage	Private Tonnage	Residential Tonnage	Total Tonnage
2013	92,824	37,399	24,508	10,076	164,807
2012	87,373	34,518	21,142	9,473	152,506
2011	88,183	35,312	23,592	8,796	155,883
2010	91,473	38,637	24,687	9,119	163,916
2009	92,935	34,294	25,649	9,579	162,457
2008	98,386	34,824	31,158	9,114	173,482
2007	99,980	34,114	42,215	8,550	184,859
2006	101,563	26,543	33,330	8,448	169,884
2005	101,958	19,660	25,204	9,122	155,944
2004	102,490	22,990	24,526	9,226	159,232

Source: RVRA reports provided by staff

Table 7

**Roanoke Valley Resource Authority
Principal Customers
(unaudited)
(accrual basis of accounting)**

	FY 2013		FY 2004	
	<u>Revenue Amount</u>	<u>Percentage of Total</u>	<u>Revenue Amount</u>	<u>Percentage of Total</u>
Roanoke City	\$ 2,028,232	25.70%	\$ 2,381,314	31.31%
Roanoke County	1,873,053	23.74%	1,921,265	25.26%
Town of Vinton	<u>160,347</u>	<u>2.03%</u>	<u>180,382</u>	<u>2.37%</u>
Subtotal 3 largest	4,061,632	51.47%	4,482,961	58.94%
Balance From other Customers	<u>3,829,273</u>	<u>48.53%</u>	<u>3,122,960</u>	<u>41.06%</u>
Grand Totals	<u>\$ 7,890,905</u>	<u>100.00%</u>	<u>\$ 7,605,921</u>	<u>100.00%</u>

Source: RVRA reports provided by staff

Table 8

**Roanoke Valley Resource Authority
Disposal Fees Per Ton
Last Ten Fiscal Years
(unaudited)
(accrual basis of accounting)**

Fiscal Year		Municipal Rate		Commercial Rate		Private Rate		Residential Rate
2013	\$	47.00	\$	57.00	\$	57.00	\$	47.00
2012		45.00		55.00		55.00		45.00
2011		45.00		55.00		55.00		45.00
2010		45.00		55.00		55.00		45.00
2009		45.00		55.00		55.00		45.00
2008		45.00		55.00		55.00		45.00
2007		45.00		55.00		55.00		45.00
2006		45.00		55.00		55.00		45.00
2005		45.00		55.00		55.00		45.00
2004		42.00		55.00		55.00		42.00

Source: RVRA Budget Book

Table 9

Roanoke Valley Resource Authority
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Roanoke County			Roanoke City			Vinton		
	Revenue Bonds	Per Capita	As a Share of Personal Income	Per Capita	As a Share of Personal Income	Percentage Per Capita	Percentage Per Capita	As a Share Of Personal Income	As a Share Of Personal Income
2004	\$ 19,634,346	\$ 222	0.51%	\$ 212	0.79%	\$	2,524	0.51%	0.51%
2005	17,891,936	200	0.45%	194	0.70%		2,300	0.45%	0.45%
2006	16,055,537	179	0.40%	172	0.60%		2,064	0.40%	0.40%
2007	14,130,701	157	0.35%	154	0.47%		1,788	0.35%	0.35%
2008	12,100,357	134	0.29%	131	0.39%		1,539	0.29%	0.29%
2009	9,952,124	111	0.24%	108	0.32%		1,279	0.24%	0.24%
2010	7,675,145	85	0.16%	84	0.21%		976	0.16%	0.16%
2011	-	-	0.00%	-	0.00%		-	0.00%	0.00%
2012	-	-	0.00%	-	0.00%		-	0.00%	0.00%
2013	-	-	0.00%	-	0.00%		-	0.00%	0.00%

Source: Comprehensive Annual Financial Reports from Roanoke County, Roanoke City and Vinton
Population and Personal Income data from the Bureau of Economic Analysis
Audited financial statements Roanoke Valley Resource Authority

Note: The Authority did not have any revenue bonds outstanding as of June 30, 2011 and for any subsequent periods.

