

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report Year Ended June 30, 2015



TINKER CREEK TRANSFER STATION

Roanoke, Virginia

**ROANOKE VALLEY RESOURCE AUTHORITY
ROANOKE, VIRGINIA**

**Comprehensive Annual Financial Report
For The Year Ended June 30, 2015**

Prepared by:

Roanoke County Finance Department

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report
For The Year Ended June 30, 2015

Table of Contents

	Page
<u>Introductory Section</u>	
Letter of Transmittal	1-5
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Appointed Officials	8
<u>Financial Section</u>	
Independent Auditors' Report	9-10
Management's Discussion and Analysis	11-15
<u>Basic Financial Statements</u>	
Exhibit 1 Statement of Net Position	16-17
Exhibit 2 Statement of Revenues, Expenses, and Changes in Net Position	18
Exhibit 3 Statement of Cash Flows	19
Notes to the Basic Financial Statements	20-54
<u>Required Supplementary Information</u>	
Schedule of OPEB Funding Progress	55
Schedule of the Authority's Proportionate Share of the Net Pension Liability	56
Schedule of Pension Contribution Requirements	57
Notes to Required Supplementary Information	58
<u>Statistical Section</u>	
Table 1 Net Position by Component - Last Ten Fiscal Years	59
Table 2 Changes in Net Position - Last Ten Fiscal Years	60
Table 3 Operating Revenue by Source - Last Ten Fiscal Years	61

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report
For The Year Ended June 30, 2015

Table of Contents

<u>Statistical Section (continued)</u>	<u>Page</u>
Table 4 Operating Expenses - Last Ten Fiscal Years	62
Table 5 Nonoperating Revenues and Expenses - Last Ten Fiscal Years	63
Table 6 Annual Tonnage Received - Last Ten Fiscal Years	64
Table 7 Principal Customers	65
Table 8 Disposal Fees Per Ton - Last Ten Fiscal Years	66
Table 9 Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	67
Table 10 Pledged Revenue Coverage - Last Ten Fiscal Years	68
Table 11 Demographic Information - Last Ten Fiscal Years	69
Table 12 Principal Employers	70
Table 13 Number of Employees by Identifiable Activity - Last Ten Fiscal Years	71
Table 14 Operating and Capital Indicators - Last Ten Fiscal Years	72
<u>Compliance Section</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73-74
Schedule of Findings and Responses	75

INTRODUCTORY SECTION



ROANOKE VALLEY RESOURCE AUTHORITY

October 19, 2015

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, 2015. 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, 2015. 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 2015, the City's estimated population is 98,913 the County's estimated population is 93,569 and the Town's population is estimated to be 8,151.

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 2015

- 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 reserve 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 phases 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 2017 and possibly 2018. 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. The Authority, in conjunction with its professional engineering consultant, presented an innovative closure design to the VDEQ for consideration as a Research Design and Development (RDD) project utilizing 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. The Authority anticipates receiving final VDEQ approval and initiation of closure construction in FY 2016 with completion of these portions in FY 2017.
- 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 at this time, 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 (CARs) 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. In FY 2015, the Authority received third party validation for approximately 93,000 tons of CO₂e emission credits which were sold, after expenses, for approximately \$106,000. The Authority anticipates selling some or all of its ongoing and newly validated credits in FY 2016 and thereafter, creating a new temporary annual revenue stream, albeit in projected lesser amounts. This new revenue stream is projected to last for approximately 5 years when regulations will ultimately disqualify the Authority from generating emission credits.

- Methane gas is generated as a natural byproduct of decomposing solid waste in an anaerobic environment such as exists at the Authority's Smith Gap Landfill. The methane gas is a natural gas which the Authority has endeavored to utilize in a beneficial manner. In FY 2014, the Authority awarded a contract to Ingenco Environmental to design, permit, construct, and operate a landfill gas to energy (LFGE) project. The project is expected to utilize the methane contained in landfill gas to generate electricity that will be sold commercially by Ingenco. The Authority will share in revenue proceeds once the system is operational. The Authority anticipates this project will be operational in FY 2017 which will create a new revenue stream.
- In FY 2014, the Authority completed a real estate transaction with the Virginia Department of Transportation for approximately two acres of property located at the Authority's Tinker Creek Transfer Station. Proceeds from the sale are being utilized by the Authority to construct a Residential Service Area (RSA) at the transfer station. The new RSA will remove residential traffic from the station's regular tipping floor which will greatly minimize the potential for accidents caused by the comingling of commercial & residential disposal vehicles. Additionally, removing the residential traffic from the tipping floor will expedite the ingress and egress of municipal and commercial vehicles which will result in operational savings for the Authority's members and customers. The Authority projects the RSA will be operational in CY 2015.

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, 2014. This was the seventh 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**

