

ROANOKE VALLEY RESOURCE AUTHORITY

ROANOKE, VIRGINIA

**Comprehensive Annual Financial Report
Year Ended June 30, 2012**

Prepared by:

Roanoke County Finance Department

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report
Year Ended June 30, 2012

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INTRODUCTORY SECTION



ROANOKE VALLEY RESOURCE AUTHORITY

October 4, 2012

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, 2012. 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, 2012. 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 2012, the City's estimated population is 97,206 the County's estimated population is 92,687 and the Town's population is estimated to be 8,098.

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 2012

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

- The Authority continues to maintain an account for a "Closure Fund" to cover future closure and post-closure obligations. This fund enables the Authority to qualify for Financial Assurance by using a "Corporate Financial Test," thereby eliminating the need for additional financial commitments from its member communities in the form of a "Local Government Financial Test" or the additional annual cost for a "Letter of Credit" assuring the closure obligations will be met. The Authority continues to maintain adequate funds (cash) to cover anticipated costs required for closure and post closure care of both the Smith Gap and Rutrough Road landfills.
- The Authority continues to maintain and own sufficient land to provide long-term disposal capacity for its members in excess of one hundred (100) years which is to be developed in phases or cells. The long-term disposal capacity provides the Authority with the flexibility it needs to properly evaluate emerging solid waste technologies and to allow sufficient timing to properly fund and to ultimately transition to one or more of these technologies if feasible.
- Since its inception, the Authority has developed five landfill cells in five construction phase's to-date. The most recent cell, Phase V, was completed April 2009 and was activated on August 5, 2011. Phase V is projected to provide additional disposal capacity through 2016. Other than the initial Phase I, all funding associated with the construction of Phases II-V has been cash-funded through an established and dedicated reserve account which continues to receive regular contributions from the Authority's tipping fees to cash-fund subsequent cell developments. The Authority anticipates this dedicated reserve account will be sufficiently funded such that Phase VI will also be cash-funded.
- Portions of the Smith Gap Landfill are nearing final construction grade and in accordance with the Authority's permit, are in the process of being closed. In FY 2009, the Authority's professional engineering contractor began developing the design plans required for a closure permit submittal to the VDEQ. The Authority, in conjunction with its professional engineering consultant, initially presented an innovative closure design to the VDEQ for consideration as a Research Design and Development (RDD) project. Ultimately, the RDD concept was replaced with a newly engineered geosynthetic capping system. If approved, the revised cap will prove less costly to construct than the prescriptive capping system, while providing a permanent, more stable construction that would also provide a high level of environmental protection. The proposed project, as planned and if approved, would be the first of its kind in the Commonwealth of Virginia and could serve as a model for subsequent cell closures at Smith Gap and throughout the State and remains under review by the VDEQ during FY 2012.
- As part of the original closure plan for the Smith Gap Landfill, the Authority installed an active gas collection and control system (GCCS) that began operations in April 2011. All funding for the closure plan, including the GCCS, is funded through an established reserve account which continues to receive regular contributions from tipping fees that will continue to fund subsequent cell closure costs. Although the Authority has no regulatory obligation to install and operate a GCCS, the Authority's GCCS is currently collecting and preventing the annual emissions of approximately 60,000 tons of carbon dioxide equivalent (CO₂e) to the atmosphere, thereby greatly reducing greenhouse gas emissions. The Authority is a registered member of the California Climate Action Registry which qualifies the Authority's destruction of greenhouse gases for emission credits which can be sold on the open market to help offset the initial cost of installing the GCCS.

- In 2010, the Authority began operating a permanent household hazardous waste (HHW) facility accepting latex paint, used motor oil, used anti-freeze, alkaline and lead-acid batteries, and aerosol cans during all regular operating hours. Additionally, the Authority conducts twelve monthly household hazardous waste collection events for the Authority's member communities accepting other hazardous materials not accepted during the regular working hours. In 2012, residential participation in the HHW program remained steady from the previous year, but total costs to manage the HHW program were reduced by more than \$20,000 annually. Since its inception, participation in the HHW program has increased by 125% (900 vs. 2,000 residents served) and costs have been reduced by 70% (\$100,000 vs. \$30,000).
- The Authority used approximately \$1.5M of its Contingency Reserve Fund to prepay and retire, in its entirety, the Authority's outstanding debt in March 2011 with the anticipation that most, if not all, of the Contingency Funds spent would be realized in 2012 while saving the Authority approximately \$129,000 in interest expense. The Authority ended 2012 with a surplus of approximately \$1.1M which is anticipated to help replenish the Contingency Fund. The Authority remained completely debt-free in 2012.

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, 2011. This was the fourth 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.

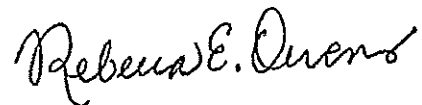
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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, 2011