Table 10

Roanoke Valley Resource Authority
Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenues	Investment Income	Miscellaneous Income	Transfer from Reserves	Gross Revenues	Less: Operating Expenses (excluding depreciation)	Debt Service				Net Available Revenues
							Principal	Interest	Total Debt Service	110% Debt Service	
2004	\$ 7,605,921	\$ 246,184	\$ 12,319	\$ 876,329	\$ 8,740,753	\$ 3,782,233	\$ 1,835,000	\$ 939,244	\$ 2,774,244	\$ 3,051,668	\$ 1,906,852
2005	7,430,153	285,864	52,862	875,310	8,644,189	4,208,697	1,920,000	847,526	2,767,526	3,044,279	1,391,213
2006	8,106,934	1,024,550	4,629	860,855	9,996,968	4,582,287	2,000,000	771,125	2,771,125	3,048,238	2,366,444
2007	8,614,653	1,511,986	23,102	783,555	10,933,296	5,017,224	2,070,000	687,319	2,757,319	3,033,051	2,883,021
2008	8,389,531	1,256,134	195,319	926,499	10,767,483	4,943,288	2,155,000	600,504	2,755,504	3,031,054	2,793,141
2009	7,820,167	530,440	52,724	892,020	9,295,351	5,580,092	2,250,000	509,940	2,759,940	3,035,934	679,325
2010	8,067,614	233,266	68,980	1,982,603	10,352,463	6,640,002	2,355,000	409,146	2,764,146	3,040,561	671,900
2011	7,673,660	95,016	8,808	9,784,603	17,562,087	6,164,000	7,775,000	352,604	8,127,604	8,940,364	2,457,723
2012*	7,411,362	48,220	150,005	-	7,609,587	5,505,032	-	-	-	-	2,104,555
2013*	7,890,905	42,842	-	-	7,933,747	8,217,060	-	-	-	-	(283,313)

Note: The revenue covenant is 110% of the senior debt service and 100% of the total outlays for the fiscal year.

*The Authority fully defeased their debt during the fiscal year ending June 30, 2011 and as such the revenue covenant does not apply to subsequent periods.

Source: RVRA financial and budget records.

Table 11

Roanoke Valley Resource Authority
Demographic Information
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Roanoke County				Roanoke City			
	Population	Personal Income *	Per Capita Income	Unemployment Rate	Population	Personal Income	Per Capita Income	Unemployment Rate
2004	88,600	\$ 3,844,855,000	\$ 34,296	2.7%	92,900	\$ 2,900,194,000	\$ 31,370	4.0%
2005	89,469	3,955,970,000	34,823	3.1%	92,671	2,975,832,000	32,169	3.7%
2006	90,482	4,128,137,000	35,978	2.8%	92,994	3,118,622,000	33,090	3.3%
2007	90,902	4,303,761,000	37,324	2.6%	93,048	3,443,232,000	36,277	3.2%
2008	90,420	4,750,916,000	41,019	2.8%	93,734	3,667,342,000	38,276	3.9%
2009	90,867	4,561,791,000	39,315	4.6%	94,482	3,600,438,000	37,108	7.7%
2010	91,011	4,672,291,000	39,315	6.3%	97,032	3,691,187,000	38,110	7.4%
2011	92,376	4,789,030,000	40,688	5.7%	97,206	3,889,328,000	40,215	6.9%
2012	92,687	4,789,030,000	40,688	5.6%	97,206	3,889,328,000	40,215	6.5%
2013	93,256	4,789,030,000	40,688	5.8%	98,641	3,889,328,000	40,215	5.9%

Vinton

Fiscal Year	Vinton			
	Population	Personal Income	Per Capita Income	Unemployment Rate
2004	7,782	\$ 3,844,855,000	\$ 34,296	2.7%
2005	7,782	3,955,970,000	34,823	3.1%
2006	7,782	4,128,137,000	35,978	2.8%
2007	7,922	4,303,761,000	37,324	2.6%
2008	7,905	4,750,916,000	41,019	2.8%
2009	7,876	4,561,791,000	39,315	4.6%
2010	7,814	4,672,291,000	39,315	6.3%
2011	8,098	4,789,030,000	40,688	5.7%
2012	8,130	4,789,030,000	40,688	5.8%
2013	8,092	4,789,030,000	40,688	5.9%

Source: Comprehensive Annual Financial Reports from Roanoke County, Roanoke City and Vinton
Population and Personal Income data from the Bureau of Economic Analysis

* includes Salem, VA

Table 12

Roanoke Valley Resource Authority
Principal Employers
(unaudited)
Fiscal Years 2013 and 2004

	2013			2004		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Roanoke County Schools	1	Local Govt.	1,000+	2	Local Govt.	1,000+
ITT Exelis	2	Private	1,000+	7	Private	1,000+
Wells Fargo Operations Center (Wachovia division)	3	Private	1,000+	-	-	-
County of Roanoke	4	Local Govt.	1,000+	9	Local Govt.	1,000+
Allstate Insurance Company	5	Private	500-999	5	Private	1,000+
Friendship Manor	6	Private	500-999	-	-	-
Richfield Nursing Center	7	Private	500-999	-	-	-
Kroger	8	Private	500-999	4	Private	1,000+
Walmart	9	Private	250-499	-	-	-
Berkshire Health Care Center	10	Private	250-499	-	-	-
Hollins University	-	-	-	-	-	-
Carilion Health System	-	-	-	1	Private	1,000+
Wachovia (now Wells Fargo)	-	-	-	3	Private	1,000+
Home Shopping Network	-	-	-	8	Private	1,000+
Manpower International	-	-	-	6	Private	500-999
Medical Facilities of America, Inc.	-	-	-	10	Private	500-999