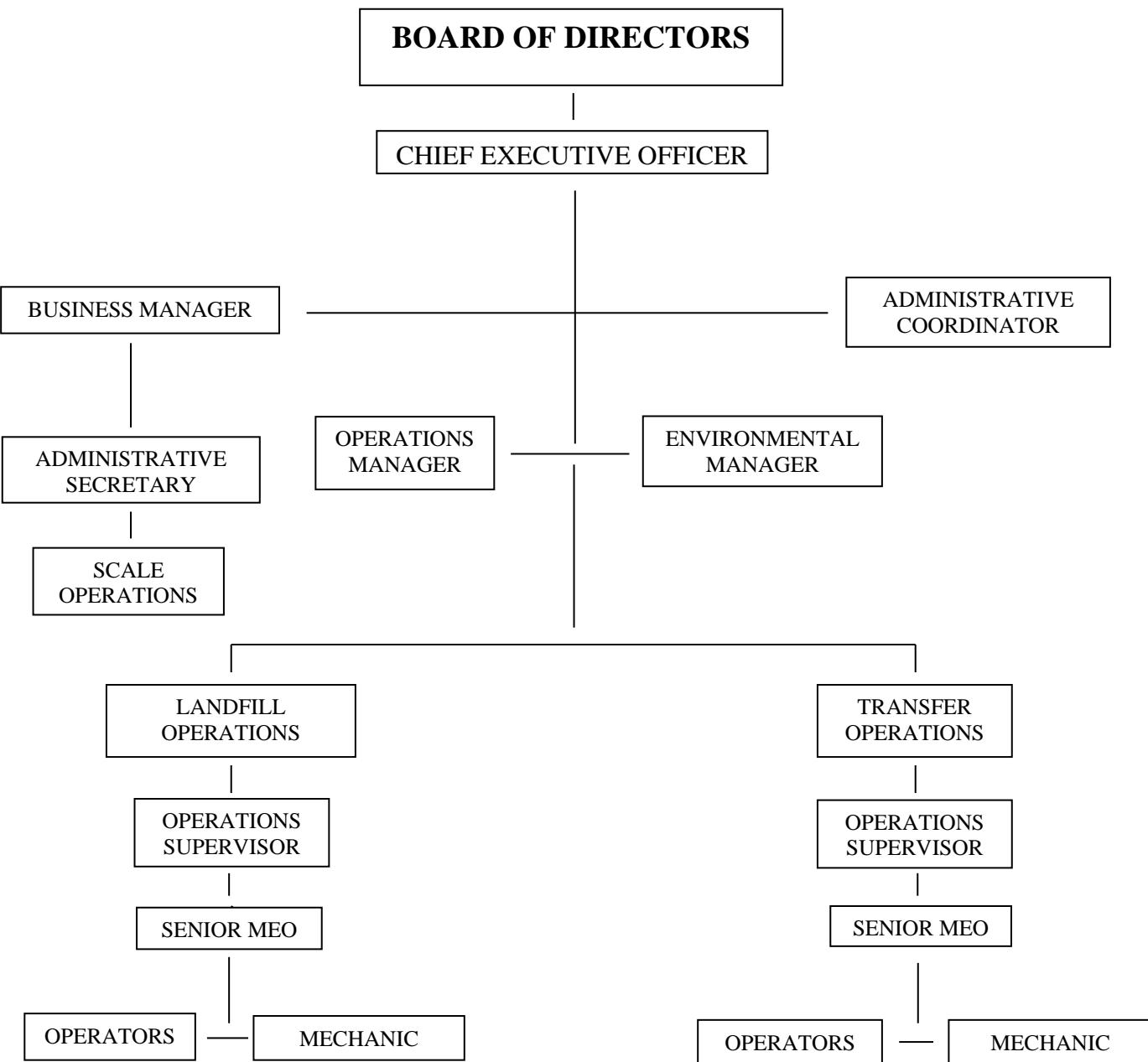
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink that reads "Jeffrey R. Emmer". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Emmer" on the bottom line.

Executive Director/CEO

**ROANOKE VALLEY RESOURCE AUTHORITY
ORGANIZATIONAL CHART**



ROANOKE VALLEY RESOURCE AUTHORITY

List of Appointed Officials For The Year Ended June 30, 2015

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

BOARD MEMBERS

Anne Marie Green, Chairman

Christopher S. Lawrence, Vice Chair

Rebecca E. Owens, MBA, Treasurer

Keith Garman

Michael B. Shockley

Dennis Nalley

James W. Harkness, Jr.

OFFICIALS

Chief Executive Officer
Operations Manager
Business Manager
Administrative Secretary
Administrative Coordinator
Environmental/Safety Manager
General Counsel

Daniel D. Miles, P.E.
Steven R. Barger, P.E.
Randall Remington
Ollie Tyree
Peggy Bishop
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, 2015, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Roanoke Valley Resource Authority, as of June 30, 2015, 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.

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2015, the Roanoke Valley Resource Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding progress on pages 11-15 and 55-58 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 October 16, 2015, 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, Fauner, Cox Associates

Blacksburg, Virginia
October 16, 2015

Roanoke Valley Resource Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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, 2015. 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 and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2015 by \$20,772,689 (Net Position). Of this amount, \$756,182 (unrestricted net position) may be used to meet the Authority's future obligations to citizens and creditors.
- During the year, the Authority's total revenues were \$951,617 less than the \$9,455,022 of expenses.
- The Authority had no outstanding debt at June 30, 2015.

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 net position; and unrestricted net position.
- The **Statement of Revenues, Expenses and Changes in Net Position** presents 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:

	FY 2015	FY 2014 (restated)*
Current and other assets	\$ 17,287,977	\$ 17,319,193
Capital assets, net	20,016,507	20,859,509
Total assets	37,304,484	38,178,702
Deferred outflows of resources	140,321	130,211
Current liabilities	1,882,862	807,572
Noncurrent liabilities	14,428,930	15,777,035
Total Liabilities	16,311,792	16,584,607
Deferred inflows of resources	360,324	-
Investment in capital assets	20,016,507	20,859,509
Unrestricted	756,182	864,797
Total net position	\$ 20,772,689	\$ 21,724,306

*Restated in accordance with GASB Statements 68 and 71

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 and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$20,772,689 at the close of fiscal year 2015. This is comparable to last year's Net Position of \$21,724,306 (as restated).