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

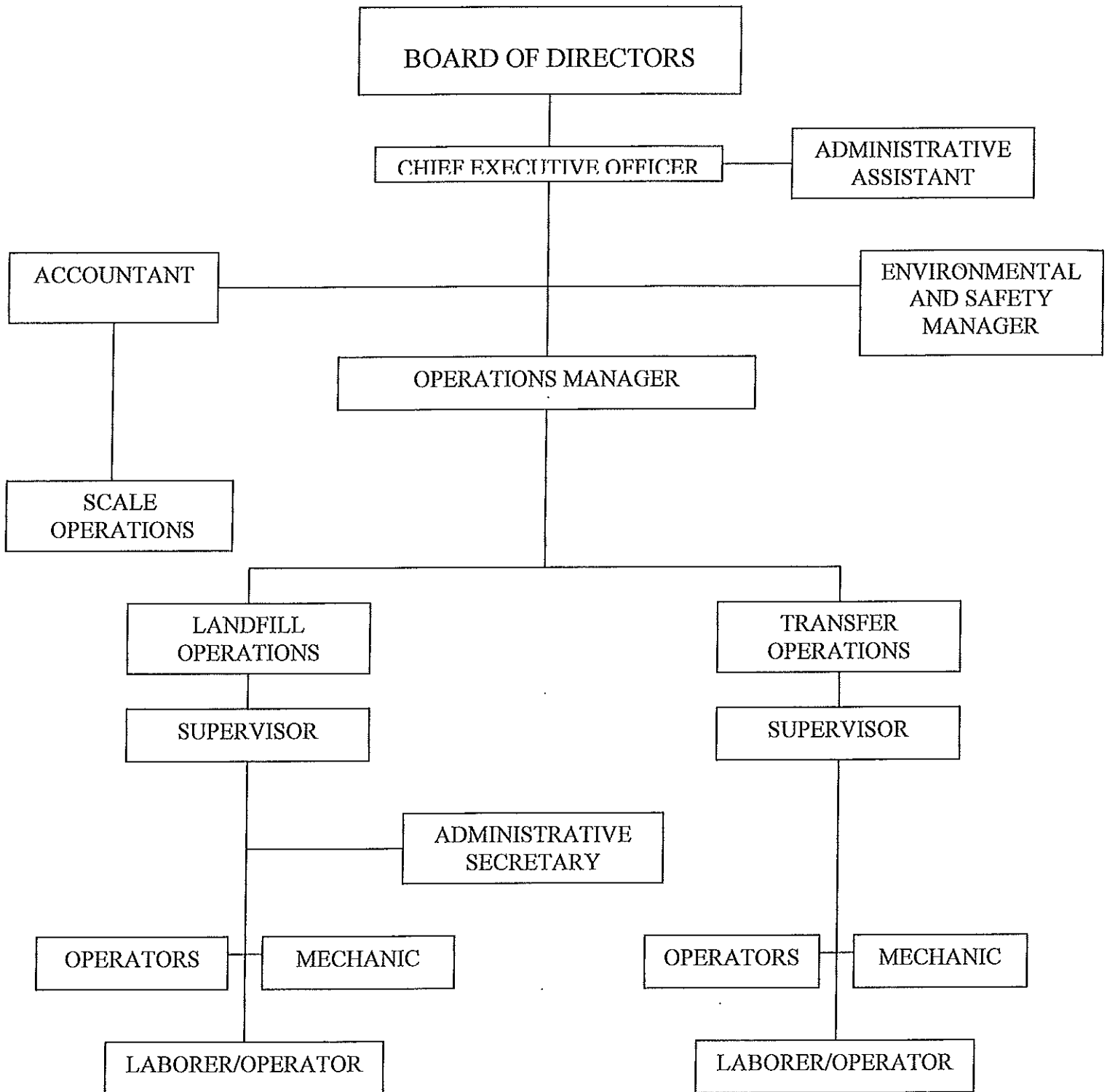


Linda C. Sandson

President

Jeffrey R. Emer

Executive Director



ROANOKE VALLEY RESOURCE AUTHORITY
ORGANIZATIONAL CHART

FINANCIAL SECTION

ROANOKE VALLEY RESOURCE AUTHORITY

Comprehensive Annual Financial Report
Year Ended June 30, 2012

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

BOARD MEMBERS

Anne Marie Green, Chairman

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

Rebecca E. Owens, MBA, Treasurer

Suzie D. Snyder

Christopher S. Lawrence

Keith D. Tensen

James W. Harkness, Jr.

OFFICIALS

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

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

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying statement of net assets of the Roanoke Valley Resource Authority as of June 30, 2012 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Roanoke Valley Resource Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Roanoke Valley Resource Authority as of June 30, 2012, and the changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012, 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* and should be considered in assessing the results of our audit.

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

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Roanoke Valley Resource Authority's financial statements as a whole. The introductory section, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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.

Robinson, Turner, & Associates

Blacksburg, Virginia
September 17, 2012

**Roanoke Valley Resource Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

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, 2012. The MD&A represents management's examination and analysis of the Authority's financial condition and performance and should be read in conjunction with the Authority's basic financial statements which immediately follow this section.

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

Financial Highlights

- The total assets of the Authority exceeded its liabilities as of June 30, 2012 by \$26,607,929 (net assets). Of this amount, \$3,028,633 (unrestricted net assets) may be used to meet the Authority's future obligations to citizens and creditors.
- During the year, the Authority's total revenues were \$50,647 less than the \$7,660,234 of expenses.
- The Authority paid off the 1998 refunding bonds early (June 2011) and had no outstanding debt at June 30, 2012.

Overview of the Basic Financial Statements

The Authority's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Fund Net Assets; 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 Assets** reports assets, liabilities and the difference between them. The entire equity section is combined to report total net assets and displayed in three broad components – invested in capital assets; restricted assets; and unrestricted assets.
- The **Statement of Revenues, Expenses and Changes in Fund Net Assets** present the results of the business activities over the course of the fiscal year and information about how the net assets 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 assets and changes that affected net assets during the fiscal year. The change in the Authority's net assets, the difference between assets and liabilities, is one way to measure the Authority's financial health, or financial position. Increases and decreases in net assets 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 Assets provides an analysis of the change in financial position from the previous fiscal year.

Statement of Net Assets

The following table reflects the condensed Summary of Net Assets:

| | FY 2012 | FY 2011 |
|---|---------------|---------------|
| Current and other assets | \$ 15,388,468 | \$ 15,451,714 |
| Capital assets, net | 23,579,296 | 24,601,591 |
| Total assets | 38,967,764 | 40,053,305 |
| Long-Term Liabilities | 10,356,113 | 12,117,451 |
| Other Liabilities | 2,003,722 | 1,277,278 |
| Total liabilities | 12,359,835 | 13,394,729 |
| Invested in capital assets, net of related debt | 23,579,296 | 24,601,591 |
| Restricted for renewal and replacement | - | 1,091,000 |
| Unrestricted | 3,028,633 | 965,985 |
| Total net assets | \$ 26,607,929 | \$ 26,658,576 |

As noted earlier, net assets may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceed liabilities by \$26,607,929 at the close of fiscal year 2012. This is comparable to last year's net assets of \$26,658,576.

A portion of the Authority's net assets, 88.6%, reflects its investment in capital assets (e.g. land, buildings, and equipment). 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 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 assets, 11.4%, represents resources that are not subject to restrictions on how they may be used. This unrestricted remaining balance of net assets 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 assets. The same situation held true for the prior year fiscal year.

Statement of Revenues, Expenses and Changes in Fund Net Assets

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

| | <u>FY 2012</u> | <u>FY 2011</u> |
|---------------------------------------|----------------------|----------------------|
| Revenues | | |
| Charges for services | \$ 7,561,367 | \$ 7,677,198 |
| Non-operating Revenues: | | |
| Interest income | 48,220 | 95,016 |
| Gain on sale of capital assets | - | 5,270 |
| Total revenues | <u>7,609,587</u> | <u>7,777,484</u> |
| Expenses | | |
| Operating expense | | |
| Salaries and benefits | (1,772,108) | (1,794,891) |
| Landfill closure costs | 164,307 | (512,817) |
| Other operating expenses | (3,897,231) | (3,856,292) |
| Depreciation | (2,155,202) | (2,350,962) |
| Non-operating expenses: | | |
| Interest expense | - | (354,905) |
| Decrease in fair value of investments | - | (1,532) |
| Total expenses | <u>(7,660,234)</u> | <u>(8,871,399)</u> |
| Change in net assets | (50,647) | (1,093,915) |
| Net assets at beginning of year | <u>26,658,576</u> | <u>27,752,491</u> |
| Total net assets at end of year | <u>\$ 26,607,929</u> | <u>\$ 26,658,576</u> |

The Authority's total revenues decreased over the prior year by 2.2% to \$7,609,587 mainly because of decreased economic activity. Correspondingly, tipping fees were lower by 3.2% from the prior year. Interest income declined by 49.3% as a result of

lower interest earnings on investments. Expenses for all programs and services decreased by 13.7% in FY 2012.

Approximately 99.4% of the Authority's revenue comes from operating revenue, consisting primarily of tipping fees, and recycling proceeds; 0.6% from non-operating revenue consisting of interest income. The operational expenses for FY 2012 account for 100% of total expenses as there is no interest expense.

Capital Assets

As of June 30, 2012, the Authority had invested \$23,579,296 net of accumulated depreciation, in a variety of capital assets including land, landfill development costs, buildings, and equipment. The Authority's investment in capital assets for the current year was \$1,132,907. This investment was composed of a track excavator, lube truck, landfill compactor, one vehicle, and one final payment for the completion of the landfill gas collection and control system for the Smith Gap site.