Source: Roanoke County Economic Development Department

Table 13

Roanoke Valley Resource Authority
Number of Employees by Identifiable Activity
Last Ten Fiscal Years
(unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fiscal Year										
Administration										
General Management	3	3	3	3	3	2	2	2	2	2
Finance	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	2	2	2	3	3	3	3
Administrative Secretary	1	1	2	-	-	-	-	-	-	-
Operating										
Supervisors	2	2	2	2	2	2	2	3	3	3
Scale Operators	1	1	1	2	2	2	2	2	2	2
Equipment Operators	17	17	16	14	14	15	15	14	14	15
Building and General Maintenance	1	1	1	1	1	1	1	1	1	1
Equipment Mechanic	1	1	1	1	1	1	2	2	2	2
Laborer	0	0	1	3	3	2	2	2	2	2
Total Employees	28	28	29	29	29	28	30	30	30	31

Source: RVRA Budget Book

Table 14

Roanoke Valley Resource Authority
Operating and Capital Indicators
Last Ten Fiscal Years
(Unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Waste Received in tons	164,807	152,506	155,883	163,917	162,457	173,482	184,858	169,884	155,944	159,232
Materials Recycled in tons (equals total above)										
Wood	18,720	11,837	10,551	11,294	11,899	15,031	13,743	14,392	13,831	15,352
Metal	170	228	314	416	408	469	613	776	924	1,288
Tires	238	256	252	405	780	807	743	789	643	747
Other (batteries, cardboard, glass, newspapers)	27	44	2	39	1,877	21	14,983	4,131	65	58
Landfilled	145,652	140,141	144,764	151,763	147,494	157,154	154,776	149,796	140,481	141,787
Percent Recycled	11.62%	8.11%	7.13%	7.41%	9.21%	9.41%	16.27%	11.82%	9.92%	10.96%
Residential Waste Disposal										
Tonnage	10,076	9,472	8,796	9,119	9,579	9,114	8,550	8,448	9,122	9,226
Tires (Count)	1,451	1,893	1,667	1,801	1,521	1,571	619	533	575	768
Transactions	40,600	37,284	35,157	36,850	38,493	38,599	37,385	39,086	40,787	41,137
Disposal Fees	\$ 386,633	\$ 398,057	\$ 432,871	\$ 436,144	\$ 436,929	\$ 429,668	\$ 406,253	\$ 401,334	\$ 427,429	\$ 426,939
Disposal Fees										
Municipal Rate	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Commercial Rate	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55
Private Rate	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55
Residential Rate	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Wood Waste Rate	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
Railcar Waste Transported in tons										
Railcars	2,231	2,142	2,216	2,409	2,469	2,719	2,747	2,593	2,280	2,262
Tonnage	145,448	139,066	144,428	151,911	147,980	157,783	155,594	150,558	141,532	141,969
Average	65.19	64.92	65.18	63.06	59.94	58.03	56.64	58.06	62.08	62.76
Shipping Cost	\$ 1,797,827	\$ 1,857,047	\$ 1,687,991	\$ 1,606,684	\$ 2,000,222	\$ 1,777,545	\$ 1,793,728	\$ 1,619,525	\$ 1,303,801	\$ 996,867
Capital Indicators										
Number of Permitted Sites	3	3	3	3	3	3	3	3	3	3
Number of Open Permitted Sites	2	2	2	2	2	2	2	2	2	2
Number of Collection sites	2	2	2	2	2	2	2	2	2	2

Source: Roanoke Valley Resource Authority records

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To the Members of the Board
Roanoke Valley Resource Authority
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia the financial statements of the business-type activities of the Roanoke Valley Resource Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Roanoke Valley Resource Authority's basic financial statements, and have issued our report thereon dated September 4, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2013-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roanoke Valley Resource Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

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

Roanoke Valley Resource Authority's Response to Findings

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

Purpose of this Report

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

Robinson, Turner, Cox Associates

Blacksburg, Virginia
September 4, 2013

Roanoke Valley Resource Authority

Schedule of Findings and Responses
Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Section II - Financial Statement Findings

2013-1

Condition: The Authority lacks proper segregation of duties over billing and collections.

Criteria: A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.

Cause: The Authority's limited staff does not allow them to properly segregate duties.

Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Management's

Response: Limited staff has precluded the Roanoke Valley Resource Authority from segregating key duties related to billings and collections. Currently, the Authority does not plan on hiring additional personnel to address the aforementioned condition as same is not considered cost-effective.