A portion of the Authority's Net Position, 96.4%, 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, 3.6%, 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 2015	FY 2014 (restated)*
Revenues		
Charges for services	\$ 8,434,037	\$ 8,125,576
Nonoperating Revenues:		
Interest income	69,368	46,812
Gain on sale of capital assets	-	312,156
Total revenues	<u>8,503,405</u>	<u>8,484,544</u>
Expenses		
Operating expense		
Salaries and benefits	(1,859,968)	(1,912,552)
Landfill closure costs	(222,415)	(1,217,034)
Other operating expenses	(5,164,825)	(4,436,385)
Depreciation	(2,207,814)	(2,114,173)
Total expenses	<u>(9,455,022)</u>	<u>(9,680,144)</u>
Change in net position	(951,617)	(1,195,600)
Total net position at beginning of year	<u>21,724,306</u>	<u>22,919,906</u>
Total net position at end of year	<u>\$ 20,772,689</u>	<u>\$ 21,724,306</u>

*Restated in accordance with GASB Statements 68 and 71

The Authority's total revenues increased over the prior year by 0.2% to \$8,503,405 due primarily to increased local economic activity. Excluding the onetime gain on sale of land in 2014, total revenues increased by 4.1%. Tipping fees were higher by 2.3% from the prior year. Interest income increased by 48.2% as a result of higher investment yields.

The expenses for all programs and services decreased by 2.3% in FY 2015. This reduction is due primarily to a large decrease in the expenditures related to the landfill closure costs which decreased by 81.72%.

Approximately 95.8% of the Authority's Fiscal Year 2015 revenue is from operating revenue consisting of tipping fees, and recycling income; 0.5% from non-operating revenue consisting of interest income. Operational expenses for FY 2015 account for 100% of total expenses as there was no interest expense.

Capital Assets

As of June 30, 2015, the Authority had invested \$20,016,507 net of accumulated depreciation, in a variety of capital assets including land, landfill development costs, buildings, and equipment. The Authority's additions to capital assets for the current year was \$1,364,812. This investment was composed of four wheel loaders, an excavator, a hydro seeder, and two mowers., and construction in progress included continuation of outlays for a planned residential service area (adjacent to the Tinker Creek transfer facility). This activity increased to a level of 145,532.

Additional information on the Authority's capital assets can be found in Note 3 in the notes to the basic financial statements on page 26. Capital assets net of accumulated depreciation are illustrated in the following table:

	FY 2015	FY 2014
Land	\$ 1,430,680	\$ 1,430,680
Landfill and Rail Access	36,770,591	36,770,591
Transfer Station	6,390,221	6,390,220
Equipment	10,610,903	10,535,696
Construction in progress	145,532	86,452
Subtotal	<hr/> 55,347,927	<hr/> 55,213,639
Accumulated depreciation	(35,331,420)	(34,354,130)
Totals	<hr/> \$ 20,016,507	<hr/> \$ 20,859,509

Long -Term Liabilities

At June 30, 2015, the Authority had no bonded debt issues outstanding. Additional information related to long - term liabilities can be found in Note 4, page 27 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, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 7,607,367
Investments (note 2)	920,466
Accounts receivable	781,983
Interest receivable	3,823
Inventory	<u>51,600</u>

Total current assets	\$ <u>9,365,239</u>
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Noncurrent assets:

Investments (note 2)	\$ 7,922,738
Non-depreciable capital assets (note 3)	1,576,212
Depreciable capital assets, net of accumulated depreciation (note 3)	<u>18,440,295</u>

Total noncurrent assets	\$ <u>27,939,245</u>
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Total assets	\$ <u>37,304,484</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension contributions subsequent to measurement date	\$ <u>140,321</u>
Total deferred outflows of resources	\$ <u>140,321</u>

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

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Net Position
June 30, 2015

LIABILITIES

Current liabilities:

Vouchers payable	\$ 117,778
Retainage payable	2,250
Accrued payroll	47,315
Compensated absences, current portion (note 4)	79,734
Accrued landfill closure, current portion (note 7)	<u>1,635,785</u>
 Total current liabilities	\$ <u>1,882,862</u>

Noncurrent liabilities:

Compensated absences, net of current portion (note 4)	\$ 97,625
Net OPEB obligation	107,429
Net pension liability	1,038,325
Accrued landfill closure, net of current portion (note 7)	<u>13,185,551</u>
 Total noncurrent liabilities	\$ <u>14,428,930</u>

Total liabilities	\$ <u>16,311,792</u>
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DEFERRED INFLOWS OF RESOURCES

Items related to measurement of net pension liability	\$ <u>360,324</u>
Total deferred inflows of resources	\$ <u>360,324</u>

NET POSITION

Investment in capital assets	\$ 20,016,507
Unrestricted	<u>756,182</u>
 Total net position	\$ <u>20,772,689</u>

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, 2015

OPERATING REVENUES

Tipping fees	\$ 8,259,948
Recycling revenue	33,491
Miscellaneous fees	140,598
Total operating revenues	<u>8,434,037</u>

OPERATING EXPENSES

Salaries and benefits	\$ 1,859,968
Landfill closure and post closure costs (note 7)	222,415
Other operating expenses	5,164,825
Depreciation	2,207,814
Total operating expenses	<u>9,455,022</u>
Operating income (loss)	<u>(1,020,985)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 69,368
Total nonoperating revenues (expenses)	<u>69,368</u>
Change in net position	<u>(951,617)</u>
Total net position, beginning of year, as restated	<u>21,724,306</u>
Total net position, end of year	<u>20,772,689</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, 2015

Cash Flows from Operating Activities

Receipts from customers	\$ 8,255,765
Payments to suppliers	(5,264,999)
Payments to employees	(1,866,553)
Net cash provided by (used for) operating activities	<u><u>\$ 1,124,213</u></u>

Cash Flows from Capital and Related Financing Activities

Purchase and construction of capital assets	\$ (1,362,562)
Net cash provided by (used for) capital and related financing activities	<u><u>\$ (1,362,562)</u></u>

Cash Flows from Investing Activities

Interest income	\$ 73,072
Sale of investments	369,536
Net cash provided by (used for) investing activities	<u><u>\$ 442,608</u></u>