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:

| | <u>FY 2012</u> | <u>FY 2011</u> |
|--------------------------|----------------------|-------------------|
| Land | \$ 1,553,759 | \$ 1,553,759 |
| Landfill and Rail Access | 36,770,591 | 36,671,033 |
| Transfer Station | 6,390,221 | 6,390,221 |
| Equipment | 9,996,515 | 9,647,419 |
| Construction in progress | - | - |
| Subtotal | <u>54,711,086</u> | <u>54,262,432</u> |
| Accumulated depreciation | (31,131,790) | (29,660,841) |
| Totals | \$ <u>23,579,296</u> | <u>24,601,591</u> |

Long -Term Debt

At June 30, 2012, the Authority had no bonded debt issues outstanding. Additional information related to long term debt 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.
- 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 Assets
June 30, 2012

ASSETS

Current assets:

| | | |
|---------------------------|----|----------------|
| Cash and cash equivalents | \$ | 8,029,337 |
| Investments (note 2) | | 1,035,186 |
| Accounts receivable | | 582,366 |
| Interest receivable | | 5,788 |
| Inventory | | <u>100,976</u> |

Total current assets \$ 9,753,653

Noncurrent assets:

| | | |
|--|----|-------------------|
| Investments (note 2) | \$ | 5,634,815 |
| Non-depreciable capital assets (note 3) | | 1,553,759 |
| Depreciable capital assets, net of accumulated depreciation (note 3) | | <u>22,025,537</u> |

Total noncurrent assets \$ 29,214,111

Total assets \$ 38,967,764

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

ROANOKE VALLEY RESOURCE AUTHORITY
Statement of Net Assets
June 30, 2012

LIABILITIES

Current liabilities:

| | |
|---------------------------------------|------------------|
| Vouchers payable | \$ 126,561 |
| Accrued payroll | 31,585 |
| Accrued compensated absences (note 4) | 74,122 |
| Accrued landfill closure (note 8) | <u>1,771,454</u> |

| | |
|---------------------------|---------------------|
| Total current liabilities | \$ <u>2,003,722</u> |
|---------------------------|---------------------|

Noncurrent liabilities:

| | |
|---|-------------------|
| Accrued compensated absences, net of current portion (note 4) | \$ 71,502 |
| Net OPEB Obligation | 54,594 |
| Accrued landfill closure, net of current portion (note 8) | <u>10,230,017</u> |

| | |
|------------------------------|----------------------|
| Total noncurrent liabilities | \$ <u>10,356,113</u> |
|------------------------------|----------------------|

| | |
|-------------------|----------------------|
| Total liabilities | \$ <u>12,359,835</u> |
|-------------------|----------------------|

NET ASSETS

| | |
|----------------------------|------------------|
| Invested in capital assets | \$ 23,579,296 |
| Unrestricted | <u>3,028,633</u> |

| | |
|---------------------------|----------------------|
| Total net assets (note 5) | \$ <u>26,607,929</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 Assets
For the Year Ended June 30, 2012

OPERATING REVENUES

| | |
|--------------------------|---------------------|
| Tipping fees | \$ 7,363,838 |
| Recycling revenue | 47,524 |
| Miscellaneous fees | 150,005 |
| Total operating revenues | <u>\$ 7,561,367</u> |

OPERATING EXPENSES

| | |
|--|---------------------|
| Salaries and benefits | \$ 1,772,108 |
| Landfill closure and post closure costs (note 8) | (164,307) |
| Other operating expenses | 3,897,231 |
| Depreciation | 2,155,202 |
| Total operating expenses | <u>\$ 7,660,234</u> |

| | |
|-------------------------|-------------|
| Operating income (loss) | \$ (98,867) |
|-------------------------|-------------|

NONOPERATING REVENUES (EXPENSES)

| | |
|--|--------------------|
| Interest income | \$ 48,220 |
| Total nonoperating revenues (expenses) | <u>\$ 48,220</u> |
| Change in net assets | <u>\$ (50,647)</u> |

| | |
|-------------------------------------|----------------------|
| Total net assets, beginning of year | 26,658,576 |
| Total net assets, end of year | <u>\$ 26,607,929</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, 2012

| | |
|---|----------------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers | \$ 7,646,216 |
| Payments to suppliers | (4,729,079) |
| Payments to employees | (1,715,924) |
| Net cash provided (used) by operating activities | \$ <u>1,201,213</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase and construction of capital assets | \$ (1,226,980) |
| Net cash provided (used) by capital and related financing activities | \$ <u>(1,226,980)</u> |
| Cash Flows from Investing Activities | |
| Investment income | \$ 53,896 |
| Proceeds from the sale and maturity of investments | 941,680 |
| Net cash provided (used) by investing activities | \$ <u>995,576</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 969,809 |
| Cash and cash equivalents at the beginning of the year | <u>7,059,528</u> |
| Cash and cash equivalents at the end of the year | \$ <u><u>8,029,337</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | \$ (98,867) |
| Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities: | |
| Depreciation | 2,155,202 |
| Changes in assets and liabilities: | |
| Landfill closure liability | (620,429) |
| Other post employment benefits | 37,965 |
| Accounts receivable | 84,849 |
| Inventory | 850 |
| Vouchers payable | (376,576) |
| Accrued payroll | 8,876 |
| Accrued compensated absences | 9,343 |
| Net cash provided (used) by operating activities | \$ <u><u>1,201,213</u></u> |

Note: Prior year retainage payable of \$94,073 has been included in cash flows used in capital and related financing activities.

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, 2012

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 activity, 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. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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. 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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

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

C. Basic Financial Statements (Continued)

- Enterprise fund financial statements
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements
- Required Supplementary Information
 - Schedule of Funding Progress for Defined Benefit Pension Plans and OPEB

D. 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.

E. 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.

F. Cash and Cash Equivalents

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

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

G. 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 assets.

H. 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.

I. 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.

J. 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.

K. 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.

L. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net assets represent restricted assets reduced by any related outstanding debt. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The Authority applies restricted resources first when an expense is incurred for purposes by which both restricted and unrestricted net assets are available.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

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

M. Long-Term Obligations

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

N. 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.

O. Accrued Landfill Closure

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

P. 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.

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 fiscal agent. The Authority participates in this pool and at June 30, 2012, the carrying value of the Authority's deposits with banks and savings institutions was \$8,029,337. All cash is covered by Federal depository insurance and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments - As a unit of local government in the Commonwealth of Virginia, the Authority is restricted by Virginia Security for Public Deposits Act, Sec. 2.1-359 through 2.1-370 and the Code of Virginia, Title 2 Investment of Public Funds to the following types of securities: 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 relative to the County of Roanoke pooled account is presented in the audited financial statements of the County of Roanoke and can be obtained from the Director of Finance, County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or visit the County's web site at www.roanokecountyva.gov.

Custodial Credit Risk (Investments)

The Authority's investment policy provides that securities purchased for the Authority shall be held by the Authority Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the Authority's name or in the custodian's name and identifiable on the custodian's books as belonging to the Authority. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller) to the transaction. At June 30, 2012 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, 2012 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

| | Fair Quality Ratings | | |
|----------------------------|----------------------|------|------|
| | AAA | AAAm | AA- |
| Roanoke County Treasurer's | | | |
| Investment Pool | \$ 6,670,001 | \$ - | \$ - |
| Total | \$ 6,670,001 | \$ - | \$ - |

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

Rating allocations presented above for the Roanoke County Investment Pool are based on ratings of the individual investments held in the pool and amounts reported under each rating level are prorated based on the Authority's percentage of funds invested in the pool. Additional information concerning the pool is presented in the Roanoke County, Virginia Comprehensive Annual Financial Report, a copy of which may be requested from: County of Roanoke, 5204 Bernard Drive, Suite 300E, Roanoke, Virginia 24018; telephone 540-772-2020 or by visiting the County's web site at www.roanokecountyva.gov.