Net increase (decrease) in cash and cash equivalents	\$ 204,259
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Cash and cash equivalents at the beginning of the year	\$ 7,403,108
Cash and cash equivalents at the end of the year	<u><u>\$ 7,607,367</u></u>

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

Operating income (loss)	\$ (1,020,985)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities:	
Depreciation	2,207,814
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:	
Accounts receivable	(178,272)
Inventory	40,507
Deferred outflows of resources	(10,110)
Vouchers payable	(140,681)
Accrued payroll	10,932
Compensated absences	12,680
Landfill closure liability	222,415
Net OPEB obligation	6,004
Net pension liability	(386,415)
Deferred inflows of resources	360,324
Net cash provided by (used for) operating activities	<u><u>\$ 1,124,213</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, 2015

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 financial 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 Roanoke Valley Resource Authority's deferred outflow of resources is comprised of contributions to the pension plans made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, please refer to the pension note.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

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

C. Deferred Outflows/Inflows or Resources: (Continued)

In addition to liabilities, the statement of financial 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. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, please refer to the pension note.

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
 - Schedules 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.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

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

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.

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, 2015

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 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 postclosure 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 postclosure 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 postclosure 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, 2015

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

R. 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.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Roanoke Valley Resource Authority's Retirement Plans and the additions to/deductions from the Roanoke Valley Resource Authority's Retirement Plans' net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS) and the City of Roanoke Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015, the carrying value of the Authority's deposits with banks and savings institutions was \$7,607,367. 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.

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.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 2—Deposits and Investments: (Continued)

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, 2015 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, 2015 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	\$ <u>8,843,204</u>
Total	\$ <u>8,843,204</u>

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.

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 2—Deposits and Investments: (Continued)

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	\$ 8,843,204	\$ 920,466	\$ 7,922,738
Totals	\$ 8,843,204	\$ 920,466	\$ 7,922,738

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.

Note 3—Capital Assets:

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 1,430,680	\$ -	\$ -	\$ 1,430,680
Construction in Progress	86,453	59,079	-	145,532
Total capital assets not being depreciated	\$ 1,517,133	\$ 59,079	\$ -	\$ 1,576,212
Capital assets being depreciated:				
Landfill and Rail Access	\$ 36,770,591	\$ -	\$ -	\$ 36,770,591
Transfer Station (Building and Structure)	6,390,221	-	-	6,390,221
Equipment	10,535,694	1,305,733	1,230,524	10,610,903
Total capital assets being depreciated	\$ 53,696,506	\$ 1,305,733	\$ 1,230,524	\$ 53,771,715
Accumulated depreciation:				
Landfill and Rail Access	\$ 22,502,946	\$ 1,235,702	\$ -	\$ 23,738,648
Transfer Station (Building and Structure)	4,165,419	158,914	-	4,324,333
Equipment	7,685,765	813,198	1,230,524	7,268,439
Total accumulated depreciation	\$ 34,354,130	\$ 2,207,814	\$ 1,230,524	\$ 35,331,420
Total capital assets being depreciated, net	\$ 19,342,376	\$ (902,081)	\$ -	\$ 18,440,295
Total capital assets, net	\$ 20,859,509	\$ (843,002)	\$ -	\$ 20,016,507

*Additions include retainage payable of \$2,250 at year end.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 4—Long-Term Liabilities:

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

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Compensated Absences	\$ 164,679	\$ 87,161	\$ 74,481	\$ 177,359	\$ 79,734
Accrued Landfill Closure and Postclosure (Note 7)	14,598,921	222,415	-	14,821,336	1,635,785
Net OPEB Obligation	101,425	29,599	23,595	107,429	-
Net Pension Liability	1,424,740	-	386,415	1,038,325	-
	\$ 16,289,765	\$ 339,175	\$ 484,491	\$ 16,144,449	\$ 1,715,519

All liabilities are liquidated by operating funds.

Details of the Authority's outstanding long-term liabilities at June 30, 2015 are as follows:

Liabilities	Due Within Total		One Year
Compensated Absences	\$ 177,359	\$ 79,734	
Accrued landfill closure and postclosure	14,821,336	1,635,785	
Net OPEB Obligation	107,429	-	
Net Pension Liability	1,038,325	-	
Total	\$ 16,144,449	\$ 1,715,519	

Note 5—Pension Plans:

Employees of the Roanoke Valley Resource Authority are eligible to participate in one of two pension plans: the Roanoke City Pension Plan or the Roanoke County Pension Plan. Upon creation of the Authority, employees that transferred from the City of Roanoke, Virginia were allowed to remain in the City's Pension Plan; however all other employees and new hires are required to participate in the Roanoke County Pension Plan as administered by the Virginia Retirement System (VRS). Both plans are cost sharing multiple employer plans.

The Roanoke County Pension Plan does not issue standalone financial statement; however the pension plan is included in the County of Roanoke, Virginia Comprehensive Annual Financial Report. That report, including required supplementary information, may 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.

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan

All full-time, salaried permanent employees of the Roanoke Valley Resource Authority, that do not participate in the City of Roanoke Pension Plan, are covered by the Roanoke County Pension Plan. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pays contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service.</p> <p>Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) Defined Contributions Component: (Cont.)</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit Defined Benefit Component: See definition under Plan 1</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility: Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p>Eligibility: Same as Plan 1 and Plan 2.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke County Plan (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the highest of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Contributions - Roanoke County Plan

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

The Roanoke Valley Resource Authority's contractually required contribution rate for the year ended June 30, 2015 was 13.9% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Roanoke Valley Resource Authority were \$132,238 and \$117,602 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability - Roanoke County Plan

At June 30, 2015, the Authority reported a liability of \$923,522 for its proportionate share of the net pension liability. The Roanoke Valley Resource Authority's net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. The Authority's proportionate share of same was calculated using the average creditable compensation for the 2013 and 2014 fiscal years as a basis for allocation. At June 30, 2014 and 2013, the Authority's proportion was 2.7738.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Actuarial Assumptions - Roanoke County Plan

The total pension liability for employees in the Roanoke Valley Resource Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest)

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Actuarial Assumptions - Roanoke County Plan (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Actuarial Assumptions - Roanoke County Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 5—Pension Plans: (Continued)

Actuarial Assumptions - Roanoke County Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Roanoke Valley Resource Authority Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Plan Description - Roanoke City Plan

Former City employees of the Authority participate in the City of Roanoke, Virginia Pension Plan. 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 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.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Description - Roanoke City Plan (Continued)

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 36 consecutive months of credited service rendering the highest average. Employees with 5 years of credited 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.

Employees hired on or after July 1, 2014 participate in a new ESRS tier of benefits. These employees who have attained age 55 with age plus service equal to 85 and police officers and firefighters who have attained age 50 with age plus service equal to 75, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.0 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 60 consecutive months of credited service rendering the highest average. Employees with 15 years of credited 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. The Hybrid Plan includes the same new eligibility provisions and 1.0 percent benefits multiplier and includes a defined contribution component that is funded with a 5.0 percent employee contribution. Employees direct the investment of their defined contribution fund and the Board does not have investment responsibility nor do they have custody of the assets in the plan.

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. This supplement was not available for those employees hired after June 30, 2013.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 5—Pension Plans: (Continued)

Plan Contributions - Roanoke City Plan

Employees hired after June 30, 2014 are required to contribute 5.00% of annual compensation. All other employees were not required to contribute 5.00% until July 1, 2015. Employer and employee contributions to the Pension Plan are based on a percentage of the annual compensation of the active members. The Commission's contribution rate (exclusive of the 5.00% employee contribution rate) for the fiscal year ended June 30, 2015 was 17.23% of annual covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Roanoke Valley Resource Authority were \$8,083 and \$12,608 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability - Roanoke City Plan

At June 30, 2015, the Authority reported a liability of \$114,803 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to projected contributions of all participants, as actuarially determined. At June 30, 2014, the Authority's proportion was 0.0978%, which was a decrease of 0.0119% from its proportion measured as of June 30, 2013.

Actuarial Assumptions - Roanoke City Plan

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, Including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial assumptions are based on the last experience study performed as of June 30, 2011 for the period July 1, 2007 through June 30, 2011. The Plan did not perform a 2014 actuarial experience study. City Code requires that the Plan have an experience study performed every 5 years. The experience study covers a 5 year period. The Plan has an actuarial valuation performed annually.

Discount rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

Actuarial Assumptions - Roanoke City Plan (Continued)

Investment Rate of Return - The long-term expected rate of return on pension plan investments was determined using projected long-term rates of returns developed for each asset class. The expected long-term rate of return for each asset class as weighted by the Investment Policy target asset allocation was used, to derive the overall expected rate of return for the portfolio. The following table reflected the long-term expected rate of return based upon the defined target allocation for each asset class as defined in the Statement of Investment Policy:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Equity			
Large Cap	34.00%	8.49%	2.89%
Mid Cap	7.00%	9.17%	0.64%
Small Cap	7.00%	9.24%	0.65%
Int. Developed Markets	18.00%	9.24%	1.66%
Emerging Markets	4.00%	11.50%	0.46%
Fixed Income			
Core	3.00%	4.35%	0.13%
Core Plus	5.00%	4.60%	0.23%
Long Duration	8.00%	5.18%	0.41%
Distressed Debt (high yield)	4.00%	6.75%	0.27%
Other Asset Classes			
Convertible Securities	4.00%	7.79%	0.31%
Real Estate	3.00%	6.67%	0.20%
Infrastructure	3.00%	7.97%	0.24%
Total	<u>100.00%</u>		<u>8.09%</u>

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 5—Pension Plans: (Continued)

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

The following presents the net pension liability of the Roanoke Valley Resource Authority using the discount rate of 7.00% for the Roanoke County Pension Plan and 7.75% for the Roanoke City Pension Plan, as well as what the Roanoke Valley Resource Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00% and 6.75%, respectively) or one percentage point higher (8.00% and 8.75%, respectively) than the current rates:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Roanoke County Pension Plan			
Net Pension Liability (Asset)	1,730,716	923,522	253,532
	(6.75%)	(7.75%)	(8.75%)
Roanoke City Pension Plan			
Net Pension Liability (Asset)	170,328	114,803	67,933

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

For the year ended June 30, 2015, the Roanoke Valley Resource Authority recognized pension expense of \$104,120. At June 30, 2015, the Roanoke Valley Resource Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and differences between contributions and proportionate share of same	\$ -	\$ 13,951
Net difference between projected and actual earnings on pension plan investments	-	346,373
Employer contributions subsequent to the measurement date	140,321	-
Total	\$ 140,321	\$ 360,324

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 5—Pension Plans: (Continued)

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

\$140,321 reported as deferred outflows of resources related to pensions resulting from the Roanoke Valley Resource Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>		
2016	\$	91,245
2017		91,245
2018		91,243
2019		86,591
Thereafter		-
Total	\$	<u>360,324</u>

Note 6—Other Postemployment 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.