Interest Rate Risk

All Authority investments must be in securities maturing within five years.

| <u>Investment Maturities (in years)</u> | | | |
|---|---------------------|---------------------|---------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>1 Year</u> | <u>1-5 Years</u> |
| Roanoke County Investment Pool | \$ <u>6,670,001</u> | \$ <u>1,035,186</u> | \$ <u>5,634,815</u> |
| Totals | \$ <u>6,670,001</u> | \$ <u>1,035,186</u> | \$ <u>5,634,815</u> |

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

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

Note 3—Capital Assets:

Capital asset activity for the year ended June 30, 2012 was as follows:

| | Balance July 1, 2011 | Increases | Decreases | Balance June 30, 2012 |
|--|-------------------------|----------------|------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,553,759 | \$ - | \$ - | \$ 1,553,759 |
| Total capital assets at historical costs not being depreciated | \$ 1,553,759 | \$ - | \$ - | \$ 1,553,759 |
| Capital assets being depreciated: | | | | |
| Landfill/Rail Access | \$ 36,671,033 | \$ 99,558 | \$ - | \$ 36,770,591 |
| Transfer Station (Building and Structure) | 6,390,221 | - | - | 6,390,221 |
| Equipment | 9,647,419 | 1,033,349 | 684,253 | 9,996,515 |
| Total capital assets at historical costs being depreciated | \$ 52,708,673 | \$ 1,132,907 | \$ 684,253 | \$ 53,157,327 |
| Less accumulated depreciation: | | | | |
| Landfill and Rail Access | \$ 18,798,329 | \$ 1,233,213 | \$ - | \$ 20,031,542 |
| Transfer Station | 3,688,676 | 158,915 | - | 3,847,591 |
| Equipment | 7,173,836 | 763,074 | 684,253 | 7,252,657 |
| Total accumulated depreciation | \$ 29,660,841 | \$ 2,155,202 | \$ 684,253 | \$ 31,131,790 |
| Total capital assets being depreciated, net | \$ 23,047,832 | \$ (1,022,295) | \$ - | \$ 22,025,537 |
| Total capital assets, net | \$ 24,601,591 | \$ (1,022,295) | \$ - | \$ 23,579,296 |

Capital asset additions above differ from the cash flows for same for retainage payable in the prior year of \$94,073.

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ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

Note 4—Long-Term Liabilities:

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

| | Balance July 1, 2011 | Additions | Reductions | Balance June 30, 2012 | Due Within One Year |
|--|-------------------------|-------------------|-------------------|--------------------------|------------------------|
| Compensated Absences | \$ 136,281 | 84,133 | 74,790 | 145,624 | 74,122 |
| Accrued Landfill Closure and Postclosure (Note 8) | 12,621,900 | - | 620,429 | 12,001,471 | 1,771,454 |
| OPEB Obligation | 16,629 | 43,155 | 5,190 | 54,594 | - |
| | <u>\$ 12,774,810</u> | <u>\$ 127,288</u> | <u>\$ 700,409</u> | <u>\$ 12,201,689</u> | <u>\$ 1,845,576</u> |

All liabilities are liquidated by operating funds.

Details of the Authority's outstanding long-term liabilities at June 30, 2012 are as follows:

| | Total | Due Within One Year |
|---|----------------------|------------------------|
| Liabilities | | |
| Accrued Compensated Absences | \$ 145,624 | \$ 74,122 |
| Accrued landfill closure and post-closure | 12,001,471 | 1,771,454 |
| OPEB Obligation | 54,594 | - |
| Total | <u>\$ 12,201,689</u> | <u>\$ 1,845,576</u> |

Note 5—Net Assets:

Net assets represent the difference between assets and liabilities. Net assets are allocated to charter members based on population as of the end of the fiscal year. The allocation as of June 30, 2012 is as follows:

| | 2012 |
|-------------------|----------------------|
| City of Roanoke | \$ 12,454,155 |
| County of Roanoke | 13,061,363 |
| Town of Vinton | 1,092,411 |
| | <u>\$ 26,607,929</u> |

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 6-Defined Benefit Pension Plans:

A. Plan Description

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

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

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs, and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 6-Defined Benefit Pension Plans: (Continued)

A. Plan Description (Continued)

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2012 was 10.05% of annual covered payroll.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 6-Defined Benefit Pension Plans: (Continued)

C. Annual Pension Cost

For fiscal year ended June 30, 2012, the Authority's annual pension cost of \$149,643 for VRS was equal to the Authority's required and actual contributions.

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

| Fiscal Year Ending | Annual Pension Cost * (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|--------------------------------|----------------------------------|---------------------------|
| June 30, 2012 | \$ 149,643 | 100% | \$ - |
| June 30, 2011 | 152,302 | 100% | - |
| June 30, 2010 | 142,990 | 100% | - |

* Includes employer costs only.

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Roanoke Valley Resource Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Roanoke Valley Resource Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 76.53% funded. The actuarial accrued liability for benefits was \$192,861,101, and the actuarial value of assets was \$147,601,240, resulting in an unfunded actuarial accrued liability (UAAL) of (\$45,259,861). The covered payroll (annual payroll of active employees covered by the plan) was \$39,118,350, and ratio of the UAAL to the covered payroll was (115.70%).

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 6-Defined Benefit Pension Plans: (Continued)

City of Roanoke Pension Plan

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

A. Plan Description

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

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

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

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 6—Defined Benefit Pension Plans: (Continued)

City of Roanoke Pension Plan (Continued)

A. Plan Description: (Continued)

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

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

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

B. Funding Policy

The Pension Plan is noncontributory for employees. Employer contributions to the Pension Plan are based on a percentage of the annual compensation of the active members. The City's contribution rate for the fiscal year ended June 30, 2012 was 18.04% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2012, the Authority's annual pension cost of \$18,693, was equal to the required and actual contribution. As stipulated by City Code, the required contribution was determined as part of the June 30, 2010 actuarial valuation using the projected unit credit actuarial cost method. Any unfunded/(overturned) actuarial liability is amortized using the level percentage of pay amortization method over a 20-year closed amortization period. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases of 3.50%, and (c) no cost-of-living adjustments. Projected salary increases include an inflation component of 2.75%. The actuarial value of the assets is determined using a method designed to smooth the impact of market fluctuations. The actuarial value recognizes annual appreciation and depreciation over a five-year period. The following information is provided related to trend information.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 6—Defined Benefit Pension Plans: (Continued)

City of Roanoke Pension Plan (Continued)

| Three-Year Trend Information for Roanoke Valley Resource Authority (Roanoke City's Plan) | | | |
|---|--------------------------------|----------------------------------|---------------------------|
| Fiscal Year Ending | Annual Pension Cost * (APC) | Percentage of APC Contributed | Net Pension Obligation |
| June 30, 2012 | \$ 18,693 | 100% | \$ - |
| June 30, 2011 | 17,072 | 100% | - |
| June 30, 2010 | 17,961 | 100% | - |

* Includes employer costs only.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 86.30% funded. The actuarial accrued liability for benefits was \$385,628,366 and the actuarial value of assets was \$332,786,061, resulting in an unfunded actuarial accrued liability (UAAL) of (\$52,842,305). The covered payroll (annual payroll of active employees covered by the plan) was \$71,940,995, and ratio of the UAAL to the covered payroll was (73.45%).

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

Note 7—Other Post Employment Benefits:

A. Plan Description

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

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements
As of June 30, 2012 (Continued)

Note 7—Other Post Employment Benefits: (Continued)

B. Funding Policy

The contribution requirement of the plan members and the Authority are established and may be amended by the Authority. The Authority currently pays for post-retirement health care benefits on a pay-as-you-go basis. The Authority has 27 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 2012 fiscal year:

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

C. Annual OPEB Cost and Net OPEB Obligation

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

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

| | |
|--|-----------|
| Annual required contribution | \$ 43,138 |
| Interest on net OPEB obligation | 665 |
| Adjustment to annual required contribution | (648) |
| Annual OPEB cost (expense) | 43,155 |
| Contributions made | (5,190) |
| Increase in net OPEB obligation | 37,965 |
| Net OPEB obligation - beginning of year | 16,629 |
| Net OPEB obligation - ending of year | \$ 54,594 |

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

Note 7—Other Post Employment Benefits: (Continued)

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

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

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--|------------------------|
| 6/30/2010 | \$ 50,908 | 82.62% | \$ 14,029 |
| 6/30/2011 | 52,300 | 95.03% | 16,629 |
| 6/30/2012 | 43,155 | 12.03% | 54,594 |