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 30 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 2015 fiscal year:

Participants	KC 200 Plan		KC 1000 Plan	
	Monthly Premium	RVRA Contribution	Monthly Premium	RVRA Contribution
Employee	\$ 585.16	\$ 469.84	\$ 536.32	\$ 428.16
Employee / Spouse	1,157.56	703.14	1,053.00	619.80
Employee / One Minor	809.60	504.84	738.80	421.50
Family	1,348.58	820.32	1,225.48	736.98

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 6—Other Postemployment Benefits: (Continued)

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	\$ 31,921
Interest on net OPEB obligation	3,967
Adjustment to annual required contribution	(6,289)
Annual OPEB cost (expense)	<u>29,599</u>
Contributions made	(23,595)
Increase in net OPEB obligation	6,004
Net OPEB obligation - beginning of year	101,425
Net OPEB obligation - ending of year	<u>\$ 107,429</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
		Contributed	Net OPEB Obligation	
6/30/2013	\$ 45,756	19.23%	\$ 91,550	
6/30/2014	30,413	67.74%	101,425	
6/30/2015	29,599	79.72%	107,429	

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2015 (the year of the most recent actuarial valuation), was as follows:

Actuarial accrued liability (AAL)	\$ 304,939
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ (304,939)
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,326,850
UAAL as a percentage of covered payroll	-22.98%

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 6—Other Postemployment Benefits: (Continued)

D. Funded Status and Funding Progress

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.

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, 2015 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% (includes inflation at 2.5%)
Health Care Cost Trend Rate	7.5% graded to 5.00% over 6 years
Payroll growth	3.00%

The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2015, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 7—Accrued Landfill Closure:

The Authority currently has responsibility for closure and postclosure 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 38 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.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 7—Accrued Landfill Closure: (Continued)

Closure costs will be paid as closure occurs and postclosure 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 postclosure care costs as an operating expense in each period based on the landfill capacity of the existing cells used to date (90% of the constructed cells at June 30, 2015 for the Smith Gap landfill) and includes anticipated effects of changes in regulations and cost estimates. The total liability recorded at June 30, 2015, is \$14,821,336 and includes \$3,317,741 designated for the old landfill site; \$11,384,054 designated for the new Smith Gap landfill; and \$119,541 for the Tinker Creek Transfer station. Total closure and postclosure cost for all opened landfill cells is estimated at \$16,099,116, of which 92% has been recognized as noted above based on usage. As such, \$1,277,780 or 8.0% of the total estimated liability will be recognized in future periods as the usage percentage increases. For the year ending June 30, 2015, the Authority's liability for closure and postclosure care increased as a result of a change in estimated closure costs.

The Authority will periodically update these closure and postclosure 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 postclosure 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, postclosure care and corrective costs arising from the operations of such facilities. The Authority has demonstrated financial assurance requirements for closure and postclosure 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 8—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 \$1,864,514 for the year ended June 30, 2015.

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, 2015.

Note 9—Arbitrage Rebate Compliance:

As of June 30, 2015 and for the year then ended, the Authority was not liable for any amounts due under current rules governing arbitrage earnings.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 10—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 2014-15, the total premiums paid were \$34,344. 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, 2015 were \$6,714.

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, 2015.

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, 2015:

	<u>Tipping Fees</u>		<u>Accounts Receivable</u>	
	<u>2015</u>		<u>2015</u>	
City of Roanoke	\$ 1,946,447		\$ 188,107	
County of Roanoke	1,819,454		169,921	
Town of Vinton	162,461		13,756	
	\$ 3,928,362		\$ 371,784	

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2015

Note 12-Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68:*

The Roanoke Valley Resource Authority implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

Net Position, as reported at June 30, 2014	\$ 23,018,835
Implementation of GASB 68	<u>(1,294,529)</u>
Net Position, as restated at June 30, 2014	\$ <u>21,724,306</u>

Note 13—Upcoming Pronouncements:

The Government Accounting Standards Board (GASB) has issued statements below that are expected to have an impact on the Roanoke Valley Resource Authority's financial statements in future periods.

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2015

Note 13—Upcoming Pronouncements: (Continued)

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Required Supplementary Information

**Roanoke Valley Resource Authority
Schedule of OPEB Funding Progress
For the Year Ended June 30, 2015**

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%
June 30, 2015	-	304,939	304,939	0.00%	1,326,850	22.98%

Roanoke Valley Resource Authority
Schedule of the Authority's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2015

Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Actuarial Valuation Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Employee Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2014	2.77% \$ 923,522		\$ 951,353	97.07%	84.61%

Roanoke City, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the City of Roanoke, Va)

Actuarial Valuation Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Employee Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2014	9.78% \$ 114,803		\$ 46,912	244.72%	77.23%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Roanoke Valley Resource Authority
Schedule of Pension Contribution Requirements
For the Year Ended June 30, 2015

Roanoke County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Actuarial Valuation Date	Contractually Required Employer Contribution (1)	Contributions Recognized by the Pension Plan (2)	Difference in Contributions (1) - (2) (3)	Annual Covered Payroll (4)	Proportionate Share of Contrib. Recognized as a Percentage of Covered Payroll (2)/(4) (5)
2014	\$ 132,238	\$ 132,238	\$ -	\$ 951,353	13.90%

Roanoke City, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the City of Roanoke, Va)

Actuarial Valuation Date	Contractually Required Employer Contribution (1)	Contributions Recognized by the Pension Plan (2)	Difference in Contributions (1) - (2) (3)	Annual Covered Payroll (4)	Proportionate Share of Contrib. Recognized as a Percentage of Covered Payroll (2)/(4) (5)
2014	\$ 8,083	\$ 8,083	\$ -	\$ 46,912	17.23%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Roanoke Valley Resource Authority
Notes to Required Supplementary Pension Information
June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation for either retirement plan. For the Roanoke County Retirement Plan, a hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - For the Roanoke County Retirement Plan, the following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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

	<u>Page</u>
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	59-60

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its operating revenue.	61-66
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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.	67-68
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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.	69-70
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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.	71-72
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Table 1

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

	Fiscal Year					
	2015	2014	2013	2012	2011	2010
Net investment in capital assets						
Restricted	\$ 20,016,507	20,859,509	22,126,898	\$ 23,579,296	\$ 24,601,591	\$ 17,072,072
Unrestricted	756,182	-	2,159,326	-	1,091,000	5,560,294
Total primary government net position	\$ 20,772,689	\$ 23,018,835	\$ 24,214,425	\$ 26,607,929	\$ 26,658,576	\$ 27,752,491

Net investment in capital assets						
Restricted	\$ 20,016,507	20,859,509	22,126,898	\$ 23,579,296	\$ 24,601,591	\$ 17,072,072
Unrestricted	756,182	-	2,159,326	-	1,091,000	5,560,294
Total primary government net position	\$ 20,772,689	\$ 23,018,835	\$ 24,214,425	\$ 26,607,929	\$ 26,658,576	\$ 27,752,491

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.

The Authority implemented provisions of GASB Statement 68 during the 2015 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 68 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

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)				
2015	\$ 8,434,037	\$ 9,455,022	\$ (1,020,985)	\$ 69,368	\$ (951,617)	\$ -	\$ -	\$ (951,617)
2014	8,125,576	9,680,144	(1,554,568)	358,968	(1,195,600)	-	-	(1,195,600)
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)

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.

The Authority implemented provisions of GASB Statement 68 during the 2015 fiscal year and restated beginning net position accordingly. Information relative to GASB Statement 68 was not available for prior fiscal years and therefore provisions of this statement were not applied retroactively in this table.

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
2015	\$ 3,928,363	\$ 2,578,463	\$ 1,315,017	\$ 33,491	\$ 438,105	\$ 140,598	\$ 8,434,037
2014	3,962,910	2,221,222	1,499,014	39,970	390,324	12,136	8,125,576
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

Source: RVRA audited financial statement

Table 4

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

Source: RVRA audited financial statements

Table 5

Roanoke Valley Resource Authority
Nonoperating 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)
2015	\$ 69,368	-	\$ 312,156	-	-	\$ 69,368
2014	46,812	-	-	-	-	358,968
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

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
2015	82,865	44,417	22,916	8,541	158,739
2014	85,773	39,022	26,758	9,020	160,573
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

Source: RVRA reports provided by staff

Table 7

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

	FY 2015		FY 2006	
	Revenue Amount	Percentage of Total	Revenue Amount	Percentage of Total
Roanoke City	\$ 1,946,447	23.08%	\$ 2,379,741	29.34%
Roanoke County	1,819,454	21.57%	1,991,998	24.56%
Waste Management	895,687	10.62%	-	0.00%
Town of Vinton	<u>162,461</u>	1.93%	<u>188,876</u>	2.33%
Subtotal largest customers	4,824,049	57.20%	4,560,615	56.22%
Balance From other Customers	<u>3,609,988</u>	<u>42.80%</u>	<u>3,550,947</u>	<u>43.78%</u>
Grand Totals	<u><u>\$ 8,434,037</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 8,111,562</u></u>	<u><u>100.00%</u></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
2015	\$ 49.00	\$ 59.00	\$ 59.00	\$ 49.00
2014	48.00	58.00	58.00	48.00
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

Source: RVRA Budget Book

Table 9

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

Fiscal Year	Revenue Bonds	Roanoke County			Roanoke City			Vinton		
		As a Share of Personal Income		Per Capita	As a Share of Personal Income		Per Capita	As a Share of Personal Income		Per Capita
		-	0.00%	-	-	0.00%	-	-	0.00%	-
2015	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
2014	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
2013	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
2012	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
2011	-	-	0.00%	-	-	0.00%	-	-	0.00%	-
2010	7,675,145	85	0.16%	84	0.21%	976	0.16%	976	0.21%	976
2009	9,952,124	111	0.24%	108	0.32%	1,279	0.24%	1,279	0.32%	1,279
2008	12,100,357	134	0.29%	131	0.39%	1,539	0.29%	1,539	0.39%	1,539
2007	14,130,701	157	0.35%	154	0.47%	1,788	0.35%	1,788	0.47%	1,788
2006	16,055,537	179	0.40%	172	0.60%	2,064	0.40%	2,064	0.60%	2,064

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	Operating Expenses (excluding depreciation)			Debt Service			Less: Available Revenues
						Interest	Principal	Total Debt Service	110% Debt Service	Less:		
2015*	\$ 8,434,037	\$ 69,368	\$ -	\$ 8,503,405	\$ 7,247,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,256,197	
2014*	8,125,576	46,812	-	8,172,388	7,565,971	-	-	-	-	-	606,417	
2013*	7,890,905	42,842	-	7,933,747	8,217,060	-	-	-	-	-	(283,313)	
2012*	7,411,362	48,220	150,005	7,609,587	5,505,032	-	-	-	-	-	2,104,555	
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	
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	
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	
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	
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	
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	

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	Population	Roanoke County			Roanoke City		
		Personal Income *	Per Capita Income	Unemployment Rate	Population	Personal Income	Per Capita Income
2006	90,482	4,128,137,000	35,978	2.8%	92,994	3,147,681,000	33,398
2007	90,902	4,303,761,000	37,324	2.6%	93,048	3,477,315,000	36,636
2008	90,420	4,750,916,000	41,019	2.8%	93,734	3,645,705,000	38,050
2009	90,867	4,561,791,000	39,315	4.6%	94,482	3,636,678,000	37,483
2010	91,011	4,672,291,000	39,315	6.3%	97,032	3,711,143,000	38,347
2011	92,376	4,561,791,000	40,688	5.7%	97,206	4,879,361,000	40,148
2012	92,687	4,672,000,000	42,288	5.6%	97,206	4,031,570,000	41,363
2013	93,256	4,789,030,000	42,288	5.8%	98,641	4,031,570,000	41,363
2014	92,703	4,984,547,000	42,288	5.2%	98,913	4,031,570,000	41,363
2015	93,569	5,159,100,000	42,288	4.2%	99,320	4,031,570,000	41,363