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2011 (the year of the most recent actuarial valuation), was as follows:

| | |
|---|--------------|
| Actuarial accrued liability (AAL) | \$ 426,392 |
| Actuarial value of plan assets | \$ - |
| Unfunded actuarial accrued liability (UAAL) | \$ (426,392) |
| Funded ratio (actuarial value of plan assets/AAL) | 0.00% |
| Covered payroll (active plan members) | \$ 1,215,681 |
| UAAL as a percentage of covered payroll | -35.07% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

Note 7—Other Post Employment Benefits: (Continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2011 actuarial valuation, the Projected Unit Credit actuarial cost method was used. Under this method, future benefits are projected for life and their present value is determined. The present value is divided into equal parts, which are earned over the period from the date of hire to the full eligibility date. The actuarial assumptions for the Authority include:

| | <u>Assumptions</u> |
|------------------------------|-------------------------------------|
| Amortization period | 30 years |
| Investment rate of return | 4% |
| Health Care Trend Assumption | 10.00% graded to 5.00% over 7 years |
| Payroll growth | 3.00% |

The UAAL is being amortized as a level dollar amount over the remaining amortization period, which at June 30, 2011, was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

Note 8—Accrued Landfill Closure:

The Authority currently has responsibility for closure and post closure care related to two landfill sites and the transfer station. The landfills include the old landfill site formerly owned by the Roanoke Valley Regional Solid Waste Management Board closed in 1994 and the new Smith Gap landfill placed in service during 1994. The new landfill has a permitted life of approximately 50 years and remaining life of approximately 40 years. State and Federal laws and regulations require that the Authority place a final cover on its landfills when closed and perform certain maintenance and monitoring functions for a minimum of thirty years after closure.

Closure costs will be paid as closure occurs and post closure care costs will be paid only near or after the date that the landfills stop accepting waste. The Authority reports a portion of these closure and post closure care costs as an operating expense in each period based on the landfill capacity of the existing cells used to date (77% of the constructed cells at June 30, 2012 for the Smith Gap landfill) and includes anticipated effects of changes in regulations and cost estimates. The total liability recorded at June 30, 2012, is \$12,001,471 and includes \$4,034,246 designated for the old landfill site; \$7,899,331 designated for the new Smith Gap landfill; and \$67,894 for the Tinker Creek Transfer station. Total closure cost for all opened landfill cells is estimated at \$14,336,463, of which 84% has been recognized as noted above based on usage. As such, \$2,334,992 or 16% of the total estimated liability will be recognized in future periods as the usage percentage increases. For the year ending June 30, 2012, the Authority's liability for closure and post-closure care decreased as a result of a decrease in estimated closure costs.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

Note 8—Accrued Landfill Closure: (Continued)

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

Closure and post closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria", and are subject to periodic revisions by the EPA. The current estimate of post closure care costs for the old landfill is \$4,034,246. The estimated liability for landfill closure and post closure care costs for the new landfill is \$7,899,331 as of June 30, 2012 based on 77% usage of the completed phases which is 31% of the expected full capacity.

Federal and state regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, post closure care and corrective costs arising from the operations of such facilities. The Authority qualifies to use a financial assurances test in order to demonstrate financial responsibility, and those calculations are in compliance with the applicable regulations.

Note 9—Risk Management:

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; 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 2011-12, the total premiums paid were \$64,432. 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, 2012 were \$55,708.

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, 2012.

ROANOKE VALLEY RESOURCE AUTHORITY

Notes to the Basic Financial Statements As of June 30, 2012 (Continued)

Note 10—Commitments, Contingencies, and Other Information:

Under terms of a transportation contract, a rail carrier will haul waste for a predetermined transportation charge to be adjusted on an annual basis. The contract will expire June 30, 2018, and the Authority has the option to renew the contract for an additional five year period. Expenditures under this contract were approximately \$1,857,047 for the year ended June 30, 2012.

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, 2012.

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, 2012:

| | <u>Tipping Fees</u> | <u>Accounts Receivable</u> |
|-------------------|---------------------|----------------------------|
| | <u>2012</u> | <u>2012</u> |
| City of Roanoke | \$ 1,989,847 | \$ 153,515 |
| County of Roanoke | 1,813,136 | 148,815 |
| Town of Vinton | 157,312 | 13,681 |
| | <u>\$ 3,960,295</u> | <u>\$ 316,011</u> |

Note 12 - Arbitrage Rebate Compliance:

As of June 30, 2012 and for the year then ended, the Authority was not liable for any amounts due under current rules governing arbitrage earnings.

Required Supplementary Information

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

Roanoke County Virginia Retirement System:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Over (Under) Funded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percent of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|--|--------------|-----------------|--------------------------------------|
| June 30, 2009 | \$ 143,259,725 | \$ 164,655,207 | \$ (21,395,482) | 87.01% | \$ 39,812,949 | -53.74% |
| June 30, 2010 | 144,126,613 | 183,533,577 | (39,406,964) | 78.53% | 39,313,552 | -100.24% |
| June 30, 2011 | 147,601,240 | 192,861,101 | (45,259,861) | 76.53% | 39,118,350 | -115.70% |

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

City of Roanoke Pension Plan:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Over (Under) Funded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percent of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|--|--------------|-----------------|--------------------------------------|
| June 30, 2009 | \$ 351,150,038 | \$ 407,170,086 | \$ (56,020,048) | 86.24% | \$ 77,966,593 | -71.85% |
| June 30, 2010 | 339,501,962 | 412,550,974 | (73,049,012) | 82.29% | 73,345,609 | -99.60% |
| June 30, 2011 | 332,786,061 | 385,628,366 | (52,842,305) | 86.30% | 71,940,995 | -73.45% |

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

OPEB Healthcare Plan:

| Actuarial Valuation Date* | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Over (Under) Funded Actuarial Accrued Liability (UAAL) | 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% |

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

STATISTICAL SECTION

Statistical Section

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

Contents

Financial Trends

Page

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

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Revenue Capacity

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

42-47

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.

48-49

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.

50-51

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.

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Table 1

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

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Invested in capital assets, net of related debt | | | | | | | | | | |
| Restricted | \$ 23,579,296 | \$ 24,601,591 | \$ 17,072,072 | \$ 16,599,546 | \$ 13,808,939 | \$ 8,036,429 | \$ 6,439,461 | \$ 6,093,573 | \$ 5,142,744 | \$ 4,756,060 |
| Unrestricted | - | 1,091,000 | 5,560,294 | 5,571,962 | 6,650,882 | 7,324,665 | 7,345,801 | 6,704,694 | 7,541,827 | 7,911,294 |
| | 3,028,633 | 985,985 | 5,120,125 | 6,625,374 | 11,900,616 | 13,534,793 | 12,404,470 | 14,381,194 | 16,032,512 | 15,346,250 |
| Total primary government net assets | \$ 26,607,929 | \$ 26,658,576 | \$ 27,752,491 | \$ 28,796,902 | \$ 32,360,437 | \$ 28,895,887 | \$ 26,189,732 | \$ 27,179,451 | \$ 28,717,083 | \$ 28,013,604 |

Source: RVRA audited financial statements

Table 2

Roanoke Valley Resource Authority
Changes in Net Assets
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 Assets |
|----------------|-----------------------|-----------------------|----------------------------|--|-------------|--|--------------------------|----------------------------|
| | | | | Non-Operating Revenues/ (Expenses) | | | | |
| 2012 | \$ 7,561,367 | \$ 7,660,234 | \$ (98,867) | \$ 48,220 | \$ (98,867) | \$ (50,647) | - | \$ (50,647) |
| 2011 | 7,677,198 | 8,514,962 | (837,764) | (256,151) | (1,093,915) | (1,093,915) | - | (1,093,915) |
| 2010 | 8,067,614 | 8,942,409 | (874,795) | (169,616) | (1,044,411) | (1,044,411) | - | (1,044,411) |
| 2009 | 7,872,891 | 11,364,306 | (3,491,415) | (72,120) | (3,563,535) | (3,563,535) | - | (3,563,535) |
| 2008 | 8,410,747 | 5,718,711 | 2,692,036 | 772,514 | 3,464,550 | 3,464,550 | - | 3,464,550 |
| 2007 | 8,614,653 | 6,662,857 | 1,951,796 | 754,359 | 2,706,155 | 2,706,155 | - | 2,706,155 |
| 2006 | 8,106,934 | 9,133,685 | (1,026,751) | 37,032 | (989,719) | (989,719) | - | (989,719) |
| 2005 | 7,430,153 | 8,612,658 | (1,182,505) | (471,721) | (1,654,226) | (1,654,226) | - | (1,654,226) |
| 2004 | 7,605,921 | 6,055,726 | 1,550,195 | (846,716) | 703,479 | 703,479 | - | 703,479 |
| 2003 | 6,670,650 | 6,500,637 | 170,013 | (553,839) | (383,826) | (383,826) | - | (383,826) |

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 |
|-------------|-------------------|--------------------|-----------------|-------------------|-------------------------------|-----------------------|----------------|
| 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 | 1,927,458 | 1,352,746 | 49,509 | 436,707 | 3,215 | 7,872,892 |
| 2008 | 4,253,118 | 1,994,092 | 1,689,071 | 19,376 | 433,874 | 21,216 | 8,410,747 |
| 2007 | 4,483,626 | 1,809,064 | 1,896,615 | 23,533 | 401,815 | - | 8,614,653 |
| 2006 | 4,518,632 | 1,383,426 | 1,767,759 | 29,682 | 407,435 | - | 8,106,934 |
| 2005 | 4,620,611 | 1,066,732 | 1,286,502 | 27,703 | 428,605 | - | 7,430,153 |
| 2004 | 4,510,233 | 1,316,849 | 1,324,002 | 30,738 | 424,099 | - | 7,605,921 |
| 2003 | 4,126,781 | 1,098,141 | 1,065,726 | 30,587 | 349,415 | - | 6,670,650 |

Source RVRA audited financial statements

Table 4

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

| | Fiscal Year | | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Salaries and Benefits | \$ 1,772,108 | \$ 1,794,891 | \$ 1,717,528 | \$ 1,647,211 | \$ 1,440,854 | \$ 1,476,421 | \$ 1,471,271 | \$ 1,440,932 | \$ 1,349,291 | \$ 1,267,656 |
| Landfill Closure and Postclosure | (164,307) | 512,817 | 1,560,459 | 3,813,828 | (924,452) | (108,390) | 2,676,429 | 2,543,851 | 456,647 | 933,428 |
| Other operating expenses | 3,897,231 | 3,856,292 | 3,562,015 | 3,932,881 | 3,512,724 | 3,540,803 | 3,111,016 | 2,767,765 | 2,457,942 | 2,479,093 |
| Depreciation | 2,155,202 | 2,350,962 | 2,302,407 | 1,970,385 | 1,689,585 | 1,754,023 | 1,874,969 | 1,860,110 | 1,791,846 | 1,820,462 |
| Total Operating Expenses | \$ 7,660,234 | \$ 8,514,962 | \$ 8,942,409 | \$ 11,364,306 | \$ 5,718,711 | \$ 6,662,857 | \$ 9,133,685 | \$ 8,612,658 | \$ 6,055,726 | \$ 6,500,637 |

Source: RVRA audited financial statements

Table 5

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

| Fiscal Year | Interest Revenue | Net increase (Decrease) In Fair Value of Investments | Gain on Sale of Assets | Interest and Fiscal Charges | Other (Expenses) Revenue | Total Non-Operating Income (Expenses) |
|-------------|------------------|--|------------------------|-----------------------------|--------------------------|---------------------------------------|
| 2012 | \$ 48,220 | \$ - | \$ - | \$ - | \$ - | 48,220 |
| 2011 | 95,016 | (1,532) | 5,270 | (354,905) | - | (256,151) |
| 2010 | 233,266 | (11,490) | 68,980 | (460,372) | - | (169,616) |
| 2009 | 530,440 | (15,003) | - | (587,557) | - | (72,120) |
| 2008 | 1,256,134 | 44,604 | 174,103 | (702,327) | - | 772,514 |
| 2007 | 1,511,986 | 40,264 | 23,102 | (820,993) | - | 754,359 |
| 2006 | 1,024,550 | (86,632) | - | (905,515) | 4,629 | 37,032 |
| 2005 | 564,503 | (87,075) | - | (1,002,011) | 52,862 | (471,721) |
| 2004 | 508,819 | (216,773) | - | (1,128,380) | (10,382) | (846,716) |
| 2003 | 593,141 | (3,505) | - | (1,216,535) | 73,060 | (553,839) |

Source RVRA audited financial statements

Table 6

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

| <u>Fiscal Year</u> | <u>Municipal Tonnage</u> | <u>Commercial Tonnage</u> | <u>Private Tonnage</u> | <u>Residential Tonnage</u> | <u>Total Tonnage</u> |
|------------------------|------------------------------|-------------------------------|----------------------------|--------------------------------|--------------------------|
| 2012 | 87,373 | 34,518 | 21,142 | 9,473 | 152,506 |
| 2011 | 88,183 | 35,312 | 23,592 | 8,796 | 155,883 |
| 2010 | 91,473 | 38,637 | 24,687 | 9,119 | 163,916 |
| 2009 | 92,935 | 34,294 | 25,649 | 9,579 | 162,457 |
| 2008 | 98,386 | 34,824 | 31,158 | 9,114 | 173,482 |
| 2007 | 99,980 | 34,114 | 42,215 | 8,550 | 184,859 |
| 2006 | 101,563 | 26,543 | 33,330 | 8,448 | 169,884 |
| 2005 | 101,958 | 19,660 | 25,204 | 9,122 | 155,944 |
| 2004 | 102,490 | 22,990 | 24,526 | 9,226 | 159,232 |
| 2003 | 98,056 | 20,280 | 19,979 | 8,031 | 146,346 |

Source RVRA reports provided by staff

Table 7

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

| | FY 2012 | | FY 2003 | |
|------------------------------|-------------------|------------------------|-------------------|------------------------|
| | Revenue Amount | Percentage of Total | Revenue Amount | Percentage of Total |
| Roanoke City | \$ 1,974,498 | 26.64% | \$ 2,200,000 | 32.98% |
| Roanoke County | 1,802,137 | 24.32% | 1,687,000 | 25.29% |
| Town of Vinton | 157,073 | 2.12% | 171,080 | 2.56% |
| Subtotal 3 largest | 3,933,708 | 53.08% | 4,058,000 | 60.83% |
| Balance From other Customers | 3,477,654 | 46.92% | 2,612,650 | 39.17% |
| Grand Totals | \$ 7,411,362 | 100.00% | \$ 6,670,650 | 100.00% |

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)

| <u>Fiscal Year</u> | <u>Municipal Rate</u> | <u>Commercial Rate</u> | <u>Private Rate</u> | <u>Residential Rate</u> |
|------------------------|---------------------------|----------------------------|-------------------------|-----------------------------|
| 2012 | \$ 45.00 | \$ 55.00 | \$ 55.00 | \$ 45.00 |
| 2011 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2010 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2009 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2008 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2007 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2006 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2005 | 45.00 | 55.00 | 55.00 | 45.00 |
| 2004 | 42.00 | 55.00 | 55.00 | 42.00 |
| 2003 | 42.00 | 55.00 | 55.00 | 42.00 |