Fiscal Year	Population	Vinton			Roanoke City		
		Personal Income	Per Capita Income	Unemployment Rate	Population	Personal Income	Per Capita Income
2006	7,782	4,128,137,000	35,978	2.8%	92,994	3,147,681,000	33,398
2007	7,922	4,303,761,000	37,324	2.6%	93,048	3,477,315,000	36,636
2008	7,905	4,750,916,000	41,019	2.8%	93,734	3,645,705,000	38,050
2009	7,876	4,561,791,000	39,315	4.6%	94,482	3,636,678,000	37,483
2010	7,814	4,672,291,000	39,315	6.3%	97,032	3,711,143,000	38,347
2011	8,098	4,561,791,000	39,315	5.7%	97,206	4,879,361,000	40,148
2012	8,130	4,672,000,000	39,866	5.7%	97,206	4,031,570,000	41,363
2013	8,092	4,789,030,000	40,688	5.9%	98,641	4,031,570,000	41,363
2014	8,151	4,984,547,000	42,288	5.5%	98,913	4,031,570,000	41,363
2015	8,151	5,159,100,000	43,418	4.5%	99,320	4,031,570,000	41,363

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 2015 and 2006

Employer	Rank	2015		2006	
		Number of Employees	Ownership	Rank	Ownership
		2000+	Local Govt.	2	Local Govt.
Roanoke County Schools	1				
Wells Fargo Operations Center (Wachovia division)	2	1,000+	Private	3	Private
County of Roanoke	3	500-999	Local Govt.	7	Local Govt.
Kroger	4	500-999	Private	4	Private
Richfield Recovery & Care Center	5	500-999	Private	-	-
Friendship Manor	6	500-999	Private	-	-
Allstate Insurance Company	7	500-999	Private	5	Private
Walmart	8	250-499	Private	-	-
Medeco	9	250-499	Private	-	-
Integrity Windows	10	250-499	Private	-	-
ITT Exelis	-	-		6	Private
Carilion Health System	-	-		1	Private
MW Manufacturers	-	-		8	Private
Medical Facilities of America, Inc.	-	-		9	Private
Home Shopping Network	-	-		10	Private

Source: Roanoke County Economic Development Department

Table 13

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

	Fiscal Year						
	2015	2014	2013	2012	2011	2010	2009
Administration							
General Management	3	3	3	3	3	3	2
Finance	1	1	1	1	1	1	2
Administrative Coordinator	1	1	1	1	1	2	1
Business Supervisor	1	1	1	1	2	-	-
Operating							
Supervisors	2	2	2	2	2	2	3
Scale Operators	1	1	1	1	2	2	2
Equipment Operators	18	16	17	17	16	14	14
Building and General Maintenance	1	1	1	1	1	1	1
Equipment Mechanic	1	1	1	1	1	1	2
Laborer	0	0	0	0	1	3	2
Total Employees	29	27	28	28	29	29	30

Source: RVRA Budget Book

Table 14

Roanoke Valley Resource Authority Operating and Capital Indicators Last Ten Fiscal Years (Unaudited)											
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Waste Received in tons	158,739	160,573	164,807	152,506	155,883	163,917	162,457	173,482	184,858	169,884	155,944
Materials Recycled in tons (equals total above)											
Wood	8,463	11,407	18,720	11,837	10,551	11,294	11,899	15,031	13,743	14,392	13,831
Metal	182	187	170	228	314	416	408	469	613	776	924
Tires	259	315	238	256	252	405	780	807	743	789	643
Other (batteries, cardboard, glass, newspapers)	40	47	27	44	2	39	1,877	21	14,983	4,131	65
Landfilled	149,795	148,617	145,652	140,411	144,764	151,763	147,494	157,154	154,776	149,796	140,481
Percent Recycled	5,63%	7,45%	11,62%	8,11%	7,13%	7,41%	9,21%	9,41%	16,27%	11,82%	9,92%
Residential Waste Disposal											
Tonnage	8,541	9,020	10,076	9,472	8,796	9,119	9,579	9,114	8,550	8,448	9,122
Tires (Count)	1,505	1,387	1,451	1,893	1,667	1,801	1,521	1,571	619	533	575
Transactions	\$ 34,500	\$ 36,441	\$ 40,600	\$ 37,284	\$ 35,157	\$ 36,850	\$ 38,493	\$ 38,599	\$ 37,385	\$ 39,086	\$ 40,787
Disposal Fees	\$ 438,101	\$ 390,324	\$ 386,633	\$ 398,057	\$ 432,871	\$ 436,144	\$ 436,929	\$ 429,668	\$ 406,253	\$ 401,334	\$ 427,429
Disposal Fees											
Municipal Rate	\$ 49	\$ 47	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Commercial Rate	\$ 59	\$ 57	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55
Private Rate	\$ 59	\$ 57	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55
Residential Rate	\$ 49	\$ 47	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Wood Waste Rate	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
Railcar Waste Transported in tons											
Railcars	2,172	2,258	2,231	2,142	2,216	2,409	2,469	2,719	2,747	2,593	2,280
Tonnage	148,908	146,309	145,448	139,066	144,428	151,911	147,980	157,783	155,594	150,558	141,532
Average	68.56	64.80	65.19	64.92	65.18	63.06	59.94	58.03	56.64	58.06	62.08
Shipping Cost	\$ 1,864,514	\$ 1,935,012	\$ 1,797,827	\$ 1,857,947	\$ 1,687,991	\$ 1,606,684	\$ 2,000,222	\$ 1,777,545	\$ 1,733,728	\$ 1,619,525	\$ 1,303,801
Capital Indicators											
Number of Permitted Sites	3	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	2
Number of Collection sites	2	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 AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the 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, 2015, 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 October 16, 2015.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2015-001 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.

Rohinson, Farmer, Cox Associates

Blacksburg, Virginia
October 16, 2015

Roanoke Valley Resource Authority

Schedule of Findings and Responses For the Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
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

2015-001

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 number of 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 number of 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.