Source RVRA Budget Book

Table 9

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

| Fiscal Year | Roanoke County | | | Roanoke City | | | Vinton | |
|-------------|----------------|------------|-------------------------------|--------------|-------------------------------|-----------------------|-------------------------------|--|
| | Revenue Bonds | Per Capita | As a Share of Personal Income | Per Capita | As a Share of Personal Income | Percentage Per Capita | As a Share Of Personal Income | |
| 2003 | \$ 21,275,029 | \$ 244 | 0.58% | \$ 229 | 0.86% | 2,734 | 0.58% | |
| 2004 | 19,634,346 | 222 | 0.51% | 212 | 0.79% | 2,524 | 0.51% | |
| 2005 | 17,891,936 | 200 | 0.45% | 194 | 0.70% | 2,300 | 0.45% | |
| 2006 | 16,055,537 | 179 | 0.40% | 172 | 0.60% | 2,064 | 0.40% | |
| 2007 | 14,130,701 | 157 | 0.35% | 154 | 0.47% | 1,788 | 0.35% | |
| 2008 | 12,100,357 | 134 | 0.29% | 131 | 0.39% | 1,539 | 0.29% | |
| 2009 | 9,952,124 | 111 | 0.24% | 108 | 0.32% | 1,279 | 0.24% | |
| 2010 | 7,675,145 | 85 | 0.16% | 84 | 0.21% | 976 | 0.16% | |
| 2011 | - | - | 0.00% | - | 0.00% | - | 0.00% | |
| 2012 | - | - | 0.00% | - | 0.00% | - | 0.00% | |

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

Note: The Authority did not have any revenue bonds outstanding as of June 30, 2011 or June 30, 2012.

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

Table 10

| Fiscal Year | Operating Revenues | Investment Income | Miscellaneous Income | Transfer from Reserves | Gross Revenues | Less: Operating Expenses (excluding depreciation) | Debt Service | | | | Net Available Revenues |
|-------------|--------------------|-------------------|----------------------|------------------------|----------------|---|--------------|--------------|--------------------|-------------------------|------------------------|
| | | | | | | | Principal | Interest | Total Debt Service | Less: 110% Debt Service | |
| 2003 | \$ 6,670,650 | \$ 315,064 | \$ 73,060 | \$ 800,000 | \$ 7,858,774 | \$ 3,861,011 | \$ 1,745,000 | \$ 1,034,982 | \$ 2,779,982 | \$ 3,057,980 | \$ 939,783 |
| 2004 | 7,605,921 | 246,184 | 12,319 | 876,329 | 8,740,753 | 3,782,233 | 1,835,000 | 939,244 | 2,774,244 | 3,051,668 | 1,906,852 |
| 2005 | 7,430,153 | 285,864 | 52,862 | 875,310 | 8,644,189 | 4,208,697 | 1,920,000 | 847,526 | 2,767,526 | 3,044,279 | 1,391,213 |
| 2006 | 8,106,934 | 1,024,550 | 4,629 | 860,855 | 9,996,968 | 4,582,287 | 2,000,000 | 771,125 | 2,771,125 | 3,048,238 | 2,366,444 |
| 2007 | 8,614,653 | 1,511,986 | 23,102 | 783,555 | 10,933,296 | 5,017,224 | 2,070,000 | 687,319 | 2,757,319 | 3,033,051 | 2,883,021 |
| 2008 | 8,389,531 | 1,256,134 | 195,319 | 926,499 | 10,767,483 | 4,943,288 | 2,155,000 | 600,504 | 2,755,504 | 3,031,054 | 2,793,141 |
| 2009 | 7,820,167 | 530,440 | 52,724 | 892,020 | 9,295,351 | 5,580,092 | 2,250,000 | 509,940 | 2,759,940 | 3,035,934 | 679,325 |
| 2010 | 8,067,614 | 233,266 | 68,980 | 1,982,603 | 10,352,463 | 6,640,002 | 2,355,000 | 409,146 | 2,764,146 | 3,040,561 | 671,900 |
| 2011 | 7,673,660 | 95,016 | 8,808 | 9,784,603 | 17,562,087 | 6,164,000 | 7,775,000 | 352,604 | 8,127,604 | 8,940,364 | 2,457,723 |
| 2012 | 7,411,362 | 48,220 | 150,005 | - | 7,609,587 | 5,505,032 | - | - | - | - | 2,104,555 |

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.

Source: RVRA financial and budget records.

Table 11

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

| Fiscal Year | Roanoke County | | | | Roanoke City | | | |
|-------------|----------------|-------------------|-------------------|-------------------|--------------|-----------------|-------------------|-------------------|
| | Population | Personal Income * | Per Capita Income | Unemployment Rate | Population | Personal Income | Per Capita Income | Unemployment Rate |
| 2003 | 87,500 | 3,669,268,000 | 32,860 | 2.5% | 93,100 | 2,470,408,500 | 26,535 | 3.8% |
| 2004 | 88,600 | 3,844,855,000 | 34,296 | 2.7% | 92,900 | 2,482,659,600 | 26,724 | 3.0% |
| 2005 | 89,469 | 3,955,970,000 | 34,823 | 3.1% | 92,700 | 2,538,496,800 | 27,384 | 3.7% |
| 2006 | 90,482 | 4,128,137,000 | 35,978 | 2.8% | 93,600 | 2,672,280,000 | 28,550 | 3.9% |
| 2007 | 90,902 | 4,303,761,000 | 37,324 | 2.6% | 92,328 | 3,001,767,936 | 32,512 | 3.2% |
| 2008 | 90,420 | 4,750,916,000 | 41,019 | 2.8% | 92,600 | 3,081,291,000 | 33,358 | 4.7% |
| 2009 | 90,867 | 4,750,916,000 | 41,019 | 4.6% | 92,371 | 3,081,291,000 | 33,358 | 5.1% |
| 2010 | 91,011 | 4,750,916,000 | 41,019 | 6.3% | 92,357 | 3,577,752,000 | 38,169 | 8.8% |
| 2011 | 92,376 | 4,561,791,000 | 39,166 | 5.7% | 97,032 | 3,714,521,000 | 39,315 | 8.1% |
| 2012 | 92,687 | 4,561,791,000 | 39,166 | 5.8% | 97,206 | 3,714,521,000 | 39,315 | 7.5% |

| Fiscal Year | Vinton | | | |
|-------------|------------|-----------------|-------------------|-------------------|
| | Population | Personal Income | Per Capita Income | Unemployment Rate |
| 2003 | 7,782 | 3,669,268,000 | 32,860 | 2.5% |
| 2004 | 7,782 | 3,844,855,000 | 34,296 | 2.7% |
| 2005 | 7,782 | 3,955,970,000 | 34,823 | 3.1% |
| 2006 | 7,782 | 4,128,137,000 | 35,978 | 3.3% |
| 2007 | 7,905 | 4,303,761,000 | 37,324 | 2.4% |
| 2008 | 7,864 | 4,750,916,000 | 41,019 | 2.8% |
| 2009 | 7,902 | 4,750,916,000 | 41,019 | 4.6% |
| 2010 | 7,868 | 4,750,916,000 | 41,019 | 6.3% |
| 2011 | 8,098 | 4,561,791,000 | 39,166 | 5.7% |
| 2012 | 8,130 | 4,561,791,000 | 39,166 | 5.8% |

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

Table 12

**Roanoke Valley Resource Authority
Principal Employers
Fiscal Years 2012 and 2003
(unaudited)**

| Employer | 2012 | | | 2003 | | |
|--------------------------------|------|------------|---------------------|------|------------|---------------------|
| | Rank | Ownership | Number of Employees | Rank | Ownership | Number of Employees |
| Roanoke County Schools | 1 | Local Govt | 1000+ | 2 | Local Govt | 1000+ |
| Well Fargo Bank, N.A. | 2 | Private | 1000+ | - | - | - |
| County of Roanoke | 3 | Local Govt | 1000+ | 7 | Local Govt | 1000+ |
| Allstate Insurance Company | 4 | Private | 1000+ | 6 | Private | 1000+ |
| ITT Industries Exelis | 5 | Private | 500-999 | 10 | Private | 500-999 |
| Kroger | 6 | Private | 500-999 | 4 | Private | 1000+ |
| Friendship Manor Inc. | 7 | Private | 500-999 | - | - | - |
| Hollins University | 8 | Private | 250-499 | - | - | - |
| Berkshire Health Care Center | 9 | Private | 250-499 | - | - | - |
| Richfield Retirement Community | 10 | Private | 250-499 | - | - | - |
| Carlson Health System | - | - | - | - | - | - |
| Wachovia | - | - | - | 1 | Private | 1000+ |
| Home Shopping Network | - | - | - | 3 | Private | 1000+ |
| Manpower International | - | - | - | 5 | Private | 1000+ |
| Food Lion Stores | - | - | - | 8 | Private | 500-999 |
| | - | - | - | 9 | Private | 500-999 |

Source: Roanoke County Economic Development Department

Table 13

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

| | Fiscal Year | | | | | | | | | |
|----------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Administration | | | | | | | | | | |
| General Management | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| Administrative Assistant | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 2 |
| Administrative Secretary | 1 | 2 | - | - | - | - | - | - | - | - |
| Operating | | | | | | | | | | |
| Supervisors | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Scale Operators | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Equipment Operators | 17 | 16 | 14 | 14 | 15 | 15 | 14 | 14 | 15 | 14 |
| Building and General Maintenance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Equipment Mechanic | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Laborer | 0 | 1 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 3 |
| Total Employees | 28 | 29 | 29 | 29 | 28 | 30 | 30 | 30 | 31 | 31 |

Source: RVRA Budget Book

Table 14

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

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Waste Received in tons | 152,506 | 155,883 | 163,917 | 162,457 | 173,482 | 184,858 | 169,884 | 155,944 | 159,232 | 146,346 |
| Materials Recycled in tons (equals total above) | | | | | | | | | | |
| Wood | 11,837 | 10,551 | 11,294 | 11,889 | 15,031 | 13,743 | 14,392 | 13,831 | 15,352 | 13,592 |
| Metal | 228 | 314 | 416 | 408 | 469 | 613 | 776 | 924 | 1,288 | 1,208 |
| Tires | 256 | 252 | 405 | 780 | 807 | 743 | 789 | 643 | 747 | 865 |
| Other (batteries, dirt, glass, newspapers) | 44 | 2 | 39 | 1,877 | 21 | 14,983 | 4,131 | 65 | 58 | 65 |
| Landfilled | 140,141 | 144,764 | 151,763 | 147,494 | 157,154 | 134,776 | 149,795 | 140,481 | 141,787 | 130,616 |
| Percent Recycled | 8.11% | 7.13% | 7.41% | 9.21% | 9.41% | 16.27% | 11.82% | 9.92% | 10.96% | 10.75% |
| Residential Waste Disposal | | | | | | | | | | |
| Tonnage | 9,472 | 8,796 | 9,119 | 9,579 | 9,114 | 8,550 | 8,448 | 9,122 | 9,226 | 8,031 |
| Tires (Count) | 1,893 | 1,867 | 1,801 | 1,521 | 1,571 | 619 | 533 | 575 | 768 | 650 |
| Transactions | 37,284 | 35,157 | 36,850 | 38,493 | 38,599 | 37,385 | 39,086 | 40,787 | 41,137 | 35,330 |
| Disposal Fees | \$ 398,057 | \$ 432,871 | \$ 436,144 | \$ 436,929 | \$ 429,668 | \$ 406,253 | \$ 401,334 | \$ 427,429 | \$ 426,939 | \$ 321,225 |
| Disposal Fees | | | | | | | | | | |
| Municipal Rate | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 42 |
| Commercial Rate | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 |
| Private Rate | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 | \$ 55 |
| Residential Rate | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 42 |
| Wood Waste Rate | \$ 35 | \$ 35 | \$ 35 | \$ 35 | \$ 35 | \$ 35 | \$ 35 | \$ 35 | \$ 35 | \$ 35 |
| Railcar Waste Transported in tons | | | | | | | | | | |
| Railcars | 2,142 | 2,216 | 2,409 | 2,469 | 2,719 | 2,747 | 2,593 | 2,280 | 2,262 | 2,179 |
| Tonnage | 139,066 | 144,428 | 151,911 | 147,980 | 157,783 | 155,594 | 150,558 | 141,532 | 141,969 | 131,778 |
| Average | 64.92 | 65.16 | 63.06 | 59.94 | 58.03 | 56.64 | 58.06 | 62.08 | 62.76 | 60.48 |
| Shipping Cost | \$ 1,857,047 | \$ 1,637,991 | \$ 1,806,684 | \$ 2,000,222 | \$ 1,777,545 | \$ 1,793,728 | \$ 1,619,525 | \$ 1,303,801 | \$ 996,867 | \$ 1,149,221 |
| Capital Indicators | | | | | | | | | | |
| Number of Permitted Sites | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of Open Permitted Sites | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Collection sites | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: Roanoke Valley Resource Authority records

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Board of Directors
Roanoke Valley Resource Authority
Roanoke, Virginia

We have audited the financial statements of the Roanoke Valley Resource Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated September 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Roanoke Valley Resource Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Roanoke Valley Resource Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Roanoke Valley Resource Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Roanoke Valley Resource Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting (reference 2012-1). 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.

Compliance and Other Matters

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

The Roanoke Valley Resource Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Roanoke Valley Resource Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
September 17, 2012

Roanoke Valley Resource Authority

Schedule of Findings and Responses
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

| | |
|---|-------------|
| Type of auditor's report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | Yes |
| Noncompliance material to financial statements noted? | No |

Section II - Financial Statement Findings

2012-1

| | |
|------------------------|--|
| Condition: | The Authority lacks proper segregation of duties over billing and collections |
| Criteria: | A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets. |
| Cause: | The Authority's limited staff does not allow them to properly segregate duties. |
| Effect: | There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting. |
| Management's Response: | Limited staff has precluded the Roanoke Valley Resource Authority from segregating key duties related to billings and collections. Currently, the Authority does not plan on hiring additional personnel to address the aforementioned condition as same is not considered cost-effective. |

RESOLUTION OF THE ROANOKE VALLEY RESOURCE AUTHORITY

Adopted this 24th day of October, 2012

RA#2012-616

A RESOLUTION accepting the report of the Authority's independent auditor for the year ended June 30, 2012, and authorizing the transfer of certain funds to the Contingency Fund.

BE IT RESOLVED by the Roanoke Valley Resource Authority that:

1. The independent audit reports of the Roanoke Valley Resource Authority for the year ended June 30, 2012, prepared by the Authority's independent auditor, Robinson, Farmer, Cox Associates, including the Financial Statements, Report to the Board of Directors, and letters as presented to the Board this date are hereby accepted; and,
2. The Treasurer is authorized to transfer \$1,140,111.02 of additional funds resulting from operations for the fiscal year ending June 30, 2012 to the Contingency Fund;

all as more particularly set forth in the report of the Authority Treasurer to this Authority dated October 24, 2012.

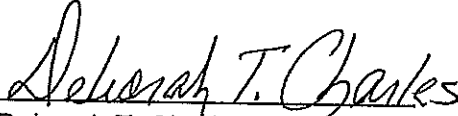
On motion of Ms. Snyder to adopt the resolution, and carried by the following vote:

AYES: Mr. Bengtson, Ms. Green, Mr. Lawrence, Ms. Owens, Mr. Tensen

NAYS: None

ABSENT: Mr. Harkness, Mr. Tensen

ATTEST:



Deborah T. Charles
RVRA Board Secretary